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Informality as a Sticky Sector in the Post-Pandemic Era of the Fourth Industrial Revolution

Christopher Changwe Nshimbi*

ABSTRACT: World Development Report 2019 engaged with the disruptions caused by innovation, technological progress and the fourth industrial revolution (4IR). It also assuaged apprehensions that machines would take over jobs in developed and developing countries in the future. This paper is located in debates on post-Fordism, a form of economic governance which manifests and progresses neoliberal globalization, and argues that post-Fordism intensified the casualization of labor and thus contributed to informality in Africa, but 4IR (and the disruption caused by the Covid-19 pandemic) provide opportunities to catapult Africa's development. Past post-Fordist policies continue to generate major underlying conditions that impact the nature of work in Africa's foreseeable and digital future. Some of the consequences assume an evolutionary path where formal firms create conditions for informality to flourish, through continuous innovations to avoid responsibility for workers' welfare.

Keywords: informal economy, casualization of labor; post-Fordism; labor standards; future of work; fourth industrial revolution—4IR

Introduction

The World Bank published the World Development Report 2019 before the outbreak of the coronavirus disease (Covid-19) and the Covid-19 pandemic. The report was titled, *The Changing Nature of Work*.[1] It had a companion report that focused on Africa titled, *The Future of Work in Africa: Harnessing the Potential of Digital Technologies for All*.[2] The two reports centered on the disruptions caused by innovation, technological progress and the fourth industrial revolution (4IR). The reports also discussed apprehensions that machines would take over jobs in developed and developing countries in the future.

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1 World Bank, *World Development Report 2019: The Changing Nature of Work* (2019).

2 The Future of Work in Africa: Harnessing the Potential of Digital Technologies for All, (Jieun Choi, Mark A Dutz, & Zainab Usman eds., 2020).

Three of the reports' findings are noteworthy for the discussion in this paper. The first concerns the increasing demand for advanced, adaptable, cognitive and socio-behavioral skills. This demand arises because of technology and reshapes desirable skills for work. The finding implies that 'new' technology-based jobs replace 'old' ones and that, old jobs require workers to acquire new skills. The second finding is that almost two-thirds of workers in many developing countries continue to occupy low-productivity jobs. Most of those jobs are in the informal sector, where access to technology is poor. It is worth quickly pointing out that informality in such countries is stable. This is contrary to expectation. It is also despite the changing nature of work and economic growth, which are assumed to lead to reduction in informality and increased formalization of work.[3] Actually, informality in Africa is a permanent and increasing reality.[4] The *Future of Work in Africa* report asserts that addressing informality is a pressing concern for African countries.[5] A third finding in the reports concerns the apprehensions in developed countries about the prospective effects of technology on employment. The reports assuage these anxieties and the likelihood that rising inequality aggravated by the gig economy will worsen working conditions for workers. They assuage the anxieties by arguing that technology generates new tasks and new sectors through innovation.

On its part, the Covid-19 pandemic helped bring attention to the informal economy, a sector that constitutes a significant proportion of the economies of most African countries.[6] The pandemic also helped expose the precarious conditions in which informal economy workers operate. The precarious working conditions, in connection with the World Development Report (WDR) 2019 and its companion report, make it crucial that any discussion of the future of work in Africa should consider informal economy workers.

It is equally important to consider the economic reforms implemented in Africa in the late 1980s and early 1990s, when thinking about the future of work. There are several reasons for this. First, those reforms will have long-term impacts on the nature and organization of work in the 21st century. This necessitates examination of their ongoing impacts and is imperative, before discussing the tensions regarding the impact of 'old' manufacturing job losses caused by the automation associated with 4IR [7] and the disruption of Covid-19. Second, the impacts of those reforms need urgent assessment because they are concomitant with the disruption already here because of 4IR. Third, the impacts of those reforms are, moreover, more pronounced

3 Johannes Jütting & Juan Ramón de Laiglesia, Is informal normal?: Towards more and better jobs in developing countries (2009); Nguyen Vinh Khuong et al., *Does informal economy impede economic growth? Evidence from an emerging economy*, 11 J. Sustain. Financ. Invest. 103–122 (2021).

4 Christopher Changwe Nshimbi, *Issues in African Informality What is the Relevance for Regional or Continental Integration?*, 48 Afr. Insight 41–61 (2018).

5 The Future of Work in Africa: Harnessing the Potential of Digital Technologies for All, *supra* note 2.

6 L Sommer & C Nshimbi, *The African Continental Free Trade Area: An Opportunity for Informal Cross-Border Trade | International Centre for Trade and Sustainable Development*, 7 Bridg. Africa 7–10 (2018), https://www.ictsd.org/bridges-news/bridges-africa/news/the-african-continental-free-trade-area-an-opportunity-for-informal (last visited Jul 20, 2018).

on a generation of workers declared redundant then, who nonetheless bear the responsibility to support, uphold (in sociological and cultural terms) and lead Africa's next generation into the future. That cohort of parents/guardians suddenly assumed full responsibility of providing social services that had previously been under the care of government in countries that implemented those economic reforms. This is because the reforms, which included structural adjustment programs (SAPs), set parameters that restricted the provision of social services and had devastating socioeconomic consequences.[8] The #FeesMustFall protests started around 2015 in South Africa, for instance, partly arose from frustrations with this reality and the demand for access to free, decolonized education.[9] The parents/guardians of many students who demanded for free education included casualties of economic and corporate restructuring similar to the reforms implemented earlier in other African countries. Fourth, the impacts of the reforms implemented in Africa need urgent attention because issues with digital technology adoption rather concern harnessing it to leapfrog development[10] than pursuing the linear progression to industrialization that developed countries followed. This potentially makes Africa a unique lab in which to investigate and comprehend the outworking of various issues concerning 4IR. Investigation of the many possibilities and possible futures of 4IR in this regard is, however, beyond the scope of this paper and worthy of further research.

This paper is located in debates on post-Fordism, a form of economic governance which manifests and progresses neoliberal globalization. It argues that post-Fordism intensified the casualization of labor in Africa and, therefore, contributes to informality on the continent, but 4IR (and the disruption caused by the Covid-19 pandemic) provide opportunities to catapult Africa's development. Although an expansive literature exists on Fordism, post-Fordism, neoliberal restructuring, neoliberalism and globalization and their impacts on developing countries, no studies engage with these notions and their relationship with the informal economy in Africa. The paper picks post-Fordism or the transition from Fordism thereto, to emphasize that it constitutes a negated stage that bears consequences on Africa well into the future.

The problems that bedevil Africa cannot be explained merely by institutional and/or state failure, wrong economic theories or public maladministration and corruption.

7 KLAUS SCHWAB, THE FOURTH INDUSTRIAL REVOLUTION (2016).

8 Joel B. Babalola, Geoffrey Lungwangwa & Augustus Adeyinka, *Education Under Structural Adjustment in Nigeria and Zambia*, 34 McGill J. Educ. 79–98 (1999); The Impact of Structural Adjustment on the Population of Africa: The Implications for Education, Health and Employment, (Aderanti Adepoju ed., 1993); Michael Thomson, Alexander Kentikelenis & Thomas Stubbs, *Structural Adjustment Programmes Adversely Affect Vulnerable Populations: A Systematic-Narrative Review of Their Effect on Child and Maternal Health*, 38:13 Pub. Heal. Rev. 1, (2017).

9 Francis B Nyamnjoh, *Decolonizing the University in Africa*, in Oxford Res. Encycl. Pol. (July 29, 2019).; Francis B. Nyamnjoh, #RhodesMustFall. Nibbling at Resilient Colonialism in South Africa (2016)."

10 Vera Songwe, *A Digital Africa Technology can be a Springboard for Faster, More Inclusive Growth*, 56 Fin. Dev. 27–29 (2019).

They must, instead, be examined against the backdrop of contradictions that exist within some of the prescriptive solutions handed down to those responsible for managing Africa's economies. Hence, the paper argues that the specifics of some of Africa's problems are inherently related to (the transition from Fordism and) the emergence in the 1970s of a post-Fordist and neoliberal profit-driven regime. In essence, the paper is located at the juncture in the shift from Fordism to post-Fordism wherein the world experienced changes in, among other things, dominant ideologies, politics and the economy.

The location helps to underscore the socioeconomic changes introduced by post-Fordism. Among the changes is the way that production is considered. The sociocultural changes due to the transition to post-Fordism including the ways that consumption is imagined and the supply of specialized goods to consumers on the basis of luxury or positional goods [11] are, however, beyond the scope of the paper.

But relevant to the paper is the production aspect, wherein the shift to post-Fordism saw the rise of multinational corporations (MNCs), global markets and internationalization of production, financial and trade markets.[12] The state's regulatory role of the national economy, economic activities as well as its involvement in production declined simultaneously. This introduced changes in the workforce. Of particular relevance here is the notable increase within this transition in sub-contracting of workers; in the numbers of temporary workers, part-time workers and of workers who opted to be self-employed and/or to work from home. In other words, the transition from Fordism to post-Fordism introduced conditions that reduced job security for workers and made them more vulnerable to unemployment. The individualized labor force and flexible labor in this juncture made workers lose the protection and care of labor movements or trade unions that they had previously enjoyed.[13] The expansion of globalization is in this regard a defining feature of post-Fordism and particularly the growth and interconnection of MNCs or, more aptly, the transnational corporations (TNCs) that penetrate nation-states in interconnections that spread across the world. This global expansion and internationalization of TNCs defines the transition from Fordism to post-Fordism. The nation-state in the Fordist mode of governance was the central organizing feature of society. However, the expansion of TNCs diminished the significance of nation-states and ushered in post-Fordism, wherein labor movements and trade unions were weakened or abolished[14] With this, the laying off of workers so that the corporation could achieve jobless growth became easier.

Further, MNCs in this (transition to) post-Fordist era mix the laying off of workers with outsourcing of most of their activities and effectively end up with fewer

11 Krishan Kumar, From Post-Industrial to Post-Modern Society: New Theories of the Contemporary World (2d ed. 2005); Manuel Castells, The Rise of the Network Society, The Information Age: Economy, Society and Culture Vol. I. (1996).

12 Alex Demirovic, *Postneoliberalism and Post-Fordism – Is There a New Period in the Capitalist Mode of Production?*, 51 Dev. Dialogue 45–50 (2009).

13 David Harvey, *Is This Really the End of Neoliberalism?*, Counterpunch (March 13, 2009), https://www.counterpunch.org/2009/03/13/is-this-really-the-end-of-neoliberalism/.; David Harvey, *Anti-Capitalist Politics in the Time of COVID-19*, Jacobine (March 20, 2020), https://jacobinmag.com/2020/03/david-harvey-coronavirus-political-economy-disruptions.

full-time workers for whom they are financially responsible to cover social security and other needs. The engagement of a flexible workforce works well for MNCs because they can retain a minimal core of an 'essential' work force while effectively increasing the number of workers they place on part-time, contract or sub-contractual bases. In essence, MNCs expediently get to use workers when it is cost effective and let the workers go when they no longer need their services. The point to make here is that while MNCs optimize production in the post-Fordist era, the situation is different for workers. Production for profit indeed remains the organization principle for MNCs,[15] and they seem to achieve the motif very well. But their employees are less secure in their jobs. They are less stable and are vulnerable to unemployment or joblessness. In short, the employees work in the precarious conditions that are characteristic of the informal economy.

History Does Matter: (Transition to) Post-Fordism, Casualization of Labor and Informality in Africa

The future of work in Africa cannot be dissociated from the post-Fordist mode of production and accompanying internationalization of production, financial markets, trade, globalization and generally, the progression of capitalism. The profit motif in capitalism drives innovation[16] and the continuous push to lower the cost of production and increase profits. This motivated the economic reforms, restructuring and accompanying downsizing, retrenchment and laying off of workers from private companies and the public sector in most African countries in the late 20th century. It came as a given, with progression of and the process of neoliberal globalization.[17]

The process does not end there (to give way to the automation of work) as the world is immersed further into 4IR. Some firms outsource services that even constitute the core of their businesses in the continuous push to lower production costs. This too works to the advantage of the firms because they can increase profit margins by cutting down payments associated with the socioeconomic needs of employees. In essence, the firms shirk, among other things, social security and welfare payments such as health care, pension and contributions towards retirement for employees.

But this casualization of labor entails insecurity on the part of workers. It expels them into the informal economy where they add to the downsized, retrenched, those declared redundant as well as those who had always worked in that sector. These

18 International Labour Organization, The Informal Economy and Decent Work: A Policy Resource Guide, Supporting Transitions to Formality 4 (2013).

14 David Harvey, The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change (1991); Harvey, *supra* note 13; Robert Cox & Michael G. Schechter, The Political Economy of a Plural World (1 ed. 2003).

15 *Id*.

16 Sarwat Jahan & Ahmed Saber Mahmud, *What Is Capitalism? - Back to Basics*, 52 Fin. Dev. 44–45 (2015).

17 Samuel O. Oloruntoba, *Regionalism and Integration in Africa: EU-ACP Economic Partnership Agreements and Euro-Nigeria Relations*, *in* Regionalism and Integration in Africa (1 ed. 2016).

processes constitute a recurring reality of the post-Fordist era. They occur outside of and even without bringing 4IR into consideration and make the point concerning the suggestion in this paper that the informal economy in Africa is both permanent and increasing. Thus, Africa faces the double challenge of increasing informality in labor markets due to retrenchments and ongoing casualization of labor as it progresses further into the 21st century.

A clear definition of the informal economy and informal labor helps establish why this paper argues that the casualization of labor by private companies and the public sector in African countries contribute to the permanence and the increase in the numbers and category of labor in this precarious sector. The International Labour Conference (ILC) points out that the informal economy is broad in terms of scope and diversity. It thus broadly defines it as "all activities that are, in law or practice, not covered or insufficiently covered by formal arrangements."[18] Within this broad definition, informal labor consists of *any* work where an employee does not receive any (form of) legal and social protection from their employer. This means that a worker could even be employed or engaged by formal organizations but still be an informally employed.[19] They are considered informally employed because they are not provided with any legal and social protection by their employer. This is what the casualization of labor in the post-Fordist era essentially does. There are various reasons why this happens. But Chen[20] interestingly indicates that workers should not be blamed. This is because the workers might work in the informal sector on account of employment relationships that were previously formal but are informalized as employers, *not employees*, attempt to avoid state regulation and taxation. Retaining a sizable core workforce of regular employees, such employers choose to hire the rest on an informal basis to avoid taxes on payrolls and contributions to pensions and social security. Informal labor thus includes both self-employment in the informal economy and waged employment in the informal as well as in the formal sector where labor is engaged without the employer making any contributions for social protection.

Thus, past post-Fordist policies continue to generate major underlying conditions that will impact the nature of work in Africa's foreseeable and digital future. Some of the consequences assume an evolutionary path where formal firms create conditions for informality to flourish, through continuous innovations to avoid responsibility for workers' welfare. The firms work out flexible relationships with labor and sub-contract production to unprotected workers.[21] This contributes to the persistence of the informal economy and makes it a sticky sector.

19 Nshimbi, *supra* note 4.

20 Martha Alter Chen, *The Informal Economy: Recent Trends, Future Directions*, 26 New Solut. A J. Env't Occup. Heal. Pol'y 155–72, 157 (2016).

21 *Id*.

Informality, a Sticky Sector

While the WDR 2019 suggests that informality in developing countries has remained stable in spite of economic growth, it fails to account for the causes of informality and to recognize that the drivers of informality continuously evolve. In the process, workers continuously get expelled from formal work into the informal economy. Apart from its permanence, the informal economy *is* thus growing in Africa. A major contributor, post the reforms of the late 20th century, is the increase in the casualization of labor. While many studies and policy makers are quick to assert that informality is illegal, criminal and disruptive [22], they fail to call out public organizations and corporate firms for creating conditions that give rise to informality. This could be stretched further from the discussion on casualization and informality in the 'History does matter' section of this paper to two of multiple challenges that most developing countries face vis-à-vis investments by MNCs and the contribution they make to informality—weak laws and corruption in developing countries.

Weak Laws and Regulations in Developing Countries

One of two views can be highlighted concerning the weakness of the laws and regulatory environment that governs the operation of firms in the developing countries of Africa. In either case, I argue that the outcome contributes to the increase and permanence of informality in Africa. The view holds on one hand that laws are absent and/or the legal-regulatory environment for firms in most African countries is weak. Because of this, foreign businesses are reluctant to invest on the continent. To the poor legal and regulatory conditions are added factors such as macroeconomic and political instability, poor infrastructure, inefficient institutions, poor governance, lack of information and poor investment promotion strategies that are ill-conceived, all leading to poor foreign direct investment (FDI) in Africa.[23] The shunning of African countries because of poor legal and/or regulatory environment translates into foregone investment. It impacts on prospects for creating jobs and formal employment opportunities. Foregone jobs increase the chances for employable human resources to venture into informal economic activities because formal alternatives do not exist. This reality is especially pronounced on a continent that not only hosts a large and growing

22 C. Lesser & E. Moisé-Leeman, *Informal Cross-Border Trade and Trade Facilitation Reform in Sub-Saharan Africa* (OECD, Working Paper No. 86, 2009); Friedrich Schneider & Dominik Enste, *Hiding in the Shadows : The Growth of the Underground Economy*, 30 Econ. Issues (2002).; *Trade Facilitation and the Global Economy*, OECD (May 31, 2018), https://www.oecd-ilibrary.org/trade/trade-facilitation-and-the-global-economy_9789264277571-en.

23 Chantal Dupasquier & Patrick N. Osakwe, *Foreign Direct Investment in Africa: Performance, Challenges, and Responsibilities*, 17 J. Asian Econ. 241–260 (2006); John C Anyanwu, *Why Does Foreign Direct Investment Go Where It Goes?: New Evidence From African Countries*, 13 Ann. Econ. Fin. 425–62 (2012); Elizabeth Asiedu, *Foreign Direct Investment in Africa: The Role of Natural Resources, Market Size, Government Policy, Institutions and Political Instability*, 29 World Econ. 63–77 (2006); Sandra F. Joireman, Where There is No Government: Enforcing Property Rights in Common Law Africa (2011).

youthful population, but also has the highest levels of unemployment in the world.[24] Where standards for governing labor exist on the other hand, the weak laws and poor regulatory environment disadvantage workers. The disadvantages are, of course, very obvious where laws and regulations to protect labor are non-existent. But even where labor standards exist, research shows that most African countries are faced with either weak or none enforcement of the standards.[25] Further, many categories of workers in these countries tend to be left outside of the scope of labor laws.[26] Labor thus finds itself in situations where either legislation that protects workers' rights in the formal environment and in firms does not effectively protect them or labor is excluded from legislation altogether. This adds to factors that make working conditions precarious for most workers in Africa and strongly correlates with their casualization. It more so explains why some MNCs consider developing countries favorable destinations for locating production in the first place; because they provide environments where production costs associated with requirements to comply with labor standards can be lowered.[27] Employers in such firms may also deliberately ignore labor standards that promote workers' rights or seek out ways to limit their legal liability for compliance.[28] The aim here too is to cut costs and ultimately increase profits.

Weak legal and labor regulatory environments that characterize most African countries thus attract businesses that seek to cut costs by minimizing costs associated with labor. They provide a convenient location for the operation of such entities. Further, the motivations and actions of the employers in such firms also seem to be facilitated by weaknesses or unwillingness on the part of host governments to enforce labor standard.[29] Some countries may genuinely desire to apply labor standards but have deficient and/or limited enforcement capabilities.[30] These conditions, again, add

24 John C. Anyanwu, *Does Intra-African Trade Reduce Youth Unemployment in Africa?*, 26 Afr. Dev. Rev. 286–309 (2014); Atif Awad, *Economic Globalisation and Youth Unemployment–Evidence from African Countries*, 33 Int'l Econ. J. 252–69 (2019); Dadirai Mkombe et al., *The Effects of Foreign Direct Investment on Youth Unemployment in the Southern African Development Community*, 38 Dev. South. Afr. 1–16, (2020).

25 Haroon Bhorat, Ravi Kanbur & Benjamin Stanwix, *Compliance with Labor Laws in Developing Countries*, 80 World Labor 1–11 (2019); Matthew Alford, *Trans-scalar Embeddedness and Governance Deficits in Global Production Networks: Crisis in South African Fruit*, 75 Geoforum 52–63 (2016); Angela Dziedzom Akorsu & Fang Lee Cooke, *Labour Standards Application Among Chinese and Indian Firms in Ghana: Typical or Atypical?*, 22 Int. J. Hum. Resour. Manag. 2730–48 (2011).; E. S. Fourie, *Non-standard Workers: The South African Context, International Law and Regulation by the European Union*, 110 Potchefstroom Electron. Law J. 110–11 (2008).; R. Loewenson, *Globalization and Occupational Health: A Perspective from Southern Africa*, 79 Bull. World Health Organ. 863–68 (2001).

26 Tzehainesh Teklè, Labour Law and Worker Protection in Developing Countries, (Bloomburg Academic ed., Feb. 11, 2010).

27 Mahmood Monshipouri, Claude E. Welch Jr. & Evan T. Kennedy, *Multinational Corporations and the Ethics of Global Responsibility: Problems and Possibilities*, *in* Human Rights and Corporations 123–47 (David Kinley ed., 2017); Bhorat, Kanbur & Stanwix, *supra* note 25.

28 James Heintz, *Global Labor Standards: Their Impact and Implementation*, *in* The Handbook of Globalisation, 225–39 (Jonathan Michie eds., 3d ed. 2019); Layna Mosley, Labor Rights and Multinational Production (2011); Richard M. Locke, The Promise and Limits of Private Power: Promoting Labor Standards in a Global Economy (2013).

29 Locke, *supra* note 28.

30 Bhorat, Kanbur & Stanwix, *supra* note 25; Akorsu & Cooke, *supra* note 25.

to the precarity of work and contribute to casualization that increases informality in Africa.

Corruption in developing countries

Research and media reports make a clear link, regarding corruption, between foreign investment as well as the operation of MNCs and public officials in developing countries.[31] Such corruption is usually a consequence of collusion between political and economic interests. Hence, public officials in many developing countries may take bribes from MNCs to, among other things, push business deals, facilitate the awarding of contracts, avoid or overcome bureaucratic delays and overlook labor rights violations.[32] Such corruption in a host country influences the volume of foreign direct investment (FDI) inflows by creating conditions that are unfavorable to rational economic activity concerning investment. Some literature on corruption and foreign investment goes on to specifically suggest that high levels of corruption in a host country reduce the inflows of FDI because they make the country less attractive to foreign investors.[33] High levels of corruption also deter other economic actors from entering and investing in the host country, because the prospective entrants could be faced with obstacles such as overpricing and barriers to entry.

But even for firms that get to enter and invest in such environments, government officials as well as private agents of the host country might prey on them, which consequently introduces inefficiencies and imposes transaction costs that have a bearing on productivity.[34] This has severe welfare impacts too, with huge sums of

31 Planning and Economic Development, AU/ECA Conference of Ministers of Finance, *Illicit Financial Flows: Report of the High Level Panel on Illicit Financial Flows from Africa* (2015); James Kleinfeld, *Anatomy of a Bribe: A Deep Dive into an Underworld of Corruption*, Al Jazeera (Dec. 1, 2019), https://www.aljazeera.com/features/2019/12/1/anatomy-of-a-bribe-a-deep-dive-into-an-underworld-of-corruption.; *Al Jazeera English investigates the role of multinational companies in South Africa's corruption saga*, Al Jazeera, (March 29, 2018), https://network.aljazeera.net/pressroom/al-jazeera-english-investigates-role-multinational-companies-south-africa's-corruption.; Josef C. Brada, Zdenek Drabek & M. Fabricio Perez, *The Effect of Home-country and Host-country Corruption on Foreign Direct Investment*, 16 Rev. Dev. Econ. 640–63 (2012).; M. Umur Tosun, M. Onur Yurdakul & Pelin Varol İyidogan, *The Relationship Between Corruption and Foreign Direct Investment Inflows in Turkey: An Empirical Examination*, 42 Transylvanian Rev. Adm. Sci. 247–5 (2014).

32 Roberto A. Ferdman, *How the World's Biggest Companies Bribe Foreign Governments—in 11 Charts* , The Wash. Post, (Dec. 3, 2014), https://www.washingtonpost.com/news/wonk/wp/2014/12/03/how-the-worlds-biggest-companies-bribe-foreign-governments-in-11-charts/.; Anne Peters, *Corruption as a Violation of International Human Rights*, 29 Eur. J. Int. Law 1251–87, (2018); Jonathan P. Doh et al., *Coping with Corruption in Foreign Markets*, 17 Acad. Mgmt. Persp. 114–27, (2003); Susan Rose-Ackerman, *When is Corruption Harmful?*, *in* Political Corruption: Concepts and Contexts 353–72 (Arnold I. Heidenheimer & Michael Lohnston eds., 3d ed. 2002).

33 Brada, Drabek & Perez, *supra* note 31.

33 Brada, Drabek & Perez, *supra* note 31.

34 *Id.*; Rose-Ackerman, *supra* note 32.

35 Aksel Sundström, *Corruption and Regulatory Compliance: Experimental Findings from South African Small-Scale Fisheries*, 36 Mar. Pol'y 1255–64, pincite? (2012).

36 Shaomin Li & Jun Wu, *Why Some Countries Thrive Despite Corruption: The Role of Trust in the Corruption-Efficiency Relationship*, 17 Rev. Int'l Pol'y Econ. 129–54 (2010).

37 Sundström, *supra* note 35.

money getting lost in distorted trade.[35] Predatory corruption has, indeed, been shown to cause harm to a country's economic growth.[36]

But firms also pay bribes to reduce regulatory burdens, and this directly impacts workers vis-à-vis their rights in the workplace. This is because corruption tends to weaken enforcement measures in the sense that it impacts the risk assessment of being caught and reduces possibilities of deterring would-be offenders, as they pay lower than what they would for the actual sanction of their offence.[37] Public organizations that ought to enforce labor standards and protect workers' rights are thus undermined. Corruption by firms has, in this sense, been shown to have vast societal consequences.[38] Specifically, MNCs seem to use their power in congress with poor governance in developing countries to create a combination of influential factors that lead to the abuse of labor ethics.

Contrary to expectation, the power of public organizations in developing countries may thus be deployed to suppress rather than enact labor codes on behalf of marginalized labor. Uddin et al.,[39] for example, have particularly established that labor practices in Bangladesh did not reflect any of the spiritual and ethical values enshrined in labor codes and as expected of public organizations. They show that despite the significance of the garment sector to Bangladesh's national economy and the global fashion retail markets in Europe and North America, labor exploitation in the sector is rife and has severe consequences. Thousands of employees are subjected to occupational hazards, injuries and deaths. Despite this, exploitation persists and workers' freedom of association is suppressed.

The public sector is not only complicit in fairly enacting labor codes and ensuring that strict compliance with labor codes on workers' behalf exists, but political influence, poor governance and institutional corruption collude as factors that drive labor exploitation. Uddin et al. argue that public inspectors entered into unfair relationships with owners of businesses in Bangladesh and took bribes from them to inspect their enterprises and not effect regulatory action against them for non-compliance with labor codes.[40] This exemplifies the ways in which MNCs collude with public officials and exploit labor in developing countries, despite the existence of labor codes and public agencies that are established to protect workers' rights. It, in turn, translates into the persistence of precarity of work and informality.

In summary, corruption too deters potential investors from investing in countries wherein, as in the case of weak laws and regulatory environments, this amounts to foregone investment that translates into lost opportunities for the creation of formal jobs. It also has implications for the worker in that it contributes to precarious working

38 Susan Rose-Ackerman, International Handbook on the Economics of Corruption, (Jan. 1, 2007); Susan Rose-Ackerman & Bonnie J. Palifka, Corruption and Government: Causes, Consequences, and Reform, (2d ed. March 7, 2016).

39 Jassim Udin et. Al., *Do Public Sector Organizations Ensure Labor Ethics? Perspectives from Ethics and Workplace Spirituality in Bangladesh's Garment Sector*, 40 Pub. Adm. Dev. 168–78 (Dec. 2020).

40 *Id.*

conditions and relates to casualization that adds to the increase in and the perpetuation of informalization.

Space for Informality in 4IR Africa

Since states and governments are responsible for the legal environment in which all economic workers operate, in what ways can those in Africa start to enhance the informal economy's productivity when they, in the first place, criminalize and are hostile towards that sector and actors? Where they seem 'sympathetic', they aggressively seek to draw tax rather than establish conditions that are conducive to the operations of informal workers and businesses.[41] Much as informal economy workers should pay tax, the authorities are better off, first, improving business and conditions/ environments in which informal workers operate. This should go along with the authorities acknowledging that the informal economy is real, and that it contributes to development. In this way, the authorities will pave the way for meaningful participation of informal workers in development. It will also facilitate the enhancement of the productivity of the informal economy through the exploitation of new technologies that define 4IR.

This would also help cushion the reported possible negative impacts of 4IR. It is argued that automation, and now, the adoption of new technologies such as mobile payment systems may lead to job losses.[42] Technology-based work of the future threatens to exclude people with less advanced skills as well as those who may be wrongly skilled. The latter might be skilled and qualified for 'old' jobs, but not those in new platform-based sectors and driven by or based on digital technologies. In other words, they are threatened with exclusion because they lack the skill set required for the new jobs. Reports also exist, however, that allay fears of job losses because more people will be recruited in new technology jobs.[43] The question to the latter, however, is whether the new jobs are qualitatively comparative to older jobs. That is, do workers that end up in the informal economy due to 4IR find themselves in precarious conditions? Or, are those who hold formal jobs better off?

The Future of Informal Labor in 4IR Africa: Some Concluding Remarks

The recommendation in WDR 2019 for society to, among other things, invest in early childhood education as a way of ensuring benefits from the opportunities that new technologies offer is welcome. But it is also long term. In the meantime, what

41 James Thuo Gathii et al., *Report: The Continental Free Trade Area (CFTA) in Africa – A Human Rights Perspective* (2017), http://www.fes-globalization.org/geneva/documents/2017/2017_07_CFTA_HRIA_Publication.pdf.

42 *Jobs and the Fourth Industrial Revolution*, World Economic Forum (2021), https://www.weforum.org/about/jobs-and-the-fourth-industrial-revolution (last visited May 24, 2021).

43 Jayant Menon, *The Fourth Industrial Revolution Could Spell More Jobs – Not Fewer*, World Economic Forum (Sept. 17, 2019), https://www.weforum.org/agenda/2019/09/fourth-industrial-revolution-jobs/.

happens to the cohort of workers thrown out of the formal workforce in the late 1980s and early 1990s due to globalization and related structuring and restructuring? And the casualties of digitalization too? A quick and concise suggestion is, reskilling and retooling.

Another recommendation in WDR 2019, which seems meant to address the segment of the workforce discussed in this paper, is to create stable, formal sector jobs (or the formalization of informal jobs). This proposed solution to informality is, however, not novel.[44] It is a rehash of an old argument based on the assumption of a dual, i.e., traditional—modern, economy.[45] That argument posits that the informal economy is backward and unable to transform an economy into modernity.[46] To this is added the assertion of criminality and law breaking because it is argued that informal workers avoid paying tax, operate in the shadow economy and engage in clandestine activities. Formalization is thus proposed as a catch all solution that should meet the needs of both the informal workers and the state, which seeks to raise revenue from the workers. The argument is pushed without making working conditions better for them or their operating environment any better.[47]

The suggestion has not been successful in reducing informality either. It is further unlikely to lead to any meaningful change or provide real solutions to the purported problem of informality in Africa. It is, however, noteworthy that even with the double challenge of increasing informality in African labor markets, informal economy workers will find ways to leverage and exploit the power and potential of digital technologies to their advantage. In fact, these actors and the informal economy, even without formalization, are already leveraging digital technologies to their advantage.[48] Finally, the new industrial organization represented in 41R raises policy questions regarding competition, taxation and privacy. However, it does not adequately address the age-old question of labor and job creation and optimal levels of employment in an economy, which in the case of Africa and its bulging youth sector portends major challenges into the future.

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44 *See, e.g.*, Ragui Assaad, *Formalizing the Informal? The Transformation of Cairo's Refuse Collection System*, 16 J. Plan. Educ. Res. 115–26, (1996).; Caroline O. N. Moser, *Informal Sector or Petty Commodity Production: Dualism or Dependence in Urban Development ?*, 6 World Dev. 1041–64 (1978) who address this issue; Kevin F. McCrohan, *Barriers to the Formalization of Economic Activity and Marketing Aolutions for Developing Economies*, 7 J. Nonprofit Pub. Sect. Mark. 45–61 (2000); John McLaughlin & Hernando de Soto, *Property Formalization: The Proform Solution*, 48 Gomatica 307–14 (1994).

45 P. N. Rosenstein-Rodan, *Problems of Industrialisation of Eastern and South-Eastern Europe*, 53 Econ. J. 211, pincite? (1943); John R. Harris & Michael P. Todaro, *Migration, Unemployment and Development: A Two-Sector Analysis*, 60 Am. Econ. Rev. 126–142 (1970).

46 C. Geertz, Peddlers and Princes: Social Change and Economic Modernization in Two Indonesian Towns (1963); J. S. Furnivall, Netherlands India: A Study of Plural Economies (1939).

47 GATHII ET AL., *supra* note 41.

48 Digital Trade in Africa: Implications for Inclusion and Human Rights, (David Luke, Hubert René Schillinger, & Nwanneakolam Vwede-Obahor eds., 2019).