

Marketing in the informal economy: an entrepreneurial perspective and research agenda

Nnamdi O. Madichie
Anayo D. Nkamnebe
Ignatius U. Ekanem

This is an Accepted Manuscript of a book chapter
published by Routledge in Entrepreneurship marketing:
principles and practice of SME marketing on 18th March
2020, available online:

<http://www.routledge.com/9781138585232>

Marketing in the Informal Economy: An Entrepreneurial Perspective and Research Agenda

***Nnamdi O. Madichie**

Dundee Business School, Abertay University

Anayo D. Nkamnebe

Unizik Business School, Awka, Nigeria

Ignatius U. Ekanem

Business School, Middlesex University London

*Corresponding Author

How to Cite:

Madichie, N., Nkamnebe, AD & Ekanem, IU (2020) Marketing in the Informal Economy: An Entrepreneurial Perspective and Research Agenda. In: Nwankwo, SA & Gbadamosi, A. (Eds.) Entrepreneurship Marketing: Principles and Practice of SME Marketing, 2nd Edition. London: Routledge. (Chapter 26).

<https://www.routledge.com/Entrepreneurship-Marketing-Principles-and-Practice-of-SME-Marketing-2nd/Nwankwo-Gbadamosi/p/book/9781138585232>

Marketing in the Informal Economy: An Entrepreneurial Perspective and Research Agenda

Nnamdi O. Madichie, Anayo D. Nkamnebe & Ignatius U. Ekanem

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

- Explain the contribution of the informal sector to the development of both developed and emerging market economies.
- Discuss the prevalence of the informal economy across regions and sectors.
- Evaluate respective measurement metrics, and reports on the sector undertaken by governments around the world.
- Assess and critique the myths and realities associated with marketing in the informal economy.
- Recommend alternative entrepreneurial marketing strategies for businesses in the informal sector.

26.1 INTRODUCTION

The informal economy refers to the paid production and sale of goods and services which are unregistered by, or hidden from, the state for tax and/or benefit purposes but which may still be legal in all other respects (Thomas, 1992; Portes, 1994; Williams and Windebank, 1998). As such, the informal economy includes only paid work that is illegal because of its non-declaration to the state for tax and/or social security purposes. Paid work in which the good and/or service itself is illegal (e.g. drug trafficking) is thus considered unpaid work (Williams, 2007: 350).

It is worth highlighting that the discussion on SME marketing seems to have focused primarily on the formal economy with a concomitant neglect of marketing practices within the informal economy. Paradoxically, the bulk of small business activities in developing countries (especially micro enterprises in which a significant proportion of the population is engaged) is hugely accounted for through the informal economy (Nkamnebe & Madichie, 2010).ⁱ Furthermore, the numerous independent and unregistered businesses across the globe that account for as much as 60% of global economic output have been part of the informal economic system. With the globalisation of markets, the prevalence of informal economy has persisted and indeed expanded due to the ease with which it can be imported through migratory pipelines – for example, ethnic minority businesses spread across different parts of London, job displacement and strict enforcement of regulations force many consumers and producers into the informal economy (see Nkamnebe & Madichie, 2010).

In developing world contexts, however, it has been recognized for several decades that the undeclared sector acts as ‘an incubator for business potential and ... transitional base for accessibility and graduation to the formal economy’, and that many undeclared workers show ‘real business acumen, creativity, dynamism and innovation’ (ILO, 2002: 54). In the past few years, a similar view of undeclared workⁱⁱ

has started to emerge in Europe (Renooy *et al.*, 2004; Williams, 2004, 2006a; Nkamnebe & Madichie, 2010). But what exactly is undeclared work and how does it relate to the topic on the informal sector? The next section provides the multifarious definitions of the sector, which is primarily informal economy-driven.

26.2 KEY FEATURES OF THE INFORMAL ECONOMY

The phrase *informal sector* has proved difficult to be given a universalistic definition. As a result of this, different meanings and estimates have been attempted in its measurement. In most cases these definitions and measurements vary widely and tend to militate against reasonable conclusions and generalisations. Most often, the informal sector has been mistaken for deleterious activities such as smuggling, black market, illegal transactions, underground sector, and unofficial transactions (see Williams, 2007). Despite these unpopular labels of the informal sector from “cash-in-hand work”, through the “shadow economy” or “underground sector,” it remains a construct that has been in constant flux - both theoretically and practically. This constantly evolving pattern thus makes it difficult to *observe, study, define and measure*. Despite this fluidity, attempts have been made by economists and social scientists to define and even more tedious - measure it. As expected, the result of such efforts has yielded as many definitions as there are authors. One of the popular definitions of the informal economy conceptualizes the informal economy as the paid production and sale of goods and services which are unregistered by or hidden from, the state for tax and/ or benefit purposes but which are legal in all other respects (Williams and Round, 2009). Taking this as a working definition, the sector remains informal by falling outside the regulatory framework of most governments for tax purposes.

The Regulatory Framework

Evidently, small business marketers, who are the predominant operators in the informal economies, can be distinguished from their mainstream counterparts on the basis of business registration. An unregistered business (typical of an informal economic activity) is most unlikely to pay taxes even though it might not necessarily be engaged in unlawful activities. On this basis, SME marketers should not be confused with those other operators that engage in criminal activities such as arms dealing, child trafficking and brothel operations (especially in the UK where the practice is illegal). To illustrate this point, two theoretical perspectives have been used to explain the emergence of the informal economy. The first is the argument that the increasing informalisation is a direct consequence of government over regulation of the economy, which leaves these small players little room for survival. Under such circumstances, the informal economy tends to provide a strategic choice for survival. Harney (2006:374) for instance captured this reality in his description of a typical informal Neapolitan neighbourhood of La Pignasecca in Naples, Italy, thus:

[...] by the early afternoon the municipal police are gone so the street vendors set up their cardboard tables, lay their tarpaulin and sheets and arrange their goods – inexpensive children’s electronic toys, kitchenware, linen, lingerie, binoculars, calculators, perfume, posters of pop stars, and football players – on the main thoroughfare without fear of fines.

The second perspective sees the informal economy as “an unavoidable expression of the uneven development inherent in late capitalism... (thus) evasion of regulation is simply part and parcel of a cost-cutting imperative on the part of small entrepreneurs struggling for survival in the marginal and diminishing market space left over by the expansion of corporate capital” (Jones *et al.* 2006:358). Following this orthodoxy, capitalism provides a key driver of the informal economy as those displaced from the formal sector take solace in the informal economy. Furthermore, Nkamnebe (2006) argued that most sub-Saharan African (SSA) economies may find it difficult to catch-up with the dominant economies and would, therefore, resort to the informal economy for survival. This somewhat explains the increasing expansion of the informal economy in developing economies with a burgeoning entrepreneurship base as epitomised by the case of Eastern Nigeria (see for example, Igwe *et al.*, 2018, 2019). Arguably, the emergence and growth of the informal economy is predicated upon a myriad of economic, political, cultural, and migratory influences (see Williams, 2005a, b; Jones *et al.*, 2006; Nkamnebe & Madichie, 2010; Olomi *et al.*, 2018). While the difficulty of defining an informal economy has been recognized due to the shifts in the nature of the construct, the framework in Table 26.1 suggested by Schneider (2002) and further developed by others,ⁱⁱⁱ may be helpful for developing a middle ground definition of the concept.

Insert Table 26.1 A Taxonomy of types of underground economic activities

26.3 MEASURING THE INFORMAL ECONOMY

Until now, measurement methods have ranged from techniques that indirectly measure its magnitude by using proxy indicators to methods that attempt to directly measure its prevalence (for reviews, see Bajada, 2002; Thomas, 1992; OECD, 2002; Renooy *et al.*, 2004; Williams, 2005a; Williams and Windebank, 1998). So far as indirect methods are concerned, proxy indicators used to assess its prevalence range from non-monetary indicators such as the prevalence of very small enterprises and electricity demand, monetary proxies such as the number of large denomination notes in circulation, the cash-deposit ratio or level of cash transactions, and income/expenditure discrepancies either at the household and/or national level. Over time, however, there has been a waning interest in these indirect proxy measurement methods (Thomas, 1992; OECD, 2002; Williams, 2006).

The strong consensus that has emerged is that indirect methods are not only relatively inaccurate as measures of size but also limited in their usefulness for understanding the distribution and nature of such work. This is the conclusion of both OECD experts in their handbook on measurement methods and the most recent European Commission report on undeclared work,^{iv} as well as a host of academic evaluations of direct and indirect methods. Therefore, much greater emphasis has been placed on more direct survey methods to measure the magnitude of such work (OECD, 2002; Renooy *et al.*, 2004; Williams, 2006). Reflecting this, the European Commission recently evaluated the feasibility of conducting a direct survey of undeclared work across the European Union (European Commission, 2005).

In the UK, Her Majesty's Revenue and Customs (HMRC) commissioned consultants to develop methodologies for conducting direct surveys of the informal

economy (Her Majesty's Revenue and Customs, 2005). The major impetus for these direct surveys of the informal economy is the current poverty of knowledge on its size and distribution. Until recently, most direct surveys have tended to be small-scale, usually conducted on specific localities which take the household as the unit of analysis (e.g. Barthe, 1985; Fortin et al., 1996; Lemieux et al., 1994; McCrohan et al., 1991) and focus on off-the-books transactions in the domestic services sector (e.g. Howe, 1988; Leonard, 1994; Pahl, 1984; Warde, 1990; Williams, 2005a, 2005b, 2006; Williams and Windebank, 2001).

The current shift towards direct surveys rather than relying on indirect proxy indicators, has its own share of criticisms, usually from the users of indirect methods, is that direct surveys naively assume that respondents will reveal to them, or even know, the prevalence of informal work. Yet the evidence appears to be that direct surveys produce fairly reliable and valid data. For example, Pahl (1984) found that when the results from individuals as suppliers and purchasers were compared, the same level of informal work was discovered. Similar conclusions have been identified in previous studies (e.g. Leonard, 1994; MacDonald, 1994; Williams, 2006; Williams and Windebank, 2001). The implication is that respondents are not secretive about their informal work. Just because it is activity hidden from or unregistered for tax and/or social security purposes does not mean that respondents are unwilling to discuss it with researchers.

However, it is important to recognise that the direct (household) surveys so far conducted have been carefully and delicately designed with data on informal work being gathered usually within the context of a broader study of "household work practices" (Williams, 2006). That is to say, they have tended to investigate the practices households use to get a variety of domestic tasks completed and whether household members undertake tasks for other households (either on a paid or unpaid basis) in order to identify the prevalence and nature of informal work.

Even if honesty of response (and thus reliability of the data) does not appear to be a valid critique of most well-designed direct survey methods two salient criticisms of direct methods remain. On the one hand, direct approaches have so far largely investigated only informal work used in relation to service provision in particular (especially domestic services) and final demand (spending by consumers on goods and services) more generally, rather than intermediate demand (spending by businesses). Final demand, however, accounts for just two-thirds of total spending. There exists a strong case for extending direct investigations to include business surveys rather than solely household surveys. On the other hand, most direct surveys have so far tended to be confined to small-scale, often qualitative studies, of particular localities, groups or sectors. The result is that it has been difficult to gain any representative picture at the national level of the overall prevalence, nature and distribution of informal work.

Overall, small-scale, mostly locality-specific studies have been conducted and there has been a heavy emphasis on using the household as the unit of analysis as well as only examining domestic service provision rather than taking business as the unit of analysis and examining the full range of goods and services provision. In late 2004 the UK's Small Business Service took the decision to include a series of questions on informal work in a nationally representative survey of small businesses so as to provide the first national business survey of the prevalence and impacts of

such work. Essentially, most operators in the informal economy are largely the poor and middle income developing or emerging economies and/ or ethnic minorities and immigrants in the more advanced economies. Arguably, they are mainly occupants of the so-called *bottom* or *base of the pyramid (BoP)* that have been recognized as constituting substantial portion of the economic activities of modern economies. For instance, Humphreys (2004) estimated the total purchasing power of all ethnic minorities in the US for 2009 amounted to about US\$1.5 trillion. Jamie and Billou (2007:14) captured the potential of this market thus:

Consumers at the very bottom of the economic pyramid – those with per capita incomes of less than \$1,500 – number more than 4 billion. For more than a billion people – roughly one-sixth of the world’s population – per capita income is less than \$1 per day.

The 20 largest emerging economies include more than 700 million such households, with a total annual income estimated at some US\$1.7 trillion, and this spending power was approximately equal to Germany’s annual gross domestic product about a decade ago (Prahalad and Hart, 2002). The spending power of Brazil’s poorest 25 million households, for example, amounts to US\$73 billion per annum, while China’s poor residents account for 286 million households with a combined annual income of US\$691 billion. India has 171 million low-income households with a combined US\$378 billion in income (Billou, 2007).

This chapter, therefore, examines the nature, size and dynamics of informal economy and discusses marketing strategies that are applicable in such setting at the end of the chapter.

The Annual Small Business Report 2005

The 2004/2005 Annual Small Business Survey undertaken by the Small Business Service (SBS) sought to gauge the needs of small businesses, assess their main concerns and to identify the barriers that prevent them from fulfilling their potential. The survey was based on telephone interviews with a large sample of 7,505 UK small businesses. The telephone interviews for this survey were conducted in the fourth quarter of 2004 and the first quarter of 2005 (SBS, 2006; Williams, 2007). When constructing the sampling frame, the intention was not to reflect the distribution of firms by size in the UK or their geographical distribution. Instead, more micro (1-9 employees), small business (10-49 employees) and medium-sized businesses (50-249 employees) were sampled than would be required to match the proportion in the UK economy (and fewer sole traders and partnerships without employees), and more firms in Wales and Scotland were sampled so that these countries’ businesses could be analysed in detail.

The decision by the SBS to include questions on the prevalence and impact of the informal economy in this 2004/05 survey arose directly out of a Small Business Council (2004) report that sought to evaluate the extent and nature of the informal economy and propose ways of tackling small businesses working on an off-the-books basis. In that national report report, a lack of evidence was identified concerning not

only the overall magnitude of this “hidden enterprise culture” but also the economic sectors, businesses and geographical areas in which such work took place. Both the Small Business Council (2004) report and the government response to its recommendations (SBS, 2005a) agreed that improving the evidence-base was a necessary precursor to concerted and targeted public policy action.

As the Rt. Hon. Alun Michael, Minister of State for Industry and the Regions, states in the foreword to the government response to the SBC report (Small Business Council, 2004): “We do not have as clear a picture as we would like of the scale and nature of the informal economy” (SBS, 2005a, p. 1). While the full report, summing up the government’s perception of its knowledge on the informal economy, stated that “the size and composition of the informal economy is uncertain” (SBS, 2005a, p. 5), the report concluded in the final paragraph that “more research is required both into the size and character of the informal economy” (SBS, 2005a, p. 19). This explicit recognition of the lack of an evidence base was further reinforced later that year by an Office of National Statistics (ONS) report on data sources on the informal economy. This concluded that there is currently little or no extensive data available of the magnitude and distribution of the informal economy (ONS, 2005).

Reflecting the wider emerging consensus that indirect methods, which measure the informal economy using proxy indicators, are both unreliable and invalid (OECD, 2002; Renooy *et al.*, 2004), these reports were thus highlighting the lack of any direct national survey of the extent and distribution of such work. Given this background context of government recognition of the lack of extensive direct surveys of the informal economy. Until 2007, most direct surveys of the informal economy have taken the household as the unit of analysis and focused upon provision in the domestic services sector (e.g. Leonard, 1994; Pahl, 1984; Warde, 1990). The few studies that have taken businesses as the unit of analysis have been small-scale ethnographic studies based on face-to-face qualitative interviews conducted by academics and focusing on a small number of firms in particular localities working in a specific sector (e.g. Jones *et al.*, 2004). This SBS survey was thus the first study in an advanced economy to conduct an extensive survey of businesses with regard to the prevalence and impacts of informal work. Indeed, given that small businesses employing less than 250 comprise 99.9% of all enterprises in the UK economy (SBS, 2005b), this survey comprises a relatively comprehensive portrait of UK business opinion.

Extending the discussion beyond the confines of the UK economy, another separate study by Guesalaga and Marshall (2008) used the buying power index (BPI) methodology to evaluate the size of the informal economy (BOP). The use of this latter approach was in order to estimate the business opportunities as measured by the purchasing power of these economies. According to these authors the justification for using the BPI in the context of low-income consumers is twofold. First, this approach has been successful in measuring the relative buying power of people in specific geographic areas, in many different contexts – thus making the instrument valid and generally acceptable. Second, most of the literature on BOP assesses the opportunities in the low-income sector based on a purchasing power driven by population, income, or both, without considering the ‘expenditure’ dimension (see Madichie, 2018 for a case illustration from the Congos). As highlighted in **Box 26.1** the South African business environment has witnessed

immense change in the last few years with the influx of Chinese entrepreneurs seeking acceptance in that context.

Insert Box 26.1 here

26.4 MARKETING IN THE INFORMAL ECONOMY

Early thinking was that informal economy only existed in the 'underground' or 'black' markets that are prevalent in the developing economies of the world. However, recent evidence conceptualises market informality as a global phenomenon.^v Initial predictions of the modernization theory of the 1950s and 1960s, suggested that informality was a consequence of underdevelopment that would disappear as soon as the undeveloped economies became more advanced. Indeed, Schneider (2002) used the estimation of informal economy sizes of 110 developing, transition and OECD countries to illustrate the global dimension of informal marketing dynamics. With the increasing size and pervasive nature of the informal economy across the globe, and the prevalence of micro, small and medium sized enterprises in this sector, a focus on SME marketing in the informal sector has become practically interesting. Such focus affords 21st century marketers the robust knowledge base for hybridising formal and informal markets.

As McGregor (2005) once argued – from the perspective of a Canadian study – that there was a collection of marketplace imperfections around which consumer movement issues are conventionally organised – product choice and safety; package and labelling; pricing strategies; information and advertising; selling; promotion and distribution; complaints and redress; repairs and warranties; consumer education; an dprotection of consumers' interests. She went on to assert that patronising SMEs exposed consumers to many challenges and potential market failures (see McGregor, 2005: 12), which include questionable selling practices, poor complaints handling and unclear repairs and warranties practices.

To highlight some of the dark sides of the informal market, two special issues of the *International Journal of Social Economics*^{vi} were dedicated to the informal economy and organised crime. In one of the papers from these issues, Walle (2008) highlighted some very instructive insights into the growing blurred boundaries between the formal and informal economy. Walle (2008: 657) considers the informal economy as 'those income generating activities occurring outside the state's regulatory framework [...] the scope and character of the informal economy are defined by the very regulatory framework it evades". In other words, informal economic activities are untaxed, unlicensed and largely unregulated economic activities usually characterised by their small scale of operation. Tripp (2001) suggested that although these activities may be defined as illicit (such as some of the marketing practices of Lebanese in West Africa – see **Box 26.2**) depending on the country in question, they nevertheless account for the majority of new jobs created in African economies.^{vii}

Insert Box 26.2 here

However, there could be three identifiable categories of markets – legal market for goods and services, a market of illegal goods and services (i.e. organised crime) and

an informal market for legal goods and services. These markets have begun to exhibit blurred boundaries in a variety of ways and often merging. Citing the case of Brussels, Walle (2008: 658) highlights how in most cases formal and informal markets share a mutual sort of significance. The location of numerous official European institutions in Brussels has not only attracted non-governmental organisations and other lobby groups whose demands for services such as courier, catering, cleaning and even babysitting have also arisen. Services in these sectors have been provided for by the informal sector often due to the rather lax attitude towards formal regulation as they are hard to monitor.

Despite the conflicting conclusions over the nature and size of the informal economy, the general impression is that the size of the global informal market is robust enough to warrant coordinated strategies to harness. Going by the recent global economic crisis, it has become clear that no economy in the world is immune from failure, thus making even the largest economies and *Fortune 500* corporations consider investing in sectors hitherto considered unprofitable. Indeed, at the height of the recent global financial crisis, the Organised Private Sector (OPS) in an emerging market context such as Nigeria alluded to the fact that the informal economy was the 'backbone' of that economy (**see end of chapter Case study for an illustration**). The same holds true in most economies of the world where the informal sector is perceived to be a dominant player (see **Table 26.2** for some of the statistics in the last decade 1999-2000). Accordingly, the informal economy in developing countries and other underserved markets deserve increasing attention – both academic and policy.

Insert Table 26.2 Selected Sizes of Informal Economies in the World

Guesalaga and Marshall (2008:413) captured this emerging trend thus:

[...] with markets in the developed economies experiencing slow growth [...], private companies should look for business opportunities in emerging markets with low-income consumers; that is, at the bottom of the pyramid (BOP). There is an untapped potential for marketing to this sector, which is composed of approximately four billion people worldwide.

The main argument for targeting the bottom-of-the pyramid market is that there is significant purchasing power in this segment.^{viii} As Madichie (2018) points out in the case of a sartorial sub-culture in the Congos, these difficult to understand groups have started venturing into entrepreneurship on the fringes from a long period of being fashion connoisseurs to the emerging entrepreneurial quest.

Insert Box 26.3 Technology, SME and the 21st Century

Insert Box 26.4 Let's Reason Together

26.5 Summary

1. The informal economy refers to the paid production and sale of goods and services which are unregistered by, or hidden from, the state for tax and/or benefit purposes but which may still be legal in all other respects.
2. As such, the informal economy includes only paid work that is illegal because of its non-declaration to the state for tax and/or social security purposes.
3. Two theoretical perspectives have been used to explain the emergence of the informal economy: First, the increasing informalisation is a direct consequence of government over regulation of the economy. Second, the view of the informal economy as “an unavoidable expression of the uneven development inherent in late capitalism which made the evasion of regulation part and parcel of a cost-cutting imperative on the part of small entrepreneurs struggling for survival in a diminishing market space
4. Most operators in the informal economy are largely the poor and middle income developing or emerging economies and/ or ethnic minorities and immigrants in the more advanced economies.
5. The informal economy is by definition unregistered by and/or hidden from the state. As such, estimating its prevalence is a difficult task. Until now, measurement methods have ranged from techniques that indirectly measure its magnitude by using proxy.
6. The current shift towards using direct surveys rather than relying on indirect proxy indicators also has its criticisms as it naively assumes that respondents will reveal to them, or even know, the prevalence of informal work.

REVIEW QUESTIONS

1. What are the key features of the informal economy?
2. Measuring the informal economy can be fraught with difficulties. Discuss some of the measurement difficulties.
3. According to the Small Business Service, “*We do not have as clear a picture as we would like of the scale and nature of the informal economy*”. Discuss this statement with examples and illustrations of the main characteristics of the informal economy compared to the formal economy.

REFERENCES

- Anderson, J., & Billou, N. (2007) Serving the world’s poor: innovation at the base of the economic pyramid, *Journal of Business Strategy*, 28(2), 14-21.
- Al-Mataani, R., Wainwright, T., & Demirel, P. (2017). Hidden entrepreneurs: Informal practices within the formal economy. *European Management Review*, 14(4), 361-376.
- Alon, I., Yeheskel, O., Lerner, M., Zhang, W. (2013). Internationalization of Chinese entrepreneurial firms. *Thunderbird International Business Review*, 55, 495-512.
- Arimah, B.C. (2001) Nature and Determinants of the Linkages between Informal and Formal Sector Enterprises in Nigeria, *African Development Review*, 13(1), 114-144.

- Awojobi, N., Ayakpat, J. & Adisa, D. (2014). Rebased Nigerian Gross Domestic Product: The Role of the Informal Sector in the Development of the Nigerian Economy. *International Journal of Education and Research*, 2(7), 301-317.
- Bromley, R. (1978) Introduction - the urban informal sector: Why is it worth discussing? *World Development*, 6(9), 1033-1039.
- Bromley, R. & Wilson, T.D. (2018) Introduction: The Urban Informal Economy Revisited, *Latin American Perspectives*, 45(1), 4-23.
- Bureau of African Affairs, 2003, www.stat-usa.gov
- Davies, R. & Thurlow, J. (2010). Formal-Informal Economic Linkages and Unemployment in South African, *South African Journal of Economics*, 78(4), 437-459.
- European Commission (1998), Communication of the Commission on Undeclared Work, available at: http://europa.eu.int/comm/employment_social/empl_esf/docs/com98-219_en.pdf, .
- Fasanya, O. I. & Onakoya, B. A. (2012). Informal Sector and Employment in Nigeria: A Error Correction model. *Journal of Research on Humanities and Social Sciences*, 2(7), 21-27.
- Guesalaga, R. and Marshall, P. (2008) Purchasing power at the bottom of the pyramid: differences across geographic regions and income tiers, *Journal of Consumer Marketing*, 25(7), 413-427.
- Harney, N. (2006) Rumour, migrants, and the informal economies of Naples, Italy, *International Journal of Sociology and Social Policy*, 26(9/10), 374-384.
- Humphreys, J. (2004), "The multicultural economy 2004: America's minority buying power", Georgia Business and Economic Conditions, Vol. 64 No. 3, Selig Center for Economic Growth, University of Georgia, Athens, GA.
- Igwe, P. A., Madichie, N., & Newbery, R. (2019). Determinants of livelihood choices and artisanal entrepreneurship in Nigeria. *International Journal of Entrepreneurial Behavior & Research*, 25(4), 674-697.
- Igwe, P. A., Newbery, R., Amoncar, N., White, G. R., & Madichie, N. (2018). Keeping it in the family: exploring Igbo ethnic entrepreneurial behaviour in Nigeria. *International Journal of Entrepreneurial Behavior & Research*. Ahead-of-print. <https://doi.org/10.1108/IJEER-12-2017-0492>
- Institute, International Finance Corporation. Prahalad, C.K. (2004), *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits*, Wharton School Publishing, Upper Saddle River, NJ.
- IMF (2017) Nigeria's informal economy accounts for 65% of GDP, <https://www.businessamlive.com/nigerias-informal-economy-accounts-65-gdp-imf/> (Accessed 6th March, 2019).
- Jones, T., Ram, M. and Edwards, P. (2006) Shades of grey in the informal economy, *International Journal of Sociology and Social Policy*, 26(9/10), 357-373.
- Khan, E. A. (2018). The Voice Of Informal Entrepreneurs: Resources And Capabilities Perspective. *Journal of Developmental Entrepreneurship*, 23(03), 1850015.
- Leonard, M. (1998), *Invisible Work, Invisible Workers: The Informal Economy in Europe and the US*, Macmillan, London.
- Leonard, M. (1994) *Informal Economic Activity in Belfast*. Aldershot: Avebury.
- Li, Y., & Zahra, S. A. (2012). Formal institutions, culture, and venture capital activity: A cross-country analysis. *Journal of Business Venturing*, 27(1), 95-111.

- Madichie, N. (2018) La Sape Couture! A Constellation of Consuming Passion for Fashion, Power, and Entrepreneurial emergence at the Bottom of the Pyramid. Refereed research paper presented at the Institute for Small Business and Entrepreneurship conference, Birmingham, 7-8 November. Available online at:
https://www.researchgate.net/publication/327944676_La_Sape_Couture_A_Constellation_of_Consuming_Passion_for_Fashion_Power_and_Entrepreneurial_emergence_at_the_Bottom_of_the_Pyramid
- McGregor, S. (2005) Consumer transactions with SMEs: implications for consumer scholars. *International Journal of Consumer Studies*, 29(1), 2-16.
- Ndoro, T. T. R., Louw, L., & Kanyangale, M. (2019). Practices in operating a small business in a host community: a social capital perspective of Chinese immigrant entrepreneurship within the South African business context. *International Journal of Entrepreneurship and Small Business*, 36(1-2), 148-163.
- Neef, R. (2002) 'Aspects of the Informal Economy in a Transforming Country: The Case of Romania', *International Journal of Urban and Regional Research* 26(2), 299–322.
- Nkamnebe, A. D., & Madichie, N. (2010b) Entrepreneurial Marketing in Informal Economies. In Nwankwo, S., and Gbadamosi, A. (Eds.) *Entrepreneurship Marketing: Principles and Practice of SME Marketing*. Oxford, UK: Routledge. (Chapter 26). ISBN: 978-0-415-57376-4.
- Office of National Statistics (2005), *Data Sources on the Informal Economy and Entrepreneurship*, Office of National Statistics, London.
- Olomi, D., Charles, G., & Juma, N. (2018). An inclusive approach to regulating the second economy: A tale of four Sub-Saharan African economies. *Journal of Entrepreneurship in Emerging Economies*, 10(3), 447-471.
- Organisation for Economic Co-operation and Development (2002), *Measuring the Non-Observed Economy*, Organisation for Economic Co-operation and Development, OECD. Paris.
- Prahalad, C.K. and Hammond, A. (2002) Serving the world's poor profitably, *Harvard Business Review*, 80(9), 48-57.
- Prahalad, C.K. and Hart, S.L. (2002) The fortune at the bottom of the pyramid, *Strategy + Business*, Issue 26, 54-67. <https://www.strategy-business.com/article/11518?pg=0>
- Renooy, P., Ivarsson, S., van der Wusten-Gritsai, O. and Meijer, R. (2004) *Undeclared Work in an Enlarged Union: An Analysis of Shadow Work – An In-depth Study of Specific Items*. Brussels: European Commission.
- Schneider, F. (2002), *Size and Measurement of the Informal Economy in 110 Countries Around the World*, paper presented at a Workshop of Australian National Tax Centre, ANU, Canberra, Australia, July 17.
- Schneider, F. & Enste, D.H. (2002), *The Shadow Economy: An International Survey*, Cambridge University Press, Cambridge.
- Small Business Council (2004) *Small Business in the Informal Economy: Making the Transition to the Formal Economy*. London: Small Business Council.
- SBS (2005) *Government Response to the SBC Report on the Informal Economy*. London: Small Business Council.

- Tripp, A. (2001) *Non-formal institutions, informal economies, and the politics of inclusion* (Discussion Paper No. 2001/108). Washington, DC: The World Bank.
- Walle, G. (2008) A matrix approach to informal markets: towards a dynamic conceptualisation. *International Journal of Social Economics*, 35(9), 651-665.
- Webb, J. W., Bruton, G. D., Tihanyi, L., & Ireland, R. D. (2013). Research on entrepreneurship in the informal economy: Framing a research agenda. *Journal of Business Venturing*, 28(5), 598-614.
- Webb, J. W., Ireland, R. D. & Ketchen, D. J. (2014) Toward a greater understanding of entrepreneurship and strategy in the informal economy. *Strategic Entrepreneurship Journal*, 8, 1–15.
- Webb, J.W., Tihanyi, L., Ireland, R.D. & Sirmon, D.G. (2009) You Say Illegal, I Say Legitimate: Entrepreneurship in the Informal Economy, *The Academy of Management Review*, 34(3), 492-510.
- Williams, C., & Kadir, A. (2018). Explaining cross-country variations in the prevalence of informal sector competitors: lessons from the World Bank Enterprise Survey. *International Entrepreneurship and Management Journal*, 1-20.
- Williams, C. (2007) Tackling undeclared work in Europe: Lessons from a Study of Ukraine. *European Journal of Industrial Relations*, 13(2), 219-236.
- Williams, C. (2006) *The Hidden Enterprise Culture: Entrepreneurship in the Underground Economy*. Cheltenham: Edward Elgar.
- Williams, C. (2005a) 'The Undeclared Sector, Self-employment and Public Policy', *International Journal of Entrepreneurial Behaviour and Research* 11(4), 244-257.
- Williams, C. (2005b) Tackling the informal economy: towards a co-ordinated public policy approach, *Public Policy and Administration*, Vol. 20, 38-53.
- Williams, C., & Bezeredi, S. (2018). Evaluating The Impact Of Informal Sector Competition On Firm Performance: Some Lessons From South-East Europe. *Journal of Developmental Entrepreneurship*, 23(04), 1850025.
- Williams, C. & Round, J. (2009) Evaluating informal entrepreneurs' motives: evidence from Moscow, *International Entrepreneurial Behaviour & Research*, 15(1), 1355-2554.
- Williams, C., & Windebank, J. (1998), *Informal Employment in the Advanced Economies: Implications for Work and Welfare*, London: Routledge.
- Yousalzai, S. Y., Saeed, S., & Muffatto, M. (2015). Institutional Theory and Contextual Embeddedness of Women's Entrepreneurial Leadership: Evidence from 92 Countries. *Journal of Small Business Management* 53(3), 587-604.

Case Study – The Nigerian Informal Economy

The International Labour Organization (ILO) categorizes a country's informal sector to include employers and their staff in the informal sector, self-employed people and workers not covered by labour unions and protection such as domestic staff (Bromley and Wilson 2018). Because of limited resources and inadequate capital, informal businesses have been known to exploit every opportunity, both legal and illegal, to generate profit and foster growth since these businesses are not governed by regulatory bodies (Arimah, 2001; Webb *et al.*, 2009). In addition, the informal sector businesses are always easy to set up as they are not particularly labour or capital intensive, and utilize local/easily sourced materials. Furthermore, most informal sector entrepreneurs do not require formal training to set up businesses.

In the case of Nigeria, for example, young people and women have limited access to well-equipped public-sector institutions as only a few tertiary institutions cater to these groups. Similarly, public libraries are almost non-existing (Yousalzai, Saeed & Muffatto, 2015). The lack of information and communication technology equipment also presents a barrier for the poor to access the internet. These lack of adequate facilities has led to vocational training and technical colleges being weak, limited in supply, and ill-equipped. There is also a lack of suitable career advisory services for the young and growing population. These institutional voids are further compounded by high costs of transportation, communication, storage and other overhead costs that further stretch already limited finances of the informal economy, and made it impossible for this sector to thrive.

Despite these challenges, the informal economy has significantly reduced poverty in most vulnerable communities (Igwe *et al.*, 2018). It is therefore pertinent to argue that if the environment within which the informal economy operates is adequate and conducive, it can enable businesses improve productivity and possibly compete favourably with the formal sector. Thus, the environment does not only create limits for businesses and individuals it also facilitates opportunities for competitiveness. Indeed, the IMF (2017) has reported on how the Nigerian informal economy has grown at the rate of 8.5% between 2015 and 2017 and accounts for 65% of GDP. Therefore, the informal sector in Nigeria is a significant sector that has helped absorb unemployment in the labour market. Furthermore, research evidence has shown that the informal sector in Nigeria is marginalized. Davies and Thurlow (2009) suggest two reasons for this marginalization.

- Firstly, both the private and public sectors have neglected the informal economy.
- Secondly, the education systems train students to be employed thus, but ignore self-employment or entrepreneurship.

Fasanya and Onakoya (2012) also argue that government policies have long failed to avert unemployment and despite much policies by successive regimes, unemployment persists and if not for the informal sector, the economy of Nigeria would be in disarray. Ultimately, the informal economy has contributed significantly to the country's economy despite numerous challenges.

Questions:

1. What challenges are faced by the Nigerian informal economy? Are these challenges similar in any other countries/ regions you are familiar with?
2. Given the contribution of the informal economy to Nigeria's GDP, should the government regulate the informal economy?
3. What should the government do to assist the informal sector?

Table 26.1 A Taxonomy of types of underground economic activities

Type of activity	Monetary transactions		Non Monetary Transactions	
<i>Illegal Activities</i>	Trade with stolen goods: drug dealing and manufacturing; prostitution, gambling, smuggling and fraud.		Barter of drugs, stolen goods, smuggling etc. Production or growing drugs for personal use. Theft for own use.	
	<i>Tax Evasion</i>	<i>Tax Avoidance</i>	<i>Tax Evasion</i>	<i>Tax Avoidance</i>
<i>Legal Activities</i>	Unreported income from self-employment: Wages, salaries and assets from unreported work related to legal services and goods.	Employee discounts, fringe benefits	Barter of legal services and goods	All do-it-yourself work and neighbour help

Source: Adapted from Schneider (2002).

Table 26.2 Selected Sizes of Informal Economies in the World

Region	% of GDP	Highest	Middle	Lower
Africa	42% for the years 1999/2000.	Zimbabwe (59.4%), Tanzania (58.3%) and Nigeria (57.9%)	Mozambique (40.3%), Cote d'Ivoire (39.9%) and Madagascar (39.6%).	Botswana (33.4%), Cameroon (32.8%) and South Africa (28.4%).
Asia	26% of official GDP for the years 1999/2000	Thailand (52.6%), Sri Lanka (44.6%), and Philippines (43.4%).	India (23.1%), Israel (21.9%), Taiwan and China (19.6%)	Singapore (13.1%), Japan (11.3%). On average the Asian developing.
South and Latin America	% of GNP is 41%.	Bolivia (67.1%), Panama (64.1%), and Peru (59.9%).	N/A	Chile (19.8%), Argentina (25.4%).
Transition Economies	38% for the year 1999/2000.	Georgia (67.3%), Azerbaijan (60.6%), Ukraine (52.2%)	Bulgaria (36.9%), Romania (34.4%).	Hungary (25.1%), the Czech Republic (19.1%), Slovak Republic (18.9%).
West European OECD	18% for the year 1999/2000.	Greece (28.6%), Italy (27.0%).	Denmark (18.2%), Germany (16.3%)	Austria (10.2%), Switzerland (8.8%).
North America and Pacific OECD Countries	13.5%.	Canada (16.3%), Australia (15.3%), the New Zealand (12.7%) and United States (8.8%).		

Source: Nkamnebe and Madichie (2010, p. 425).

Box 26.1 Chinese immigrant entrepreneurship in South Africa

This study explores how Chinese immigrant entrepreneurs who own small retail businesses in the Eastern Cape province of South Africa draw from their social capital to operate their small businesses. The study followed a qualitative research design in which 21 in-depth interviews were conducted. The findings show that the Chinese immigrant entrepreneurs used different forms of social capital to operate their small retail businesses in the host business environment. Drawing from their social capital, the Chinese immigrant entrepreneurs were able to respond to opportunities and challenges in the host business environment. Social capital embedded in relationships and networks between the Chinese immigrant entrepreneurs and different stakeholders was central to the operations of the small retail businesses.

Source: Ndoro, T. T. R., Louw, L., & Kanyangale, M. (2019). Practices in operating a small business in a host community: a social capital perspective of Chinese immigrant entrepreneurship within the South African business context. *International Journal of Entrepreneurship and Small Business*, 36(1-2), 148-163.

Box 26.2 The informal Economy's Darkside – Lebanese in West Africa

The Lebanese community across West Africa is thought to be between 80,000 and 250,000 strong. Although many Africans openly state how much they hate the Lebanese in their respective countries, but the latter's seed seem to have been sown into the fabric of West African economics, politics and culture. The Lebanese tenacity, aptitude for business and drive to succeed mean they have been not only continued to do business but have also thrived in both the formal and informal economy. It is more likely they chose to go to West Africa because at around that time American countries tightened their entry requirements after high levels of immigration during the previous century. The French government also ran a recruiting campaign in Beirut looking for middlemen to work the boom in West African groundnut farming, at a time of agricultural crisis in Lebanon. The Lebanese in West Africa have always been merchants, using their connections abroad to source goods for import, and - like other migrant groups - they use their family networks to keep their costs down. As a result they have built a strong economic presence across the region. Lebanese businesses have become the backbone of most markets in West Africa, spanning numerous sectors from car importing, mining, oil services and defence contracts – to the more shadowy worlds of gun-running, diamond-smuggling and crude-oil theft. Doing business in politically volatile West Africa is not easy. With a poorly-functioning legal system, contracts and other business agreements can be virtually worthless. The Lebanese have discovered that the best way of surviving, where the regime you're doing business with could be overthrown tomorrow, is to court the powerful – whoever they are. And an aspiring West African 'big man' knows he has to do business with the Lebanese if he has any hope of getting rich.

Source: Walker, A. (2010) Tenacity and risk - the Lebanese in West Africa. *BBC News*, 25 January. Online at: <http://news.bbc.co.uk/2/hi/8479134.stm> [Accessed 9 April 2010]

Box 26.3 Technology, SME and the 21st Century

SMES and especially those in the developing world, have begun to catch or provide alternative growth trajectories especially in a sector that has started to claim its place on the world stage in the 21st century. Two chapters from a recently published book provide some insight into this growing trend. In the first of these, entitled “*The African New Media Digital Revolution: Some Selected Cases from Nigeria*”, Bolat (2019) explores the historical timeline of and changes in the media landscape and presents an empirical investigation of new media SMEs, reflecting on their journeys in establishing technological enterprises, the media used, and the resources that were critical to manage and run these businesses, as well as general commentary on the enablers and barriers of this development. In the second contribution entitled “*The Impact of New Media (Digital) and Globalisation on Nollywood*”, Madichie *et al.* (2019) investigated the Nigerian movie industry (aka Nollywood) in the light of digitalisation and new media. The article examined and highlighted how two major forces—new technologies and globalisation—have impacted (and are still impacting) upon Nollywood, drawing on theories of value chain in production, distribution, and marketing of cultural products, and its internationalisation.

Sources:

Bolat, E. (2019). The African New Media Digital Revolution: Some Selected Cases from Nigeria. In Taura, N. D., Bolat, E., & Madichie, N. O (Eds.) *Digital Entrepreneurship in Sub-Saharan Africa* (pp. 67-87). Palgrave Macmillan, Cham.

Madichie, N. O., Ajakaiye, B. O., & Ratten, V. (2019). The Impact of New Media (Digital) and Globalisation on Nollywood. In Taura, N. D., Bolat, E., & Madichie, N. O (Eds.) *Digital Entrepreneurship in Sub-Saharan Africa* (pp. 89-121). Palgrave Macmillan, Cham.

Discussion questions:

1. To what extent do you think new technologies have impacted upon the entertainment sector?
2. What other adjacent sectors can you see a similar trend? Use examples to support your points.

Box 26.4 Let's Reason Together

The following study presents both the ‘legal’ and ‘illegal’ aspects of the market in antiquities, specifically cultural objects which are transported from source countries to countries where they are sold or auctioned. The article defines the concept of antiquity, and then examines the origin of objects, those involved in the market in different capacities, the question of how the origin of objects are examined, and the scope of the market. The analysis shows that structural and cultural characteristics of the market renders it susceptible to organised crime.

Questions

1. Is criminality of this type of market only existent in the informal economy?
2. The study provides a number of examples as illustrations. In groups of 3 or 4, discuss any three of these.

Massy, L. (2008) The antiquity art market: between legality and illegality, *International Journal of Social Economics*, 35(10), 729-738. <https://doi.org/10.1108/03068290810898936>

Author Biographies

Nnamdi O. Madichie, PhD, was Director of the Centre for Research & Enterprise at the Bloomsbury Institute, London between 2015 and 2019. His research interests lie at the intersection of Marketing and Entrepreneurship, and especially in the context of Emerging Markets. Dr. Madichie is also External Examiner for the MSc Entrepreneurship Programme at the Liverpool John Moore's University as well as co-editor for He is co-editor of *Digital Entrepreneurship in Sub-Saharan Africa* part of the [Palgrave Studies of Entrepreneurship in Africa](#) series. In addition to being a Fellow of the Higher Education Academy/ AdvanceHE, he is a Fellow of the Chartered Institute of Marketing (FCIM), as well as Fellow of the Chartered Management Institute (FCMI). He can be contacted at: nomadichie@yahoo.co.uk

Anayo Dominic Nkamnebe PhD, FNIMN, FISM, FSSM (UK), is a Professor of Marketing, former Head of Department of Marketing, former Sub Dean and current Dean Faculty of Management Sciences at Nnamdi Azikiwe University, Awka, Nigeria. Rev. Professor Nkamnebe started his academic career after an intermission in the private sector, and his research papers are presented and/or published in regions of the world (Africa, America, Europe and Asia), He is also on the editorial board of Emerald Emerging Markets Case Studies, Editor Journal of the Management Sciences, Editor Marketing Journal and Journal of the Marketing Academy, Regional Editor (Africa) International Journal of Social Entrepreneurship & Innovation-Inderscience-Switzerland, Journal of Chinese Entrepreneurship, African Journal of Accounting, Auditing and Finance, African Journal of Economics and Management Studies in the UK. His research interests cover the broad area of marketing and entrepreneurship with special bias for sustainability/developmental marketing & sustainability consumption, export marketing, e-business/commerce/marketing, and entrepreneurial marketing and micro & small business. Revd. Canon Professor Nkamnebe is an Ordained Priest in the Anglican Communion.

Dr Ignatius Ekanem joined Middlesex University in 2000. He holds a PhD in Financial Management from Middlesex University exploring "The Investment Decision-making Process in Small Manufacturing Enterprises: With Particular Reference to Printing and Clothing Industries." His research interests are in the areas of economic regeneration, small business development and business support needs of ethnic minority businesses, with a particular focus on the financial management practices of small businesses. He has worked on a series of research projects including several studies for the Small Business Service on social enterprise, ethnic minority owned businesses and rural enterprises. He has also worked on the demand and supply of finance and business support for ethnic minority businesses commissioned by the British Bankers Association, the Bank of England and the Small Business Service. His most recent projects include 'The impact of perceived access to finance difficulties' commissioned by the Small Business Service; 'Access to Bank Finance for Scottish SMEs' (for The Scottish Government); and an assessment of the government's equity finance initiatives for SMEs with growth potential (for the Department for Business, Innovation and Skills).

END NOTES

ⁱ See also Minnis, J. R. (2006). Nonformal education and informal economies in sub-Saharan Africa: Finding the right match. *Adult Education Quarterly*, 56(2), 119-133.

ⁱⁱ See the following: Pfau-Effinger, B. (2009). Varieties of undeclared work in European societies. *British Journal of Industrial Relations*, 47(1), 79-99; Gumbrell-McCormick, R. (2011). European trade unions and 'atypical' workers. *Industrial Relations Journal*, 42(3), 293-310; Williams, C. C. (2014). Out of the shadows: a classification of economies by the size and character of their informal sector. *Work, employment and society*, 28(5), 735-753; Williams, C. C., & Lansky, M. A. (2013). Informal employment in developed and developing economies: Perspectives and policy responses. *International Labour Review*, 152(3-4), 355-380; Putniņš, T. J., & Sauka, A. (2015). Measuring the shadow economy using company managers. *Journal of Comparative Economics*, 43(2), 471-490; Williams, C. C., Shahid, M. S., & Martínez, A. (2016). Determinants of the level of informality of informal micro-enterprises: Some evidence from the city of Lahore, Pakistan. *World Development*, 84, 312-325; Williams, C., & Horodnic, I. A. (2016). Cross-country variations in the participation of small businesses in the informal economy: an institutional asymmetry explanation. *Journal of Small Business and Enterprise Development*, 23(1), 3-24; Williams, C., & Kedir, A. M. (2017). Evaluating the impacts of starting up unregistered on firm performance in Africa. *Journal of Developmental Entrepreneurship*, 22(03), 1750017; Williams, C., & Horodnic, I. A. (2017). Explaining the informal economy in post-communist societies: A study of the asymmetry between formal and informal institutions in Romania. In *The Informal Economy in Global Perspective* (pp. 117-140). Palgrave Macmillan, Cham.

ⁱⁱⁱ See for example, Williams, C. C., Martínez-Pérez, A., & Kedir, A. M. (2017). Informal entrepreneurship in developing economies: The impacts of starting up unregistered on firm performance. *Entrepreneurship Theory and Practice*, 41(5), 773-799; Borozan, D., Arneric, J., & Coric, I. (2017). A comparative study of net entrepreneurial productivity in developed and post-transition economies. *International Entrepreneurship and Management Journal*, 13(3), 855-880; Mathias, B. D., Lux, S., Crook, T. R., Autry, C., & Zaretzki, R. (2015). Competing against the unknown: the impact of enabling and constraining institutions on the informal economy. *Journal of Business Ethics*, 127(2), 251-264; Ruzek, W. (2014). The informal economy as a catalyst for sustainability. *Sustainability*, 7(1), 23-34; Popescu, G., Davidescu, A., & Huidumac, C. (2018). Researching the Main Causes of the Romanian Shadow Economy at the Micro and Macro Levels: Implications for Sustainable Development. *Sustainability*, 10(10), 3518.

^{iv} See the following link for an update.

<https://ec.europa.eu/social/main.jsp?catId=1298&langId=en>

At the EU level, undeclared work is defined as "any paid activities that are lawful as regards their nature, but not declared to public authorities, taking into account differences in the regulatory systems of the Member States". Undeclared work may come in different forms. The most common type is work carried out in a formal undertaking, partially or fully undeclared. Partially undeclared work is sometimes also called 'under-declared work', 'envelope wages' or 'cash-in-hand'. Another type is undeclared 'own account' or self-employed work, where self-employed persons provide services either to a formal enterprise or to other clients, such as households. Undeclared work occurs in all kind of economic sectors, both within countries and across borders. It is often carried out in sectors like construction, renovation or repair works, gardening, cleaning, provision of childcare or HORECA (Hotel / Restaurant / Catering – food services).

^v Examples exist across the developed world from the consumer transactions with SMEs in Canada (McGregor, 2005); to the case of rural England (Williams, 2007); and the matrix approach to informal markets adopted for the European Union (Walle, 2008).

^{vi} See Ponsaers, P., Shapland, J. & Williams, C. (2008a) Special Issue: The informal economy and its links to organised crime – part 1, *International Journal of Social Economics*, Vol 35, Issue 9; Ponsaers, P., Shapland, J., & Williams, C. (2008b), Special Issue: The informal economy and its links to organised crime – part 2, *International Journal of Social Economics*, Vol 35, Issue 10.

^{vii} It may be worth exploring the growing Chinese influences in most parts of sub-Saharan Africa. For example, Alon, I., Yeheskel, O., Lerner, M., Zhang, W. (2013). Internationalization of Chinese entrepreneurial firms. *Thunderbird International Business Review* 55: 495-512; Carmody, P. (2017). *The new scramble for Africa*. John Wiley & Sons; Bräutigam, D., & Xiaoyang, T. (2011). African Shenzhen: China's special economic zones in Africa. *The Journal of Modern African Studies*, 49(1), 27-54; Ndoro, T. T. R., Louw, L., & Kanyangale, M. (2019). Practices in operating a small business in a host community: a social capital perspective of Chinese immigrant entrepreneurship within the South African business context. *International Journal of Entrepreneurship and Small Business*, 36(1-2), 148-163.

^{viii} Consider the following article: Williams, C. C., & Kedir, A. M. (2017). Evaluating the impacts of starting up unregistered on firm performance in Africa. *Journal of Developmental Entrepreneurship*, 22(03), 1750017. This study evaluates the link between starting up unregistered and future firm performance in the entrepreneurship process in Africa. The widespread assumption has been that firms starting up unregistered in the informal economy suffer from poor performance compared to those starting up registered and in the formal economy.