


The Contextual Dimensions of Informal Economy and Entrepreneurship

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Abstract:

This study investigates the global dynamics of the informal economy and the need for coexistence between it and the formal economy. Developing and developed countries are beset with various social and economic problems, such as unemployment, poverty levels, informal jobs, and global issues. Informal Entrepreneurship remains a focal means to reduce unemployment and create jobs in many economies. The informal economy and entrepreneurship dynamics were investigated using institutional theory and by drawing on a qualitative approach and secondary data from the International Labour Organization and Women in Informal Employment: Globalizing and Organizing datasets. The findings depict the need to ensure that the informal and the formal economy coexist well rather than merge due to their interwoven nature. This calls for adopting a system and holistic

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perspective for studying facets of informal-formal entrepreneurship in different contexts. Informal economy and informal entrepreneurship are essential for reducing global unemployment and developing innovation in the value chain in their contexts. Globally, the informal economy and informal entrepreneurship provide safety nets, a source of livelihood, and pay informal levies that contribute to economic growth and development. The study shows how informal entrepreneurship contributes to the business environment. The contextual evidence from the literature justifies the necessity for informal entrepreneurship and the economy due to the interplay of poor market conditions, institutional voids, entrepreneurial behavior, and local business dynamics.

Keywords: Context, Entrepreneurial Behavior, Informal Economy and Entrepreneurship, Informal Levies, Institutional Theory, Innovation, Unemployment.

JEL Codes: R30, D21, E26, M13, O17, D02, O31, E24.

1. Introduction

The informal economy is pervasive, with adaptive and resilient nature constantly changing. Scholars and global institutions have continued to focus on the activities of informal entrepreneurs and dynamics in different contexts (Afreh et al., 2019b; Okolie et al., 2021). Likewise, there are increasing calls for moving from informality to formality without a corresponding focus on the necessity for informal entrepreneurship and its evolving nature (Henning & Akoob, 2017; Omri, 2020). In 2015, the International Labour Organization (ILO) adopted the standard recommendations for transiting from the informal to the formal economy, viewing the latter as an economic trap (ILO., 2015).

This paper examines the importance and necessity for informal entrepreneurs in most contexts, attempts to dissuade perceptions that link the informal economy mainly to poverty, and join the discussion on the potential benefits of having a mixed economy. Chen (2012) advocated for the institutionalization of a mixed economic model. This model allows all forms of economic agents in the traditional and modern system to coexist, evolve, and leverage their unique complementarities.

Many countries are faced with monumental problems due to the negative effects of the Coronavirus Disease of 2019 (COVID-19). This has led to a rise in global unemployment rates, the closure of many formal businesses, and attendant negative effects on livelihoods, families, and societies at both the micro and macro levels. Surviving harsh economic environments, uncertainties, and waves of disruptive change is a major problem facing different economic agents.

The debate on the formal-informal economy and sector gained global prominence in 1972 with the ILO Kenya report publication (Bromley & Wilson, 2018). Thus, leading to the emergence of different schools of thought and a divergence of findings and theories relating to the informal and formal sectors. According to Desta (2018), unbundling the urban informal sector in Africa is complex and advocates for a blend of theoretical perspectives due to the shortcomings of the dualistic labor market in Ethiopia. This unending debate has existed for more than five decades. It would continue as long as academia sees each sector as independent of the other without investigating human behavior dynamics. Alferts' (2018) article (Informal Workers and The Future of Work) confirms the system nature of both sectors: what happens in the formal economy impacts the informal economy and vice versa. Empirical evidence from sub-Saharan countries indicates that rural-urban migration, the adaptive nature of the informal sector, and the need to conform to the formal business environment create room for innovative approaches in the urban informal sector. For instance, the urban informal sector in China consists of registered self-proprietorship and private enterprises (Qian & Perspective, 2019). Universally, social structures, social networks, social capital, and types of economic activity influence entrepreneurship behaviors. From a sociological perspective, Granovetter's (2005) social embeddedness approach reveals that the social network behavior of economic agents is influenced by information quality, rewards and punishment, and level of trust. It is, therefore, plausible to assert that interactions in the social and economic dynamics shape the entrepreneurial ecosystem. For instance, in most sub-Saharan African countries, family structures and multi-level social networks provide avenues for the viability of informal entrepreneurship as a source of wealth creation, employment, and additional income stream. Other scholars also confirmed the vital strength of social ties in Africa's urban informal entrepreneurship (Berrou & Combarrous, 2012). They argue that in volatile contexts and developing economies, informal entrepreneurs benefit from the trust built, length of relationships, and access to informal finance, information, and patronage based on the strength of social ties developed in their social network. Berrou and Gondard-Delcroix (2018) demonstrated that social networks could be a limiting factor where reliance is mainly on the relationship within the social network and precludes the possibility of developing additional triad relationships.

Realizing the wealth and opportunities in the informal economy in developing countries, micro-finance banks and other informal financial services provide customized services. These customized services, loan offerings, and banking services are modeled after the Grameen microfinance

model to capture micro-informal entrepreneurs that find it difficult to get financial support from conventional banks due to the stringent procedures. Most of the bigger informal entrepreneurs enjoy financial support from informal investors, including close family members, business colleagues, relatives, friends, and other informal sources.

In most contexts in Africa, the informal finance mechanisms available to informal entrepreneurs is flexible and tied to cultural and collective responsibility models to reduce the incidence of default. The traditional informal financing system in sub-Saharan Africa has outgrown the financial crises of conventional banking and has proven to provide some level of support. It is estimated that globally, 95 percent of entrepreneurs rely on personal funds as seed capital; however, it is much lower in African countries 47% in Burkina Faso and Senegal (Dumbili & Henderson, 2020)

In what follows, we first briefly review what the literature says about informal entrepreneurship focusing on Africa. Then, we discuss the institutional theory to examine the change dynamics and effect of unemployment on informal entrepreneurship using the lens of institutional theory and unemployment. In the last section, we explained the importance of context and rural-urban dynamics and reiterated the importance of informal entrepreneurship in Africa.

2. Unbundling the informal economy

The informal economy (sector), informal employment, informal entrepreneurs, and micro-enterprises are all subsets of the economy. We define informal employment as comprising an ad hoc engagement; the informal and formal economy usually offers pecuniary remunerations and non-financial benefits. While the informal economy is a subset of the formal economy, it influences both economy and the livelihood of stakeholders. It encompasses all productive activities that coexist with the economy's formal norms and institutional framework.

Moreover, the informal economy differs from the black market because it is a self-governed community, and its contribution to GDP is acknowledged. However, the black market is illegal in all contexts and is not accounted for in Gross Domestic Product (GDP) estimates. Empirical evidence shows that the informal economy accounts for 30 percent to 40 percent of GDP in sub-Saharan Africa, Latin America, and South Asia (Medina et al., 2017).

Similarly, the International Labor Organization (ILO) asserts that the informal sector provides employment, productive engagement, and cash flows as informal entities with small-scale operations and social norms. ILO

is at the forefront of research on the informal sector. ILO stated in the 15th International Conference of Labour Statisticians resolution that the informal sector may be broadly characterized as consisting of units engaged in producing goods or services with the primary objective of generating employment and income for the persons concerned. These units typically operate at a low level of organization, with little or no division between labor and capital as factors of production and on a small scale. Labor relations, where they exist, are based mostly on casual employment, kinship, or personal and social relations rather than contractual arrangements with formal guarantees.

Besides, they assert that informal entrepreneurs as employers and own-account workers in the informal sector, and Informal employment includes workers in all employment status categories: employers, employees, own-account workers, contributing (unpaid) family workers, and members of producers' cooperatives (see Figure 1) (ILO., 2013).

There is non-uniformity in employment definitions in the informal sector, and this complexity reiterates the importance of adopting a contextual approach to understanding and improving the informal sector (Onokala & Banwo, 2015). For example, the ILO Department of Statistics shows variations in definitions used in some countries (ILO., 2013):

- South Africa (Employees without a written employment contract or for whom the employer does not contribute to the pension/retirement fund or medical aid benefits).
- Zambia (Employees not entitled to paid annual leave or for whom the employer does not contribute to any social security scheme).
- India (Employees not entitled to social security benefits or paid sick or annual leave (agriculture excluded)).
- Russian Federation (Employees without a labor contract).
- Panama (Employees without an employment contract, plus employees with an employment contract who are not covered by social security as directly insured persons (excluding employees who, as retired persons or pensioners, do not have to contribute any more to social security)).

De Castro et al. (2014) used an institutional framework to confirm the boundary-spanning interactions between both systems with a clarion call to legitimize informality as a necessity. Recent empirical evidence on the informal sector and informal entrepreneurs in both developed and developing countries confirm that they have an impact on the economy, contribute significantly to global employment, and account for 62 percent of total employment in a sample of 99 countries (AguIgwe & Ochinanwata, 2021;

Kok & Berrios, 2019).

It is obvious that given the poor market conditions, contexts, and rising global unemployment, calls for transiting the informal economy to the formal economy is a utopia (See figure 2). When the various ILO data are examined at the micro-level, we find a diverse concentration of informal entrepreneurs in developing and developed countries with female demography as the major stakeholders in this domain. The diffusion and complex relationship between informal and formal employment favor the emergence of different shades of informal employment, mostly in developing countries where it is a major source of income (Chen, 2012).

Recent evidence in the 2018 report on (Women and men in the informal economy: A statistical picture) presents robust insight into this sector globally (Bonnet et al., 2019). They asserted that 89.7 percent of employed women are in informal employment, and a significant proportion of African (86 percent) workers are informally employed. In most developing countries, the high level of unemployment is a major factor attracting the young labor force to informality due to the ease of entry, exit, safety nets, and source of livelihood. This demography is estimated to constitute about 95 percent of African informal employment (ILO., 2020).

Globally, young people are the most vulnerable segment due to imperfections in society's institutional systems and policies. The resultant negative effect transcends developing countries to developed countries. In Africa, Europe, and Central Asia, temporary jobs and undocumented employment are predominance sources of livelihood (Webb et al., 2013). Also, global estimates of youth aged 15 to 24 (267 million) show they do not have access to the required skill sets and competencies that would enable them to get formal employment (ILO., 2020). Informal employment occurs in both the formal and informal sectors, and ILO provides a broad guideline for key players in Figure 1.

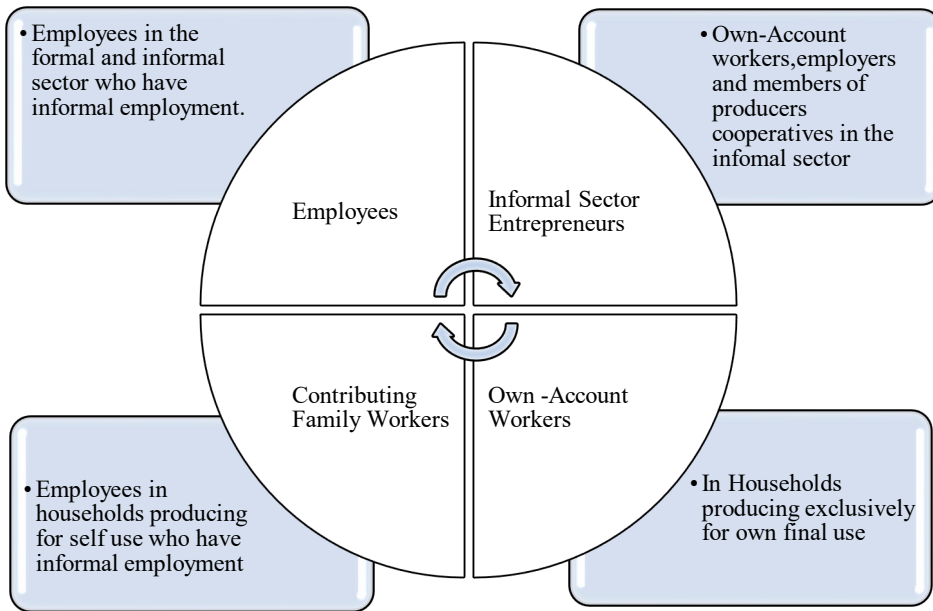
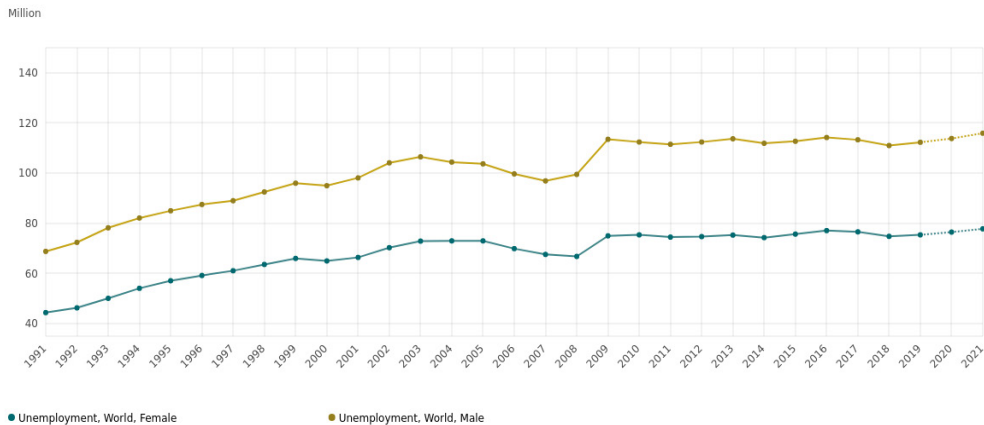


Figure 1. Conceptual framework: Informal employment components (17th ICLS guidelines
 Source: Authors' adaptation of measuring informality: A statistical manual on the informal sector and informal employment



This dataset includes both real and imputed data from 1991-2019, as well as projections from 2020-21. Estimates may differ from official national sources.
 Source: International Labour Organization, ILO modelled estimates (ilo.org/wesodata)

Figure 2. Trends and projections in global unemployment (1991-2021)
 Source: (ILO, 2020)

Unemployment is a global issue that varies across developed and developing countries, with a sharp increase after the 2009 global economic meltdown and the 2019 COVID-19 pandemic. Datasets and projections from ILO spanning 1991 to 2021 indicate men have a higher level of unemployment than women, which might be a major reason women embrace informality to support their family needs and aspirations (See Figure 2). Women outnumber men in informal employment and entrepreneurship in most sub-Saharan African countries such as Nigeria and Ghana and operate as domestic workers, home-based workers, and street vendors, with the highest clusters as market traders (Obi, 2019).

Unemployment levels might be a factor in enhancing the growth of informal entrepreneurs and employment in the sector. This necessitates seeking informal employment and engaging in any economic activity within the ambit of the institutional environment. The high unemployment rate in developing countries and inequalities in human capital development are major reasons why self-employment is higher in developing countries and informal wage employment higher in emerging economies (see Figure 3).

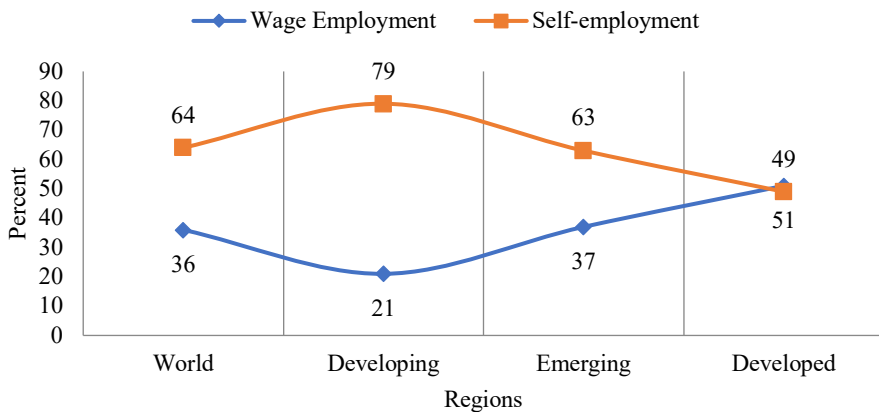


Figure 3. Informal economy by income level

Source: Authors' adaptation of WIEGO counting the world's informal workers: A global snapshot

However, in most Sub-Saharan cities, those employed in the formal sector also take advantage of opportunities in the informal sector to reduce costs, increase profits, and pursue diverse social and political goals. Tackling the global unemployment levels does not necessarily equate to moving from informality to formality. Nevertheless, it can influence the choice to remain in the informal sector based on individual cost-benefit analysis.

Entrepreneurs are risk-takers with different mindsets and may not seek formal employment and instead prefer to express their entrepreneurial skills through various productive avenues. Most formal entrepreneurs started small as informal entrepreneurs during the development and testing of their business ideas and then registered in the mainstream formal economy. For example, Facebook, Microsoft, and Alibaba nurtured and developed their ideas as informal entrepreneurs by recognizing opportunities and creating a value process.

However, several intrinsic and contextual factors nurture or stifle informal entrepreneurship from dual perspectives of the risk-benefit and cost-opportunity continuum within formal and informal institutional settings.

3. Theoretical framework

David North's (1993) propositions on institutional change theory offer insight into factors in institutional dynamics that affect informal entrepreneurs and unemployment. Some of the factors include the effect of positive-negative changes, incremental-disruptive changes, incentives, institutions, organizations, skills and knowledge, competition, perceptions, choices, economies of scale, and mental cognition. We propose that addressing these factors at the micro and macro level can assist in understanding why the informal sector differs across contexts. Similarly, Scott's (2005) institutional theory premise (regulatory, normative, and socio-cultural cognitive process) is relevant in emergent informal entrepreneurship studies in all contexts.

Webb et al. (2009) used institutional theory to show that informal entrepreneurs use boundary-spanning instincts to identify and exploit opportunities within formal and informal sectors from the legitimate–illegitimate perspective when institutional changes occur. Similarly, the blurring dichotomy of formal and informal institutions is enshrined in variations across culture, norms, values, public policies, social behavior, and cultural schema.

This has resulted in scholars using many narratives in studying the connection between institutional theory and the informal economy. Murithi et al. (2019) neo-institutional theory perspective shows the system nature of economic agents in institutional environments. Their findings indicate the coexistence of formal and informal businesses in Africa.

Welter (2005), drawing on institutional theory, stated that it is important to consider underlying institutional forces and pressures influencing entrepreneurial behaviors in different contexts. The Global Entrepreneurship Monitor (GEM) 2019/2020 reiterated the need to

understand entrepreneurship behaviors. Findings show increased institutional changes recognizing their contributions to society's values, welfare, and reward systems (Niels Bosma, 2020).

The extant literature indicates that institutional settings, policymakers, multinational agencies, and corporate organizations in the formal sector benefit from the informal sector for different interests, political gains, and cost savings (Meagher, 2013). For example, in most developed countries, immigrants and young adults work part-time or survival jobs on a contract basis even though they possess the skillsets for formal employment and benefits. It is common practice for corporate and multinational organizations to use informal employment and informal entrepreneurs in their value chains mainly to save costs and reduce tax burden (Meagher, 2018). This raises questions about how these employees survive with meager allowances without resorting to informal activities to sustain their basic and social needs.

Also, at the institutional level, there is evidence that different economic systems and schools of thought create room for informal sector dynamics based on political and social ideologies and context. However, it is improbable to assume that informal entrepreneurs and employees would cease to exist given imperfect market systems, culture, and differences in human behaviors. Onokala and Banwo (2015) reported that entrepreneurial activities and group dynamics in the informal sector are a function of the formal sector's poor market conditions and gaps.

4. Contextual dimensions and discussion

It is generally presumed that human behavior is usually influenced by rational thinking and actions in social systems and game theory analogies (Colman & sciences, 2003). Entrepreneurship behavior is generally influenced by complex factors that lead to rational and irrational societal actions. Human beings are socially wired, and contextual institutional and social frameworks shape the nature of exchanges at different levels of society. This is premised on the belief that differences in cognition in the informal economy in developing countries are determined by socio-cultural and enshrined value systems and forces within the institutional environment (Ogunsade & Obembe, 2016).

Consequentially, several endogenous and exogenous factors shape the entrepreneurship business environment, including economic systems, interest groups, institutional greed, economic models, class struggles, profit motives, exploitation, cost and risk, survival, migrations, and human behavior motives. The informal economy in sub-Saharan Africa and Southern Asia is the largest, with Eastern Europe and Central Asia having the lowest informal economy

(WIEGO, 2018) (See Figure 4).

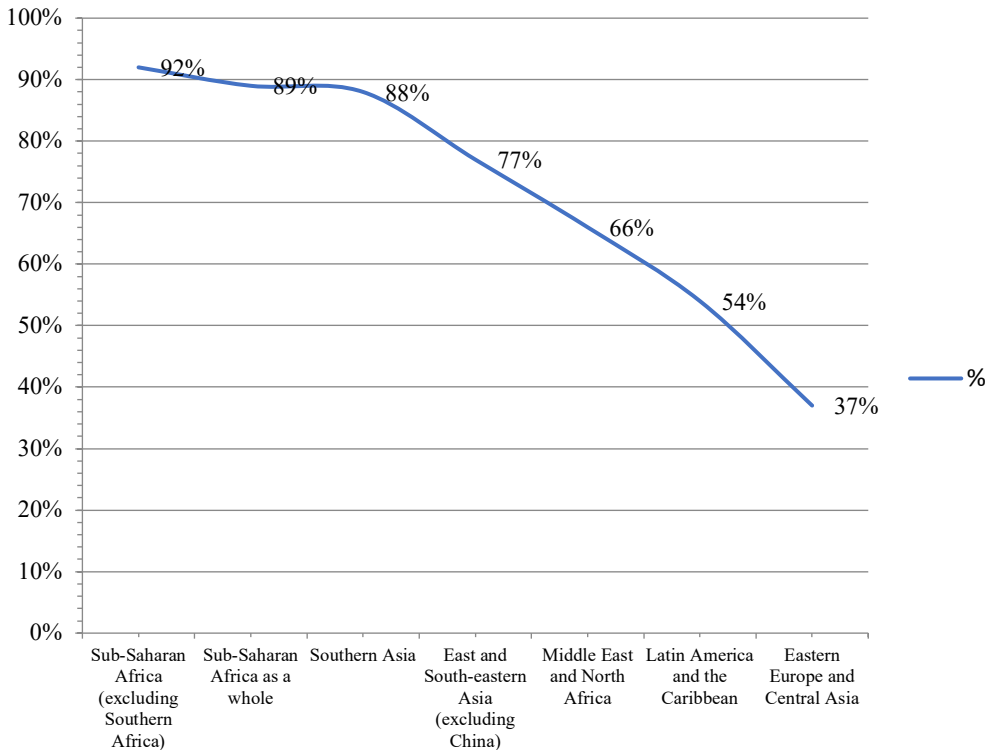


Figure 4. Regional informal employment
Source: Authors' adaptation

Recent studies show that context, culture, and institutions shape the opportunities and constraints influencing informal entrepreneurship globally (Afreh et al., 2019a; Breazeale & Hustedde, 2017). There is also evidence of constant linkages between informal sector entrepreneurs and economic agents in the formal sector, which are driven by opportunistic wealth creation and cost-saving motives in developing countries (Gurtoo & Williams, 2009). For example, in a 27 European Union member states survey, individuals and economic agents patronize informal entrepreneurs due to the ability to benefit from lower prices, quality of goods, and proximity (Williams & Martinez-Perez, 2014). Informal entrepreneurs bring quick solutions to the people locally; they appear when needed and operate with localized structures based on their contexts and market segments.

Inherent in all contexts are cultures, norms, and forces that support or inhibit informal entrepreneurship evolution and impact. For instance, ILO has

established that informal employment and entrepreneurship are prevalent mostly in the agricultural industry in Africa, Southern Asia, and other places. Globally, informal employment is about 94 percent in the agricultural sector and about 99.3 percent in Southern Asia. When the demographic composition in different contexts is examined, there are different levels of engagement. For instance, women represented 50% of 54,643,676 workers engaged in informal sector business in Nigeria (National Bureau of Statistics, 2010). In Uganda, women make up 52.5 percent of the entrepreneurial labor force; in Tanzania, price competition is high despite the ease of entry (Mori, 2014; Mugabi, 2014). However, a contrasting picture in Eastern Asia shows that the proportion of men is higher than women in informal employment compared to South-Eastern Asia, the Pacific, and Southern Asia.

Some differences in informal entrepreneurship are tied to cultural practices, norms, and values in each context (Onokala & Banwo, 2015). These multi-layered cultural symbols shape informal and formal institutional entrepreneurship at all levels. For example, informal apprenticeship is more common in most informal enterprises in Nigeria. This informal model nurtures and develops informal and formal entrepreneurs over time. Scholars have continually investigated why the model is efficient and how it can be replicated in other settings (Erdős, 2019; Madichie et al., 2021; Neuwirth, 2012). It is expedient to investigate the effect of cultural factors when examining data on the informal sector and entrepreneurship.

Ogunsade and Obembe (2016) study affirmed cultural and normative environments as major predictors of informality in Nigeria and other developing countries compared to the regulatory environment. Webb et al. (2009) suggested using a system perspective incorporating the micro-level, macro-level, and meso-level for informal entrepreneurship research. This is based on how formal institutions' laws and regulations influence the norms, values, and beliefs shaping informal entrepreneurship. Therefore, individuals, groups, and institutions engage in continuous boundary-spanning activities and engagements in both formal and informal settings.

Williams and Krasniqi (2018) stressed the need for congruence between formal and informal norms and institutions since they positively and negatively impact each other. This could account for the springing up of informal entrepreneurs in all contexts where their activities are not threatened and needed.

In addition, this probably accounts for mobile stalls, night market operators, local market sellers, neighborhood kiosks, and essential services in most contexts in Africa, Asia, and cosmopolitan cities. However, where some informal entrepreneurship norms and practices threaten or cause harm to the

system, it triggers measures to enforce and align with acceptable formal and informal norms. For example, in all contexts, street hawking, unregistered cab services, drug peddlers, Ponzi operators, and unregistered health facilities are more likely to face internal and external threats to limit their harmful effects. These norm-deviant behaviors could arise from institutional voids and conflicts that enable entrepreneurs to explore informal arrangements.

Findings from cross-cultural studies in seven developing countries, China (Asia), Ecuador, Peru, Mexico (South and North America), Egypt, South Africa (Africa), and Yemen (Arab Peninsula), indicate that the level of informal employment is dependent on contextual socio-demographic characteristics (Başbay et al., 2018).

Williams and Krasniqi's (2018) contextual findings showed that institutional failings (resource misuse, corruption, voids, unfair tax system, elite agenda setting), institutional asymmetry (level of alignment of formal and informal institutions), vertical and horizontal trust (between government and economic agents on the one hand and between entrepreneurs) are major predictors of informal entrepreneurship. These findings and extant literature on informal entrepreneurship show that they evolve in different shades and forms in an economy's informal and formal sectors.

Push and pull factors in different places contribute to the prevalence and dearth of informal entrepreneurship and employment in most contexts. Rural-urban migration, business clusters, population density, and agricultural methods influence their size and activities in developing and developed countries.

Thus, while rural informal entrepreneurship might be synonymous with the poverty level, it is not always the case. Informal entrepreneurs in most rural locations in sub-Saharan Africa leverage the low cost of doing business, proximity to natural resources, low labor cost, and location-based advantages (Idowu, 1999). Typical examples are the cocoa farmers in Western Nigeria, Ghana, and other West African countries and the entrepreneurship and innovation hubs.

Consistent with Chen's (2012) recommendation on the adoption of a hybrid economic model, evidence from recent informal sector tax entrepreneurship literature in most sub-Saharan African countries reveals that the informal sector players pay different forms of taxes in the form of daily permits, association tax, monthly levies, and sales tax bands (Dube & Casale, 2019; Olabisi et al., 2020).

However, though the administration of this tax collection might be fraught with corruption, their willingness and positive attitude confirm that they are willing to contribute to society. The efficacy of the informal

entrepreneur's tax models in the central business districts in Lagos and other sub-Saharan countries confirms that the informal sector is a major source of tax revenue (Grossman, 2020). The motivation to pay more taxes rises as they perceive social and physical infrastructural benefits that accrue from the tax collection in their business locations.

When the informal economy tax revenue is investigated at the micro-level in African countries, the group dynamics reveal multi-level norms, strong informal organization structure, and group solidarity that gives them a voice and validates their contribution to the group and society (Grossman, 2020).

Using an onion model perspective and system D analogy, their ingenuity and resilience are shrouded in the association structures and dynamics at all levels (Osei-Boateng & Ampratwum, 2011). Furthermore, social penetration theory identified the centrality of information exchange at the superficial, middle, and inner layers and personality levels as essential in understanding social relationship dynamics (Carpenter & Greene, 2015).

This allows for ease of entry and exit as long as entrepreneurs abide by the code of conduct of their respective trade associations. They also benefit from support and protection without much reliance on the government.

Neuwirth (2012) coined the informal economy as system D and posits that it reduces the level of inequality in the world and (democratizes wealth) based on extensive ethnographic research experience in a sub-Saharan context.

The stakeholders in the informal economy are enlightened and versed in the respective system D models applicable to their business which sometimes defy economic reasoning or are unattractive to the stakeholders in the formal economy. For example, informal entrepreneurs in Ghana, Nigeria, Tanzania, and Senegal code and share information through an unwritten group strategy that gives them leverage over formal entrepreneurs.

Recognizing the strategic role they play in the global supply chain, informal entrepreneurs are sought after by global enterprises, multinationals, and conglomerates using diverse contextual mobile business models (Payaud & Excellence, 2014). For example, multinational companies such as Unilever, Coca-Cola, and Procter and Gamble use direct and indirect supply chain models to bring their goods and services to informal entrepreneurs for distribution and sales to end users.

Typical micro-informal entrepreneurs understand the needs of their customers without necessarily having a formal education or degree in marketing. Informal entrepreneurs understand business mathematics, influence purchasing choices, and effectively promote new products based on

trust and customer preferences. For instance, the innovative idea of repackaging products in affordable sachets originated from neighborhood micro and small entrepreneurs; they made it possible for customers to buy their desired brand of products in small quantities whenever they needed them at convenient pricing. The novel product repackaging strategy of the informal enterprises became a competitive marketing and positioning strategy for most formal manufacturers in the milk industry, cooking oil industry, and other essential daily need industries (Adeola et al., 2018). Mwatsika's (2022) finding reflects a low level of entrepreneurship innovation in Malawi despite the perception of its ability to contribute to economic growth.

Nevertheless, system D entrepreneurs face many problems and issues that researchers have investigated in all contexts. However, their global presence, cross-border trade, and employment are growing with easy access to major trade and manufacturing hubs in China, Malaysia, India, Vietnam, and Hong Kong. With the sheer size of informal trade, supply chain, and economic opportunities going on in Guangzhou and Yiwu, China has continued to attract informal entrepreneurs from all continents with a special unique offering of a market system that caters to all levels of needs and financial capacity (Chu & Critique, 2018). It is germane to emphasize that formal institutions such as embassies facilitate international exchanges for informal entrepreneurs by granting short-term business visas and hosting business fairs to grow international market share.

Interestingly, micro and small informal entrepreneurs disrupt markets that formal enterprises exclusively dominate through group purchases and strategic alliances with international formal and informal enterprises in Asia (Oyedele & Firat, 2019). For instance, groups of informal entrepreneurs form informal groups, contribute capital, and appoint some members to transact bulk purchases and manufacture in international market hubs. They are usually on every flight to any business hub and use informal information sources to explore new markets, build trust, and enjoy credit for goods. The business models and strategies adopted by informal entrepreneurs in sub-Saharan Africa are complex to outsiders but functional to all the stakeholders in the supply chain. A typical example is the computer market in Lagos, Alaba Electronics Market, Aba Market, Central business district shopping malls in Lagos Island, Cotonou Car market, and Economic Community of West-Africa Countries (ECOWAS) inter-regional trade routes. The business spin-off and ancillary sectors that benefit from the activities of informal entrepreneurs include transport, food and hospitality, informal and formal banking services, revenue collectors, manual loaders, off-load containers, security personnel, and real estate merchants.

5. Conclusion

The discussion and evidence presented in this paper confirm the complexity, contextual and resilient nature of informal entrepreneurship, mainly in sub-Saharan Africa. It is, therefore, necessary to address and explore measures to improve informal entrepreneurship and employment using an ethnographic research approach coupled with primary data in other contexts.

This approach helps policymakers understand this economy well, just as some governments and local governments have been able to harness positive social capital and revenue from the stakeholders.

Contrary to notions and schools of thought recommending that the informal economy and entrepreneurs be unified, we add our voice for the coexistence and improvement of institutional frameworks in both formal and informal economies. The global community and economic system will continue to rely on and benefit from the informal economy as long as inequality, disruptive changes, and diverse cultural values exist (Idowu, 1999).

Informal entrepreneurship and employment are major sources of livelihood for millions of Africans. Scholars can investigate how to strengthen and improve this sector based on practicalities and the emerging African context without necessarily relying on evidence obtained in the western context. It is important to protect the cultural values and norms that have sustained the efficacy of the apprenticeship model of informal entrepreneurship and adopt policies to build this into the education system in Africa. The major limitation of this study is its reliance on secondary data due to the non-availability or difficulty in obtaining primary data on informal entrepreneurs. Future studies can investigate cross-cultural dynamics and behavioral factors related to the African informal economy and entrepreneurship.

Declaration of conflicting interests

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