



The
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**Exploring the Financial Resources of Entrepreneurs in the Informal
Economy: Insights from North West Nigeria.**

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Abstract

The informal economy plays significant roles in developing and advanced economies, particularly in developing economies. Despite widespread financial sector reforms in such economies, about 93 per cent of informal economy entrepreneurs lack access to formal finance. Until now, few studies of the entrepreneurship process in the context of extreme poverty exist. Little is known on how informal entrepreneurs in such settings access and mobilise financial resources to start their ventures as well as grow and survive, whilst institutional challenges persist.

There is a well-developed body of literature on the informal economy, from various disciplines and perspectives, but limits remain regarding our understanding and theorising. To date, knowledge of how informal entrepreneurs initiate, organise and transact with financial resources remains incomplete in emerging economy contexts. Thus, this investigation adopts institutional theory and resource-based perspectives in explaining and understanding this phenomenon from North West Nigeria.

By adopting a qualitative inductive methodology, 56 informal entrepreneurs, bank managers, informal financial services providers, government officials, enterprise union leaders and an NGO representative were interviewed and examined. The results suggest that asymmetry in the *institutional environment* strongly influences the intermingling and diverse *processes* of financial resources acquisition and usage. This research broadens our empirical understanding of informal entrepreneurs' financial resources and offers nuanced and finer-grained delineations of how they access and mobilise financial resources for business start-up, growth and survival.

Furthermore, this research enlarges the conception of institutional asymmetry and resource orchestration framework in another context, through revealing the effects of three pillars of institutions as well as breadth, life cycle and depth processes in different venture formations, growth and survival in the informal economy. It also formulates useful guidance to academics and practitioners to better understand and improve access to and use of financial resources in related contexts.

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Abbreviations & Acronyms

ASCA	Accumulating Savings and Credits Associations
BRICS	Brazil, Russian, India, China and South Africa
CBN	Central Bank of Nigeria
CG	Constrained Gazelle Informal Entrepreneur
FCO	Foreign Commonwealth Office
FFSP	Formal Financial Services Providers
IEFS	Informal Entrepreneurial Financing Strategy
EU	European Union
GCM	Gusau Central Market
GDP	Gross Domestic Product
GFII	Global Financial Inclusion Index
GPFI	Global Partnership for Financial Inclusion
GRIP	Good Research and Innovation Practices
GT	Grounded Theory
IAFT	Institutional Asymmetry and Financing Tactics
IEE	Informal Economy Entrepreneurs
IFMS	Informal Money Transfer Services
IFS	Informal Financial Service
IFSP	Informal Financial Services Providers
ILO	International Labour Organisation
IMF	International Monetary Fund
IT	Institutional theory
MC	Moderate Constructionism
MFIs	Microfinance Institutions
MINT	Mexico, Indonesia, Nigeria and Turkey
MSME	Micro Small & Medium Enterprises
NBS	National Bureau of Statistics, Nigeria
NDE	National Directorate of Employment

NGN	Nigerian Naira
NSIER	National Institute for Social and Economic Research of Nigeria
NW	North West
OECD	Organisation for Economic Co-operation and Development
RBT	Resource-Based Theory
RO	Resource Orchestration
ROSCAs	Rotating Credits and Savings Associations
SMEs	Small and Medium Enterprises
SC	Social Constructionism
TP	Top-Performing Informal Entrepreneur
UK	United Kingdom
UN	United Nations
US	United States

Declaration

I, the author, confirm that the thesis titled "*Exploring the financial resources of entrepreneurs in the informal economy: Insights from North West Nigeria*" was prepared and written by me. I am aware of the University's Guidance on the Use of Unfair Means (www.sheffield.ac.uk/SSID/unfair-means). This work has not been previously presented for an award at this, or any other, university. Also, I confirm that all the sources of information used to produce this thesis were acknowledged accordingly.

Signed.....

Date.....

Bala Auwalu

Chapter 1 Introduction

1.1 Research Introduction

The informal economy is an enduring phenomenon (Godfrey, 2015; Welter et al., 2015). It plays significant roles in both developing and advanced economies (Schneider and Enste, 2013), and 62 per cent of the global workforce, representing approximately two billion people, have their main jobs in the informal economy (ILO, 2018, p. 67). In recent times, the informal economy has grown in significance in developing economies and accounts for up to 40 per cent of Gross Domestic Product (GDP) in sub-Saharan Africa (IMF, 2019; Medina and Schneider, 2019). However, informal economy entrepreneurs still face problems regarding access to finance for their businesses in terms of start-up, growth and development (IFC, 2017). Indeed, 93 per cent of these entrepreneurs lack access to formal finance (Farazi, 2014, p. 17), and very little is known concerning how they access and use financial resources.

Diverse views surround the study of entrepreneurs in the informal economy. On the one hand, researchers underline the negative impacts of the informal economy to the national and global economy, including precarious working conditions, inefficient production, unfair market competition, tax avoidance, non-compliance with regulations and the distortion of economic statistics (La Porta and Shleifer, 2014; Maloney, 2004). On the other hand, evidence shows that such an economy has positive impacts on society (Godfrey, 2011; Webb et al., 2009). Besides being a huge source of livelihoods to many entrepreneurs, it also plays a role in the incubation of new enterprises and serves as a potential avenue of tackling poverty (Bruton et al., 2013; Jütting and Laiglesia, 2009).

Despite varied research findings and judgements from decades of research, a unified definition of this phenomenon is yet to be advanced (Godfrey, 2015). Whilst scholars and policymakers generally exclude criminal activities from informal economic studies, such work remains complex, as various academic disciplines study the phenomenon, its prevalence and differences in how the informal economy manifests in different contexts. However, to develop sound theoretical and empirical insights, management scholars have shown an increased interest for finer-grained understandings of the informal economy and financial strategies therein (Webb et al., 2013), especially from an informal entrepreneurship perspective in emerging economy contexts (Welter et al., 2015) to capture the use of savings, credit, insurance and other financial resources for better theorisation.

Whilst informal economy scholarship in management and other disciplines focuses more on the legitimacy and motivational viewpoints of informality (Darbi et al., 2018), there are still limits to our understanding and theorising. Our understandings of informal entrepreneurs' abilities to organise financial resources, manage them and grow their businesses remain incomplete (Webb & Ireland, 2015, p. 22). In particular, little is known regarding issues of access and mobilisation of financial resources in the informal economy that are linked to business start-up, growth and survival in developing economies (Webb et al., 2013). Therefore, this research focuses on the North West (NW) Nigerian context; where informal entrepreneurs account for more than 90 per cent of the small enterprise population (Small & Medium Enterprises Development Agency of Nigeria (SMEDAN) & National Bureau of Statistics (NBS), 2013).

Despite years of financial sector reforms in Nigeria, there are still challenges in developing the right financial products and services that match the needs and diversities of informal entrepreneurs (Beck and Cull, 2013; Ngwu, 2015). As a result, this research raises an interesting research question: How do entrepreneurs in the informal economy in NW Nigeria access and mobilise financial resources for business start-up, growth and survival? A recent expanding body of academic research suggests that focusing on understanding the imperfections of formal institutions whilst neglecting the asymmetry of formal and informal institutions advances a limited understanding of informal entrepreneurship (Fredström et al., 2020; Sutter et al., 2017, Williams et al., 2016a). Moreover, Bruton et al. (2011) suggest that a deep understanding of small entrepreneurs within the informal economy as users of financial resources is fundamental to the knowledge of entrepreneurship in emerging economies. Consequently, drawing from Institutional Theory (IT) (Scott, 2013) and Resource-Based Theory (RBT) (Barney, 1991) perspectives, this study reviews the extant literature. Further, it proposes a conceptual model that shows how informal entrepreneurs access and mobilise financial resources.

Thus, this study adopts an inductive qualitative methodology to answer the research question. It examines the phenomenon using a Moderate Constructionist (MC) paradigm (Elder-Vass, 2012), as well as Gioia et al.'s (2013) extension of grounded theory and a single case design (Yin, 2017) looking at Gusau Central Market (GCM) in the capital city of Zamfara state in NW Nigeria. GCM boasts many inside and surrounding streets full of informal entrepreneurial

activities and the management of financial resources. In this setting, data was collected from 56 informal entrepreneurs and 14 stakeholders iteratively between early January 2019 and the end of March 2019. Through constant comparison that recognises the literature (Suddaby, 2006), data collection and analysis were conducted simultaneously to develop a data structure.

This data structure enabled the formulation of the process model that facilitates the descriptions and explanations of the intermingling *institutional environments* comprising *policy discrepancies, sociocultural dispositions, financing behaviours, market uncertainties, and market complexities*. These institutional environments, particularly institutional asymmetries consistent with 'economic inclusion' literature, strongly influences the processes of informal economy entrepreneurs' access and mobilisation of financial resources for business start-up, growth and survival. These processes were also conceptualised as *informal entrepreneurial financing strategies* (IEFSs) comprising *financial structuring, capital financing, financial leveraging and orchestrating financial gains*. Indeed, the findings suggest variations in these processes of financial resources acquisition and use between the different types of informal entrepreneurs and their ventures, where norms, values and shared beliefs are as important as financial incentives.

Herein, this study contributes to the debates on entrepreneurship in the informal economy and finance, particularly from an institutional perspective (Sutter et al., 2017; Williams et al., 2015), and Micro, Small and Medium Enterprises (MSMEs) access to finance (Beck and Demirguc-Kunt, 2006, Liedholm, 1989). This study also increases the reach of the concept of institutional asymmetry in another developing country context (in this case NW Nigeria), as recommended by scholars (Fredström et al., 2020; Webb et al., 2013). This extension exposes the effects of regulative, normative and cultural-cognitive pillars (Scott, 2013), specifically challenging entrepreneurship and finance literature on the role of financing behaviours; and extending works on 'inclusivity' amidst institutional asymmetries (Mair and Marti, 2009; Meagher, 2015; Ngwu, 2015).

Moreover, this study expands the underdeveloped area of RBT – Resource Orchestration (RO) framework. In other words, an inadequate understanding of how business owners/managers initiate and oversee the processes of financial resources within different institutional arrangements, following the works of Sirmon et al. (2011). Whilst research highlights the life

cycle effects on MSMEs financing (Liedholm, 1989), this study draws from RO to advance rich insights on the breadth (financial strategies of informal entrepreneurs), depth (types of informal entrepreneurs) and life cycle (stage of venture development) processes with financial resources. Thus, extending works on entrepreneurship in the informal economy within the West African context (Godfrey, 2011; Grimm et al., 2012), through highlighting the potentials of four types of informal entrepreneurs' access and mobilisation of different financial resources. Lastly, this research suggests useful guidance for academicians and practitioners concerned with the study of informal economy and finance, as well as outlining study limitations and possible avenues for future studies.

Whilst the preceding introduction section delivers a summary of the entire thesis, the next part discusses the background, motivations and context of the study. It sets out the research problems, academic and practical rationales, and the researcher's motivation to pursue the study.

1.2 Study Background

The informal economy is now an integral part of the global economy, particularly in developing economies (Bruton et al., 2012; McGahan, 2012). Despite the ubiquity of the phenomenon and the implications for entrepreneurs' business growth and development, studies stress that there remains significant scope for further enquiry into the informal economy (Godfrey, 2015; Welter et al., 2015). Yet, debate still exists about the definition and precise boundaries of the informal economy (Van Bilk, 2014), including how it relates to the formal economy in different contexts (Godfrey, 2011). Other disciplines, such as sociology and economics, have examined the phenomenon describing some of the fundamental features of informality. However, management scholars focus more on entrepreneurship from an institutional perspective within a context to enhance clarity and insight into informal economic activities (Littlewood et al., 2018; Siqueira et al., 2016).

Accordingly, this research adopts the definition provided in the management literature, which played a vital role in the general conceptualisation of the informal economy from an institutional perspective (Webb et al., 2009). In this definition, the informal economy is defined as "*the economic activities taking place outside of formal institutional boundaries, but which remain within informal institutional boundaries for a significant portion of societal groups*" (Webb et al., 2013, p. 599). Until now, it is obvious that despite years of institutional

reform and scholarly works to understand and address the challenges of informal entrepreneurship, the informal economy remains large (ILO, 2018). Limited understanding of the entrepreneurship process persists (Davidsson and Gruenhagen, 2020), particularly with financial resources (Beck et al., 2015).

Apart from the heterogeneity of informal economy entrepreneurship, there are also challenges and difficulties in defining and describing 'informal entrepreneurs' (Williams and Nadin, 2010). In this study, reflecting on the definition of informal economy advanced, an informal entrepreneur definition is adopted from an institutional viewpoint. Informal entrepreneurs refer to a person/business owners/managers who participate in the economic activities taking place outside of formal institutional boundaries but which remain within informal institutional boundaries for a significant portion of societal groups (Godfrey, 2011; Webb et al., 2009; Williams and Kosta, 2019). Consequently, it is worth finding out how informal enterprises of these kinds oversee and manage their ventures' financial resources. In particular, to get at the significance of informality complexities and heterogeneities.

Despite valuable insights from institutional perspectives, our knowledge of resources of the informal economy also remains inadequate (Darbi et al., 2018). Indeed, a more fine-grained delineation of informal entrepreneurs' abilities with resources is lacking. More specifically, Informal entrepreneurs access and mobilisation of financial resources for business start-up, growth and survival in emerging economies with different institutional settings, resulting in institutional asymmetry (see Webb et al., 2013). Herein, reflecting the context of the study, institutional asymmetry is defined as the differences between formal and informal institutions, where the formal are supportive and the informal unsupportive; especially the entrepreneurship processes with financial resources (see Godfrey, 2011; Meagher, 2015; Sutter et al., 2017; Williams and Vorley, 2015).

Moreover, and in this study, financial resources refer to any resource available to informal entrepreneurs' businesses for spending in the form of cash, credit, and liquid securities or the form of physical assets that are readily convertible to cash (see Karlan and Morduch, 2009). Drawing from Sirmon et al. (2007), access to financial resources refers to the ability of informal entrepreneurs to acquire financial resources from different sources for business start-up. The mobilisation of financial resources refers to the ability of informal entrepreneurs to leverage the acquired and accumulated financial resources to exploit opportunities in the

market for business growth and survival. For this study, the terms ‘mobilisation’ and ‘use’ of financial resources are used interchangeably to mean the same thing.

1.2.1 Research Purpose

Herein, the purpose is to explore the financial resources of entrepreneurs in the informal economy in the context of NW Nigeria, explicitly focusing on how they access financial resources for business start-up, as well as mobilising such resources for business growth and survival. Past and present studies typically examine financial resources in the informal economy from the field of economics to understand the performance of small enterprises in relation to informal finance (Madestam, 2014; Stiglitz and Weiss, 1981). However, contextual variations still hinder the generalisability of such studies in other contexts. In particular, limited understanding of using informal financial resources by entrepreneurs, such as rotating savings and credits associations from other contexts (ROSCAs) (Kedir et al., 2011), and other financial resources in the informal economy remain (Dlabay, 2015). Accessing informal finance and other unknown sources from different contexts need further understanding, as it possibly accounts for the persistence and expansion of informal entrepreneurship.

In order to advance theoretical and empirical insights, both economics and entrepreneurship scholars strongly stress the need for further analysis of the access and use of financial resources by entrepreneurs in the informal economy in other developing country contexts (Beck et al., 2015; Webb et al., 2013). The rationale is not only due to differences in institutional settings, but also the existence of differences in markets and individual entrepreneurs’ behaviours. In fact, Quartey et al. (2017) argue that formal financial institutions in West African contexts still face challenges in establishing financial relationships with informal entrepreneurs, as the dominating informal finance sources are yet to satisfy their financial requirements for business start-up, growth and survival.

1.3 Motivations

The persistence and expansion of the informal economy have been linked to the unsatisfactory performances of the economic and social policies of developing country economies (De Soto, 1989). However, institutional arrangements, globalisation and global unemployment contributed to the great enthusiasm shown by academicians and practitioners concerning the concept of the informal economy (ILO, 2002). Indeed, the advent of the BRICS (Brazil, Russia, India, China and South Africa) and MINT (Mexico, Indonesia,

Nigeria and Turkey) associations has focused attention on these new emerging economic powerhouses. These emerging hotspots are characterised by high economic growth rates (Meagher, 2015, p. 841), yet a sizable number of these emerging markets enterprises conduct their businesses informally (ILO, 2018).

Nigeria, Brazil and China combined account for 67 per cent of MSMEs in developing countries, and many of these MSMEs in Nigeria are informal enterprises (IFC, 2017, p. 21). Despite giant strides over the years on socio-economic development in Nigeria, much remains to be done from social and economic policy viewpoints (World Bank, 2017). Informality still presents a challenge to the development of sustainable small enterprise finance. External and internal factors, such as policy challenges and the small scale operation of unregistered small entrepreneurs continue to hamper the efficient distribution of financial resources (Beck and Cull, 2013). Consequently, three motivations for focusing on exploring the financial resources of entrepreneurs in the informal economy in NW Nigeria stand out.

First, enlarging empirical understanding of the informal economy remains a prominent part of the entrepreneurship literature. For example, entrepreneurship studies consistently interlinked the various efforts of academic communities and policymakers toward a comprehensive empirical understanding of informality (Webb et al., 2009; Williams and Kedir, 2018b). However, the lack of data remains a critical challenge to a full empirical understanding of the financial resources of entrepreneurs in the informal economy in developing country contexts (Grimm et al., 2012), whilst survey research still struggles with the difficulty in generalising findings (Karlan and Morduch, 2009). In order to widen our empirical insights regarding emerging economies having diverse informal entrepreneurs, financial activity and institutions (Welter et al., 2015), it is pertinent to obtain a better understanding of how they access and use financial resources for business start-up, as well as mobilising such resources to grow and survive in extreme poverty.

Second, theoretically, the application of management and organisational theories to frame entrepreneurship in informal economy research remains relatively low (Ketchen et al., 2014). To effectively understand and address the problems of informality, such as institutional challenges and a limited understanding of the operating ability of informal entrepreneurs, Webb et al. (2013) advocate that theories are central to a deep understanding of the entrepreneurship process and finance by building on the foundation of the existing literature

from different disciplines. More specifically, from emerging economy contexts that have formal and informal governing mechanisms and diverse markets affecting resource allocation and management (Mair and Marti, 2009). However, our theoretical understanding of the acquisition and use of financial resources in the informal economy for business persistence and expansion remains limited (Godfrey, 2015).

Consequently, to expand and contribute to the theoretical literature of entrepreneurship and finance, this study draws from institutional theory and resources orchestration framework to examine the institutional challenges and processes of accessing and mobilising financial resources in the informal economy in emerging economies. Institutional theory (Scott, 2013) and resource orchestration framework (Sirmon et al., 2011) constitute the two theoretical perspectives that offer an integrative and interdisciplinary approach to exploring the financial resources of informal entrepreneurs in NW Nigeria. Institutional theory pertains to the influence of regulative, normative and cognitive elements. The resource orchestration complements these influences by offering deep insights into the processes and subprocesses of such entrepreneurs access and use of financial resources.

Third, the researcher has served for over seventeen years with the First Bank of Nigeria in the public sector and retail banking units, building relationships with entrepreneurs; both formal and informal by maximising the return on their business investments in NW Nigeria. Up to the present time, it is practically obvious that developing the financial products and services that match the needs and diversities of informal entrepreneurs remain an uphill task in emerging market contexts. The negative consequence of lack of access and persistent shortages of formal financial resources can lead to unsustainable enterprise development, which contributes to inefficient production systems (ILO, 2018; Levine, 2005).

The proceeding discussions advance the connections between informal economy entrepreneurship and financial resources in terms of academic motivations. The next section provides context discussions in relation to justifications and issues of interest – small enterprise finance and financial constraints, as well as policy efforts and access to finance in the informal economy. This discussion begins from Nigeria as an emerging economic hotspot and later narrows to the North West geographical region.

1.4 Small Enterprise Finance in Nigeria

Nigeria provides an important context of emerging markets: it has one of the largest numbers of MSMEs activity in the developing world, mostly occurring in the informal economy (IFC, 2017; Meagher, 2015). In this setting, small businesses in the informal economy are critical to the growth of the national economy, providing products and services not found in the formal economy as well as creating employment (Van Elk et al., 2014). However, as stated previously, little is known about how informal entrepreneurs access and mobilise financial resources for their businesses in such an emerging market (Allen et al., 2005; Beck et al., 2015; Matin et al., 2002).

With a population currently estimated at over 200 million, Nigeria accounts for approximately 47 per cent of all people living in West Africa (World Bank, 2017). This World Bank report indicates that Nigeria has the largest population in Africa, one of the highest youth populations in the globe, and the biggest economy in Africa. Despite average annual economic growth rates of 5.7 per cent between 2006 to 2016, a recent decline in commodity prices has slowed the pace of economic growth (World Bank, 2017). Nevertheless, despite real progress on social and economic inclusive reforms, *“the country still faces developmental challenges, which includes building strong and effective institutions... The North-South divide has widened and could benefit from more inclusive development policies”* (World Bank, 2017, para. 8-9). Despite this, many MSMEs operating in the informal economy remain excluded from the country’s economic inclusive agenda (Meagher, 2015).

Whilst evidence shows that 97 per cent of the 44 million MSMEs in sub-Saharan Africa are microenterprises, Nigeria accounts for 84 per cent of the total, representing about 37 million MSMEs (IFC, 2017, p. 22). Indeed, almost 80 per cent of global microenterprises operate as informal enterprises (World Bank, 2014, p. 107). These enterprises employ nearly 57 million workers in the Nigerian national economy (Small & Medium Enterprises Development Agency of Nigeria (SMEDAN) & National Bureau of Statistics (NBS), 2013). With these massive informal enterprise populations, employment provision and poverty, it is evident that informal entrepreneurial activity in Nigeria is a phenomenon that ought to be studied and understood continuously, primarily as many of these MSMEs face financial constraints, lacking access to formal finance for business development.

1.4.1 Financial Constraints

In order to understand and address the financial constraints of entrepreneurs in the informal economy, the Nigerian government has persistently engaged in several intervention programmes, incorporating both the demand-side and supply-side of financial resources (Olu, 2009, Somoye, 2013). For example, prominent among them is the establishment of the Nigerian Enterprises Promotion Decree (NEPD) revised in 1977, National Directorate of Employment (NDE) in 1986, YouWiN! (Youth Enterprise with Innovation in Nigeria Programme) in 2011, and SMEDAN in 2003. Despite these efforts, access to finance still inhibits the growth and development of informal enterprises (IFC, 2017; Somoye, 2013), suggesting that the financial constraints of informal entrepreneurs remains severe.

According to the IFC (2017), informal entrepreneurs in Africa face a staggering funding gap of US\$331 billion for their business growth and transformation (IFC, 2017, p. 31). Despite the IFC's reported financial constraints and financing gaps, these entrepreneurs are "*not necessarily devoid of avenues for advancement*" (Meagher, 2018, p. 18). So how are they obtaining and mobilising finance for their businesses? This question, no doubt, needs answering. Consequently, with a huge number of Informal entrepreneurs, understanding how they access and use financial resources in Nigeria for their businesses is vital to academic scholars and practitioners, especially from the extreme poverty context (Sutter et al., 2019).

In spite of these constraints, government efforts to improve access to finance and use for entrepreneurship remains a challenge (Somoye, 2013). In the first place, financial markets remain fragmented into formal and informal segments (Ngwu, 2015). Beck et al. (2011) also argue that businesses' size, lack of administrative capacity, absence of collateral and financial literacy still affects access to financial resources. Moreover, the use of informal finance, retained earnings and personal savings by small entrepreneurs in the informal economy remains widespread (Nissanke, 2001; Olarenwaju and Olabisi, 2012). Despite progress on policy efforts and the advent of mobile money services (Adaba and Ayoung, 2017), the financial products and services needed to meet the demand of booming informal entrepreneurs' businesses are not fully developed.

Beck and Cull (2013), for example, stress that the mainstream financial system in sub-Saharan Africa commonly channels funds to economic sectors that have less impact on the real economy. They ration out small entrepreneurs due to a lack of proper information on their

businesses. Indeed, the problems of information asymmetry leading to moral hazard, adverse selection, transaction cost and contract enforcement still exist (Quartey et al., 2017). Thus, this suggests that the Nigerian financial system still faces challenges regarding the distribution of financial resources for enterprise development.

1.4.2 Policy Efforts and Access to Finance

Over the years, popular financial sector reforms developed to address information and other problems of small enterprises' access to finance included microfinance, guarantee credit schemes and financial inclusion initiatives. These policy efforts, particularly microfinance and other credit schemes, are largely regarded as unable to offer the needed solutions to the problems of access to finance in Nigeria (Olu, 2009; Quartey et al., 2017). The government allocates subsidised credits and encourages informal participation as an avenue to the incubation of new enterprises as well as a means of creating jobs (Meagher, 2015). Yet, the ceiling placed on the credit amount is insufficient to cater to the demand of informal entrepreneurs' businesses. Beck et al. (2013) substantiate that microfinance and guarantee loan schemes are yet to deliver the needed financial resources for entrepreneurship development.

Moreover, the National Financial Inclusion Strategy promulgated in 2012, and other related financial programmes, give little consideration on the conditions and cultural context under which informal entrepreneurs access and mobilise financial resources for their businesses advancement (Meagher, 2015; Ngwu, 2015). Deeply rooted in the social context, Turkson et al. (2020) reinforce that informal finance and personal savings continue to cater to the financial constraints and demands of such enterprises. However, informal finance remains characterised by short-term loan facilities and small-scale operations and is still unable to meet the full demands of finance for entrepreneurship development (Quartey et al., 2017). Hence, this suggests that the needed transformation of financial sector development in Nigeria to address the financial constraints of informal economy entrepreneurs is yet to emerge fully.

In terms of regional comparison, the National Financial Inclusion Strategy was successful in the South West region of Nigeria, having an impressively low level of exclusion at 18 per cent (Aro-Gordon, 2017). In contrast to the NW Nigeria region, the financial exclusion rate increased from *"56 per cent in 2014 to 70 per cent in 2016"* (Aron-Gordon, 2017, p. 34). This

Nigerian apex bank's report reveals the enormous regional variation in Nigerian regions, where slow progress in the financial inclusion rate for entrepreneurship development exists (Central Bank of Nigeria, 2017). Researchers and policymakers are deeply concerned with the alarming regional differences in the financial inclusion policy (Aro-Gordon, 2017; Central Bank of Nigeria, 2017), particularly more on the financial exclusion level in NW Nigeria.

Until now, the Nigerian informal economy has been expanding over the years, whilst financial development efforts remain slow to deliver the needed success and transformation (Meagher, 2018). How do informal entrepreneurs access and mobilise finance for their business formation, growth and survival in the NW region? This question needs to be addressed sufficiently and adequately. Both academicians and policymakers have linked the existence of little knowledge to the lack of available data (Beck et al., 2008; IFC, 2017; IMF, 2014). Indeed, they are calling for more country case studies to provide a better understanding of this phenomenon and suggest improvement in both theories and practice. Consequently, this PhD study adopts a qualitative approach using a single case design to understand this contemporary phenomenon in the NW geographic region of Nigeria.

1.4.3 Context: North West (NW) Nigeria

The geographic location is an important factor affecting the financial deepening – an increased distribution of financial services to households and enterprises in sub-Saharan Africa (Beck & Cull, 2013). Nigeria is made up of six separate geographical regions (National Bureau of Statistics, 2016b). The dominance of informal economic activities in these regions exerts a substantial influence on international commerce and trade in the Sahel region (Meagher, 2015). This is particularly so for the NW region with the second-highest population of microenterprises in the country after the South West region, of which about 98 per cent of MSMEs (see Table 1.1, below) are informal enterprises (Small & Medium Enterprises Development Agency of Nigeria (SMEDAN) & National Bureau of Statistics (NBS), 2013). It is also host to more than a quarter of the Nigerian population (National Bureau of Statistics, 2016b). Despite very low formal financial deepening, this NW region is full of international cross-border trading activity with the Sahel and other West African countries (Meagher, 2015). Then, how do these entrepreneurs access and use financial resources in the NW region for business start-up, growth and survival?

Table 1. 1: Number of MSMEs and Informal Enterprises in NW Nigeria by States

State	MSMEs	Informal Enterprises
Jigawa	820,001	803,600
Kaduna	1,635,453	1,602,743
Kano	1,794,358	1,758,470
Katsina	1,216,604	1,192,271
Kebbi	692,104	678,261
Zamfara	700,106	686,103
Total	6,858,626	6,721,448

Source: SMEDAN & NBS 2013

In NW Nigeria, previous and recent empirical analysis have examined finance from economic perspectives. For instance, previous examinations focused on household access and use of informal credit in rural locations (Aryeetey and Udry, 1997; Udry, 1990). Recently, another study focused on the conditions under which different informal economy entrepreneurs struggle to access financial resources via government microfinance schemes in Kaduna and Kano cities (Meagher, 2015). However, the findings of these empirical analyses suggest that access and use of financial resources is a complex process that remains deeply intertwined inside institutional arrangements, highlighting the need for further research in this region.

1.5 Research Scope

Defining the scope of any research is vital to understanding its relevance and application (Eisenhardt, 1989). Therefore, this research focuses explicitly on how informal entrepreneurs access financial resources for business start-up, and how they mobilise financial resources for business growth and survival in an urban context in NW Nigeria. Specifically, acquisition and use of external sources of finance (formal and informal financial resources) and internal sources. This research excludes any entrepreneurs that are fully compliant with national regulations and render formal returns of their enterprises to the formal regulators (ILO, 2016). This study is not limited to the industry sector. As it is an exploratory study, this study covers individual informal entrepreneurs from various business sectors operating in the informal economy. In addition, as it is a qualitative inquiry, this study is unsuitable for the statistical generalisation to a population. Rather the study involves analytical generalisation to theory and the context of the study (Yin, 2017).

Therefore, the structure of this PhD thesis contains three stages consisting of six Chapters. Figure 1.1 shows the overall thesis structure (see Tob-Ogu, 2016). The design, execution and evaluation stages all contain two chapters each.

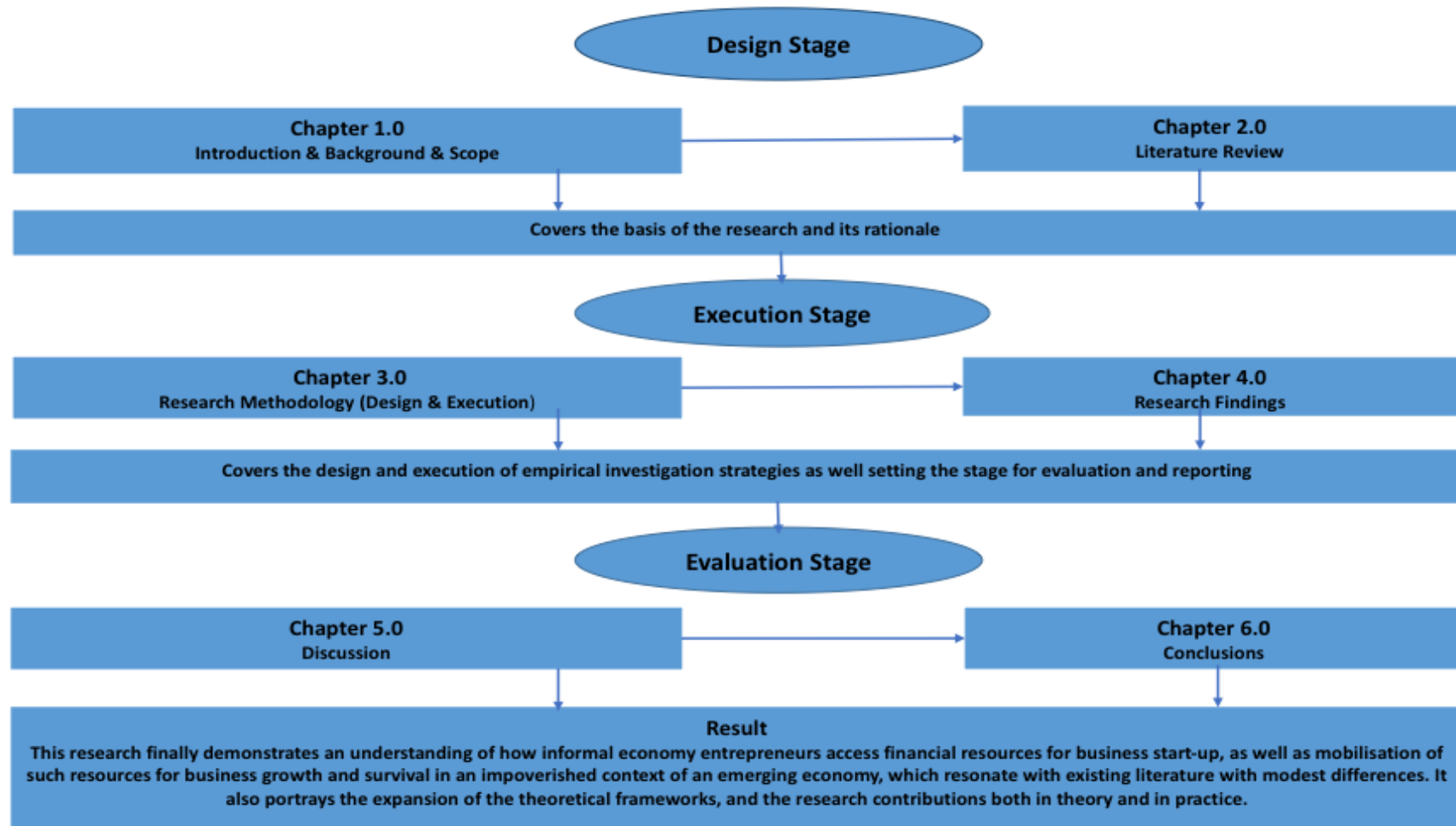


Figure 1. 1: Thesis Structure

1.5.1 Design Stage

The configuration stage of this thesis covers two chapters. This Chapter captures the introductory part of the thesis and deals with the study background, motivations and context. It points out the academic and practical rationales as well as the research problems and the investigator's motivations to conduct the study in the impoverished context of NW Nigeria, where informalisations and extreme poverty prevail (Meagher, 2015). Specifically, this chapter highlights the financial constraints facing small entrepreneurs in the informal economy and how they struggle to access and mobilise financial resources for their businesses despite decades of formal institutional reform.

Chapter two presents the extant literature regarding the financial resources of entrepreneurs in the informal economy. First, in order to better understand the entrepreneurship process with financial resources in an emerging economy context, it reviews the informal economy definitions, and the prevalence and academic approaches to the study of entrepreneurship in the informal economy. Second, this Chapter also portrays the framing of this research by reviewing how institutional theory and resources orchestration framework explain informal entrepreneurs' access and mobilisation of financial resources for business start-up, growth and survival in a developing economy context.

Furthermore, to increase empirical understanding, Chapter two also reviews the literature on entrepreneurship in the informal economy, as well as the financial resources in the informal economy, including formal, informal and internal financial resources. It highlights the supply-side literature (formal financial institutions) and demand-side literature (informal entrepreneurs) of financial resources and the need to understand the latter. It focuses explicitly on how informal economy entrepreneurs access financial resources for business start-up, as well as mobilising such resources for business growth and survival in order to develop the entrepreneurship literature. Resultantly, knowledge gaps were identified, enabling the formulation of the conceptual framework.

Lastly, to address the gaps in the literature and the current research problems, the researcher identified and discussed the relevant research setting, Gusau Central Market (GCM), located in Gusau city in the NW region of Nigeria that enables the development of the research methodology as well as generation of the empirical and theoretical insights.

1.5.2 Execution Stage

This stage consists of two Chapters consisting of the research methodology and findings – Chapter three starts by outlining the main and sub-research questions as well as the research aims and objectives. To explore the research questions in the GCM setting, this Chapter also outlines and discusses the research philosophies and appropriate research approaches in making a knowledge claim. In order to ensure coherency in the research process, the adoption of the moderate constructionist paradigm that emphasises knowledge generation within a context from multiple perspectives was discussed and justified; including how it links with relativist ontology, subjectivist epistemology and dialectic methodology. Indeed, linkage with the adopted research approach, such as qualitative, inductive and exploratory approaches were authenticated. Importantly, this Chapter also links these research approaches to discussions concerning the research strategy, focusing on the case study design, data collection and grounded data analysis approach.

Chapter four deals with the outcome of the grounded data analysis (data structure), descriptions and explanations. As this Chapter is closely linked with Chapter 3, it portrays a systematic integration of the study evidence that reflects the research questions and research objectives. Typically, the data integration allows for detailed empirical and theoretical understandings of the informal entrepreneurs' processes of access and mobilisation of financial resources for venture start-up, growth and survival.

1.5.3 Evaluation stage

The evaluation stage consists of two Chapters comprising the discussion and conclusion. Chapter five advances the interpretation of the research findings according to the research questions and objectives with the extant literature. Whilst some of the findings resonate with the extant literature, others reveal novel insights suggesting the existence of contextual influences, making them unique. This research argues for expansion of the institutional asymmetry conception to accommodate the concept of *financing behaviours* and *market interactions* in addition to asymmetry in regulatory and normative components, particularly to advance our understanding of entrepreneurship and finance in the informal economy within an emerging economy context.

Chapter six discusses the research summary and ends by highlighting the significance of the study to the literature in three ways. First, empirically, this study answered scholarly calls for

a more fine-grained delineation of the financial resources of entrepreneurs in the informal economy from an entrepreneurship perspective in another emerging country context (Siqueira et al., 2016; Webb et al., 2013). Second, theoretically, this research enlarges the conception of institutional asymmetry and resource orchestration. It first enriches the reach of the theoretical literature of institutions and entrepreneurship, by advancing insights on the influences of normative and cognitive structures in addition to regulative structures and interactions in the market concerning finance access and use in the informal economy in an emerging economy context. Moreover, via the resource orchestration conception, this study expands the RBT to deliver valuable insights on how the processes of financial resources unfold in the informal economy in NW Nigeria for business start-up, growth and survival.

1.6 Chapter Summary

In summary, this Chapter has introduced the research project. It looked at the extant research and key developments, and what this research contributes and extends. It also discusses the study background, research problems and purpose, academic and practical rationales, and the researcher's motivation to pursue the research in the context of NW Nigeria. This chapter also shows the research scope, including discussing the thesis structure, which shows the main take away from each of the Chapters.

Indeed, this Chapter also details key institutional challenges with existing formal institutional efforts to address financial constraints and understand access and mobilisation of financial resources by entrepreneurs in the informal economy in emerging economies, especially in NW Nigeria. It highlights the need to develop theoretical insights on entrepreneurship and finance in such a context to capture nuances in their institutions and market structures. Empirically, it also discusses the need to expand and generate new knowledge of the entrepreneurship process and financial resources because of the diversity of informal entrepreneurs and their ventures. In order to advance a better understanding of the research problems and suggest improvements both in theory and practice, this research focuses on how informal entrepreneurs access financial resources for a business start-up, as well as mobilising such resources for their business growth and survival. Therefore, the next Chapter reviews the literature.

Chapter 2 Literature Review

2.1 Introduction

This Chapter shows the critical literature review of the financial resources of entrepreneurs in the informal economy. It adopts the critical review methods approach that enables a reasonable and comprehensive evaluation of relevant text and other resources. This approach is pertinent to studying the informal economy (Meagher, 2013). Therefore, to deliver a rigorous and credible research, it is essential to indicate how the literature search was conducted.

2.1.1 Literature Search

This thesis adopts a critical literature review to explore the financial resources of entrepreneurs in the informal economy. Hamersley (2001) stresses that even the systematic review has proven unable to validate superior research outcomes than the critical review. Since the study of the informal economy is a contemporary phenomenon (Ketchen et al., 2014), this search incorporates the literature of wide-ranging subjects and disciplines that offer critical insights to enable theory building.

Initially, using a snowball method, the search reviewed the literature of the informal economy and motivations for participation. This search reveals that there are knowledge gaps in studying resources in the informal economy. From thereon, the review processes developed spider and affinity diagrams and discovered the need to study a variety of topics from a micro perspective in a context. With so much time devoted to resources and capabilities, the following research question began to surface: How do informal entrepreneurs organise and manage their financial resources without the tools available to formal firms? Consequently, the importance of financial resources as shaping the performances of entrepreneurs in the informal economy was discovered, revealing the need for significantly more understanding in the management literature.

Accordingly, the bulk of the literature reviewed was journals and articles. Books and other relevant sources account for the remainder. This literature was searched for and identified using standard keyword search methods, and through snowballing of references cited in other related publications. The keywords used are: the informal economy, informal sector, shadow economy, informal entrepreneurship, access to finance, use/mobilisation of finance, small business finance, informal finance, informal credit, financial inclusion, shadow banking,

developing and emerging economies. Star plus (University Library Discovery), Scopus/Web of Science, Google Scholar, Google Alerts, ResearchGate.net, and websites from World Bank, International Monetary Fund (IMF), IFC, International Labour Organisation (ILO), GPF, Organisation for Economic Co-operation and Development (OECD), State Government Report, Central Bank of Nigeria (CBN) and National Bureau of Statistics of Nigeria (NBS), enabled the identification of relevant materials. Further, to increase the scope of the review, recent publications from the Economist magazine were regularly looking into and reviewed. In sum, the study used endnote bibliographic software to store over 457 filtered, relevant text resources.

The literature search was extensive, involving past and recent materials. In terms of theoretical gaps, peer-reviewed articles and book chapters from management scholarship strongly recommended the study of informal economy research through theoretical underpinning, mostly IT and other theories from other disciplines. Indeed, scholars emphasise the importance of organisational theories from other disciplines, such as psychology, anthropology, sociology and economics to more fully understand entrepreneurship (Ireland et al., 2005; Webb et al., 2013), in particular, informal entrepreneurs' capabilities with financial resources in the informal economy to increase the depth of management scholarship (McGahan, 2012; Webb et al., 2013). This search identifies the Nigerian informal economy as the biggest in Africa (Meagher, 2016b) as well as having the largest number of informal enterprises in sub-Saharan Africa (IFC, 2017). As such, this study considers Nigeria as a proper context to generate new empirical insights and build theory.

As the study reviews relevant papers, this enables the identification of important themes that are aggregated into institutions (formal and informal), financial policy, operational processes, and financial markets. In addition, the researcher's seventeen years of working experience in the financial industry greatly influences the literature search. As a result, the researcher reviews well-cited articles, mostly from management, economics, sociology and policymaking perspectives. Consequently, this procedure facilitated exploring articles' focus, including ideas, methodology, theories, vital comments and conclusions. Accordingly, the discussions of relevant papers were integrated appropriately with management literature discussions on the financial resources of entrepreneurs in the informal economy.

Overall, this literature review Chapter is structured into ten segments. The first segment highlights the introduction, including the literature search discussion. The second segment offers a literature review of the informal economy, including definition and boundary challenges, prevalence and the academic approaches, which enables the selection of relevant theoretical frameworks. In order to frame the research, the third segment presents the theoretical context. Whilst advancing existing empirical insights, the fourth segment reviews the literature on entrepreneurship in the informal economy, highlighting the types of informal entrepreneurs and their processes of business start-up, growth and survival. The fifth segment focuses on research on financial resources in the informal economy. Perhaps more importantly, the sixth segment outlines the literature on access to financial resources for business start-up in the informal economy, whereas the seventh segment reviews the literature on the mobilisation of financial resources for informal economy entrepreneurs' business growth and survival. The eighth segment outlines the conceptual framework showing the fundamental assumptions guiding the research process, and the ninth segment presents a discussion on the research context – Gusau Central Market (GCM). This Chapter concludes by providing a summary of the literature reviewed.

2.2 The Informal Economy in Developed and Developing Economies

Research has documented that informal economies are recognised and patronised by a large section of society (Webb et al., 2013). In different developed and developing country contexts, entrepreneurs whose businesses are conducted primarily in the informal economy bypass existing rules and establish new rules to deliver various products and services (Webb et al., 2014). Indeed, evidence of entrepreneurs' abilities to break the rules and operate informally has been identified going back to at least the fourteenth century, in entrepreneurship in China and across Europe (Acemoglu and Robinson, 2012). This suggests the historical existence of entrepreneurship in the informal economy to deliver goods and services to society.

Whilst informality predates the formal economy, research also shows that because of the need to move from customs and traditions to a more modern economic system, a formal economic system was established (Godfrey, 2015). However, institutions (formal and informal institutions) continue to influence the ways in which entrepreneurs organise and transact their businesses (North, 1990; Scott, 2013). In doing so, informal entrepreneurs operate to bring benefits to society and innovate new ways that have an impact on the performance of

existing and new markets (Webb et al., 2014). Given the significant impact of these informal actors in developed and developing economies, academicians and policymakers strongly emphasise the need for more understanding of informal economic activities.

In the academic world, Lewis (1955) introduced the model of the duality of the formal and informal economies, particularly to distinguish between the modern economies and those in rural areas characterised by underdevelopment. Later, Hart (1973), in development studies, introduced the term informal economy to describe the economic activities taking place in the 'impoverished' location. Subsequently, various scholars from different academic disciplines, such as economics, sociology, economic geography, developmental economy and political economy examined this phenomenon (Meagher, 2013). Likewise, management scholars contributed to the literature to generate a better understanding of the informal economy. For example, Godfrey (2015) argues that management scholarship can be traced to the early works of Bernard in 1938, which highlighted the assembly of informal organisations' exchanges and associations. Hence, this suggests that academics from the field of management were the first scholars to bring the concept of informality into the academic world.

Academic scholars of informal economic activity, policymakers and other practitioners are also developing a keen interest in the impacts of the informal economy on both national and global economic growth. For instance, research shows that the ILO began to focus on the topic of the informal economy in the 1970s (Livingstone, 1991). Similarly, a recent study indicated that the United Nations' affiliate maintains an interest in the informal economy to understand more about global employment trends and the performance of enterprises therein (ILO, 2018). Also, other studies have revealed how various international organisations became increasingly interested in generating a better understanding of the informal economy, including the IMF, OECD and the World Bank (IMF, October 2014; Schneider et al., 2010).

Until now, research shows that governments in developed and developing settings are becoming increasingly interested in studying and understanding the informal economy. More specifically, in developing countries where the persistence of informal economic activity can pose significant fiscal problems for governments, eroding tax revenues required to invest in public services and infrastructure, causes unfair market competition, poor employment status, and renders national economic statistics unreliable (Farazi, 2014; Webb et al., 2014). However,

debates on how to study and understand the informal economy remains an ongoing concern (ILO, 2018).

Past and recent research uncovered that the Informal economy is characterised by wide-ranging heterogeneities and complexities that pose challenges to a unified study and comprehension (De Soto, 1989; Meagher, 2013; Portes et al., 1989). Whilst the literature of informal firms from the field of economics and sociology is well developed (Bruton et al., 2012), management literature focuses more on entrepreneurship from legitimacy and organisational standpoints (Webb et al., 2013; Siqueira et al., 2016). Despite valuable insights, challenges to the definitions and boundaries, prevalence, and the competing theoretical perspectives of the informal economy phenomenon exist (Godfrey, 2011; ILO, 2018).

2.2.1 Definitions and Boundaries

Decades of research have not produced an agreed definition of the informal economy (Godfrey, 2015; Godfrey, 2011; Maloney, 2004). Such a task is complicated by the multiple disciplines involved in studying the informal economy, and differences in how it manifests in different contexts. No doubt, variations in different settings exist as offered in different academic disciplines (see Table 2.1 below, for further detail). In reviewing various works on the informal economy definitions and boundary challenges, Godfrey (2011) argued that they shared commonalities that address the fundamental features of the phenomenon. Nevertheless, those definitions that do exist across disciplines largely exclude criminal activities such as human trafficking, gun-running, cocaine distribution and bank robbery (Webb et al., 2009; Williams and Nadin, 2010). Hence, this is the guiding focus of this research.

Table 2. 1: Informal Economy Definitions

Disciplines	Definitions	Review
Sociology	In regards to the sociological definition widely used in the literature, the informal economy has been defined as " <i>a process of income-generation characterised by one central feature: it is unregulated..., in a legal and social environment in which similar activities are regulated</i> " (Portes et al., p. 12). Afterwards, Portes (1994) also advanced it as the use of processes not entirely legal to produce legal goods, thus, focusing more attention on broader legitimacy issues.	Management scholars argue that the focus in sociology could be complemented with formal economy study (Bruton et al., 2012; McGahan, 2012), as well as by shedding light about the organisational practices of informal firms (Darbi et al., 2016).
Economics	In economics, the focus of informal economy research has often been on the characteristics of informal firms, and the economic activity conducted by registered or unregistered firms hidden from tax systems (La Porta and Shleifer, 2008). Schneider (2015), meanwhile, deploys the term 'shadow economy', his definition of which shares similarities with other economic scholars but does consider household production and the consumption of goods and services.	Even though the economic literature is well developed, scholars argue that the role and determinant of informal actors' strategic choices need to be examined further by management scholars (Bruton et al., 2012).
Policy Studies	(ILO, 2002) describes the informal economy as production and employment in different small enterprises, as well as businesses that are not registered. However, a decade later, ILO (2013) broadened the concept to include those working in the informal economy as employers and employees in informal enterprises. It also recognises self-employed workers, the employed in formal companies without social security protection, and supporting family workers in informal firms, or in the formal firms, or in household activity, as constituting the informal economy.	Over the past years, and from the field of policy studies and informal employment relations, the ILO continues to show serious concerns regarding defining the informal economy. It captures workers and other economic units, such as entrepreneurs, enterprises and households. In addition, individuals in informal business associations were also

	<p>More recently, this UN affiliate defined the informal economy: <i>“as a group of economic units engaged in the production of goods and services, which are not registered under national legislation. They do not constitute a separate legal entity independent of the household owner or of its members that own them, for which no complete sets of accounts (including balance sheets of assets and liabilities) are available”</i> (ILO, 2016, p. 6).</p> <p>Importantly, the ILO’s definition is consistent with the definition as offered in the study Context-Nigeria by the CBN; Federal Office of Statistics of Nigeria (FOS), now NBS; and National Institute for Social and Economic Research of Nigeria (NISER). Under a federal government of Nigeria working definition, the informal economy is referred to as the unregulated process of productions occurring without official regulations, or occurring under official regulations but remain undisclosed (CBN/FOS/NISER, 2001).</p>	<p>incorporated as constitutive of such economy (see ILO, 2018; 2002). Finally, ILO guidance includes the need for a better understanding and development of Micro, Small & Medium Enterprises (MSMEs) in the informal economy via access to financial resources.</p>
Management	<p>In contrast to sociology and economics, management literature generally accentuates the legitimacy of the informal economy and defined the term most popularly as unregulated economic activities occurring outside the purview of business regulations, but characterised by the legal production of goods and services (Webb et al., 2013; Webb et al., 2009; Williams and Nadin, 2010). Hence, this is the reason for adopting the management literature definition in the study background section 1.2.</p>	<p>Whilst management scholars portray the positive aspects of informal economic activity, scholars such as Godfrey (2011) argue that management scholarship can learn a lot if the role of cognitive and normative structures is properly incorporated in to an understanding of the informal economy.</p>

Drawing from the definition and boundary discussions in different disciplines in Table 2.1 above, scholars and practitioners suggest that in improving definitional clarity as well as an understanding of the phenomenon, research needs to take an interdisciplinary approach that covers sociology, economics, policy studies and management. More specifically, such further studies need to capture an understanding of informal economic activity with the formal economy (Bruton et al., 2012; McGahan, 2012), the organisational practices of informal entrepreneurs (Darbi et al., 2018), as well as the informal actors' strategic choices (Bruton et al., 2012).

Moreover, there is the need to understand informal economy relationships with business associations as well as informal enterprises' growth and development via access to finance (ILO, 2018). Indeed, examining the cognitive and normative pillars of institutions in addition to regulative elements (Godfrey, 2011), and the context of business operations (CBN/FOS/NISER, 2001; Welter et al., 2015), are all fundamental to the development of informal economy literature in the field of management literature (McGahan, 2012). Consequently, from the management literature, this research embraces these scholarly suggestions. More specifically, it adopts the theoretical perspectives of institutional and resource-based theories to explore how entrepreneurs in the informal economy access and mobilise financial resources in an emerging economy context. However, understanding the informal economic activities' level remains a challenge among scholars, as inextricable relationships exist with the formal economy (ILO, 2018; Williams et al., 2016b).

2.2.1.1 The level of Informal Economic Activities

Flourishing informal economy studies in developing economies continue to recognise the continuum of informality rather than dichotomous as previously thought (De Castro, 2014; Godfrey; 2011). Examining the informal economy in Pakistan, Williams et al., (2016b) argue that the fundamental determining factors of level of informal economy entrepreneurship, totally or partially informal, is influenced by the characteristics of the entrepreneurs and enterprise, such as the age of owner, education, income, operating sector and firms' age. Rather than only motivations and wider institutional environments by strongly recognising the poly-centricity of informal entrepreneurship with the formal economy in a developing economy.

Nevertheless, in the Dominican Republic, De Castro et al. (2014) support the intimate nature of informal and formal entrepreneurship but acknowledge the combined influence of formal and informal institutional environments on the performance of informal economic activities along a multidimensional continuum. Furthermore, and in more recent research within an urban context, Sutter et al., (2017) unveil the integrative influence of formal regulatory settings as well as normative and cognitive components as affecting the transitions of informal entrepreneurs from informal to formal markets and vice-versa.

Overall, the above review indicates the multiplicity of different factors affecting the level of informality of informal entrepreneurs, which suggests the importance of institutions and operating characteristics in a given context. Hence, this research adopts an institutional theory and resource orchestration perspectives. More specifically, to deliver a better understanding of the entrepreneurs in the informal economy and their financial resources in a tightly bound relationship between the informal and formal economy in a context. This consideration is to advance insights on the influence of institutions (formal and informal institutions) as well as the process of access to financial resources in terms of strategy, characteristics of informal entrepreneurs and the stage of development of informal ventures. However, contrasting figures exist regarding the prevalence of the informal economy. For that reason, the next section reviews work on informal economy prevalence.

2.2.2 The Prevalence of the Informal Economy

Gaining accurate information about informal economic activity, whether in developed and developing countries, is a difficult task because of data challenges (Schneider, 2015, IMF, 2014). Whilst recognising this difficulty, estimates using the World Bank's Gross Domestic Product (GDP) figures suggest that the average size of the informal economy of 160 countries shrank marginally between 1999-2007 from 34.0 per cent to 31.2 per cent (Schneider, 2015). Recently, a decline figure of 6.8 percentage points was reported (Medina and Schneider, 2019). However, despite this slight decline, past and recent figures raise questions on the reliability of these drops. For example, in the past, research identified that around the world, approximately 1.8 billion people work in informal employment against 1.2 billion, in official jobs (Jütting and Laiglesia, 2009). Indeed, newly released statistics indicate that 2 billion people work in the informal economy (ILO, 2018). Undoubtedly, the UN affiliate figures suggest that the informal economy is present and persistent globally.

Additionally, previous statistics (ILO (2002) show that informal employment constitutes 72 per cent of employment in sub-Saharan Africa, 48 per cent in North Africa, 51 per cent in Latin America, and 65 per cent in Asia. However, today informal employment makes up 89.2 per cent of such employment in sub-Saharan Africa, 68.2 per cent in Asia and Pacific, 53.1 per cent in Latin America and the Caribbean, and 68.6 per cent in the Arab States (ILO, 2018). Research has also found that even developed economies have informal economic activity, which represents around 10-20 per cent of their GDP (Schneider et al., 2010). Even more recently, ILO (2018) shows that informal employment represents between 13-25 per cent of all jobs in developed countries.

Despite debates on the definition and boundary of the informal economy, its prevalence in developing economies is not showing signs of receding sharply; rather, it is persisting and expanding. In this way, the informal economy requires further study and understanding. In order to better understand informal economic activities, different competing explanations of the informal economy exist, particularly so from an entrepreneurship view (Godfrey, 2011; Williams and Kedir, 2018b), that has played a dominant role in such studies (Darbi et al., 2018). For that reason, the next section reviews the competing theoretical perspectives in the study of the informal economy to indicate and validate the associate connection with this research.

2.2.3 Academic Approaches to Understanding the Informal Economy

Drawing from different distinctive disciplines, four schools of thought are known to explain the informal economy, particularly entrepreneurship in the informal economy. These are: Dualist, Structuralist, Poststructuralist, and Legalist (Godfrey, 2011; Williams and Kedir, 2018b; Williams and Nadin, 2010).

Dualist: Proponents of the dualist school developed it out of the conceptual idea of dualistic economic activity, comprising formal and informal activities (Gilbert, 1998; Lewis, 1955; La Porta and Shleifer, 2008). Proponents stress that informal economic activity occurs largely in the rural areas commonly characterised by poor, dilapidated and traditional economic structures, in contrast to formal activity which is found in urban areas and associated with the lack of modern economic development. Whilst this dualistic perspective and model was insightful and laid the foundation for further research, it is also incomplete and unable to provide an adequate explanation for the perseverance and growth of the informal economy

in modern settings (De Soto, 2006; Godfrey, 2011). The assumption of this approach as occurring in rural areas renders its sole adoption unsuitable here.

Structuralist: In the study of informality, the structuralist school stresses the connections between formal and informal economies. They argue that the informal economy is characterised by insecure jobs, low informal wages, and low productivity due to the exploitative role of the formal economy (Portes et al., 1989; Portes, 1994). Indeed, the structuralist school depicts informality as a survival strategy due to necessity and exploitation (Chen et al., 2016; Williams and Nadin, 2010). Nevertheless, its sole adoption in this research is unsuitable because evidence indicates healthy relationships between formal and informal firms can exist (Chen et al., 2016; Holt and Littlewood, 2014; Webb et al., 2013). Furthermore, other scholars from this school view informality from a less radical perspective, with its function and combination of the role of traditional and social systems embedded in the act of establishing strong economic ties (Portes et al., 1989; Portes and Sensenbrenner, 1993). Indeed, the school laid down an essential framework for understanding informal entrepreneurship as a survival practice.

Poststructuralist: The poststructuralist perspective focuses on informal entrepreneurs as primarily social actors (Round et al., 2008; Whitson, 2007). It comprises families, friends, and neighbours, which in contrast to other perspectives, informal actors' departure from the formal economy was explained regarding voluntary exit and marginalisation respectively. The poststructuralist school stresses that it is allegiance to roots and close ties, which encourage informality not necessary for monetary value, but for social equality or social identity (Biles, 2009; Meagher, 2015; Williams, 2004). Even though it has a narrow focus on the social relation, evidence indicates it is relevant in Navajo community (US) and northern Nigeria, where allegiance to roots and little concerns for profit maximisation influence informal economic activity (see Godfrey, 2011; Meagher, 2015). Hence, the consideration of this school to understand informal entrepreneurship as inclusive of traditional activities.

Legalist: The legalist perspective includes the neo-liberal, political economy and institutional approaches (See Godfrey, 2011; Williams and Kedir, 2018b). This school developed the idea that informality occurs voluntarily out of the need to overcome constraints in institutional arrangements such as laws, regulations and their supporting mechanisms as well as norms, values and beliefs (De Soto, 1989; Webb et al., 2014; Webb et al., 2009). Under this

perspective, it is individuals' free choice to participate in the informal economy, and the legalist school draws upon the notion of costs, time, policy, bureaucracy and benefit maximisation to explain informal economic activity (Webb et al., 2013). The legalist discussion of informal economy entrepreneurship is aligned with that of neo-liberal, political-economic and institutional perspectives. Largely, this school views formal and informal institutional imperfections as boosting informal entrepreneurial activities in developing countries (De Soto, 2000; De Soto, 2006; Schneider et al., 2010), whilst little research incorporates cognitive elements and market interactions in the study of informal entrepreneurship. Accordingly, to frame this research, this study focuses more on the legalist school for the following reasons.

First, the works of Webb et al. (2014; 2013; 2009) and Webb & Ireland (2015) play an important leading role in understanding the conceptualisation of entrepreneurship in the informal economy. Besides drawing from the ideas of economists, sociologists and psychologists, they suggest IT and other resources theories to improve theoretical understandings of the informal economy. Indeed, the legalists discuss formal institutional imperfections (*voids, weaknesses, instabilities, inefficiencies and uncertainties*) and *informal institutional adjustments* (the application of collective beliefs, social norms and values in response to formal institutional imperfection) (Webb & Ireland, 2015, p. 23), as dictating the rules of the game. Despite valuable insights, the sole focus on institutional imperfections, such as institutional voids, tends to deliver a limited understanding of the phenomenon in developing economies (Godfrey, 2011; Williams et al., 2016a).

Emerging informal entrepreneurship studies in developing economies underline the relevance of institutional incongruence conceptualisation (Webb et al., 2009) – discrepancies between formal and informal institutions as a comprehensive theoretical view to better understand informal economy entrepreneurship (Fredström et al., 2020; Williams et al., 2015; Williams and Kedir, 2018b), especially institutional asymmetry influences on informal entrepreneurship processes of business formation, growth and survival with financial resources to contribute to theory and practice (Webb et al., 2013). Indeed, distinctive differences between entrepreneurs in the developed and developing economies in terms of their institutional arrangements and market structures still subsist (Mair et al., 2012; Williams, 2008). Evidence indicates that in developing economies informal entrepreneurship is being considered as a birthplace of entrepreneurs (Jütting and Laiglesia, 2009). As such, it is

fundamental to understand how they organise and manage financial resources in an asymmetric institutional setting.

Second, Small and Medium Enterprises (SMEs) finance studies highlight the significance of institutions in developing country contexts to understand informal entrepreneurship processes with financial resources (Beck et al., 2013; Beck and Demirguc-Kunt, 2006). More specifically, this is to understand how the huge and expanding informal entrepreneurs in such contexts access and use of financial resources for business start-up, growth and survival (Godfrey, 2015; ILO, 2018). Although the legalist perspective stresses that extant research on how informal entrepreneurs organise, manage and grow their ventures remains limited (Webb and Ireland, 2015), debate still exists in financial studies on the relative importance of formal and informal institutions' influence on small enterprises in terms of access and use of finance for growth and development (Beck et al., 2015). With these limited theoretical insights, it is unsurprising why management scholars strongly call for more finely grained delineations of the financial resources of entrepreneurs in the informal economy (Webb et al., 2013).

Importantly, since focusing on formal and informal institutional imperfections only offers a limited understanding of informal entrepreneurship, the legalists and other emerging academic research emphasise the need to better understand the asymmetry between formal and informal institutions in developing economies (Fredström et al., 2020; Williams and Vorley, 2015) and its influences on the financial resources of informal entrepreneurs therein (Webb et al., 2013). For that reason, the next section reviews the theoretical frameworks, explicitly focusing on how informal entrepreneurs access and mobilise financial resources for business start-up, growth and survival.

2.3 Theoretical Context

In terms of theoretical gaps, and the peer-reviewed journal articles, book chapters and policy papers, scholars strongly recommend the subsequent study of informal economy entrepreneurship through theoretical underpinning (Godfrey, 2015; Ketchen et al., 2014; ILO, 2018). In order to avert delivering fragmented and inconsistent research, scholars have recommended that theories from other disciplines, such as IT and Resource-Based Theory (RBT), are relevant in explaining informal economic activity (Darbi et al., 2018; McGahan, 2012; Webb et al., 2013). More broadly, the diversity of informal entrepreneurs' access and

mobilisation of financial resources still presents many challenges to academicians and policymakers (see Godfrey, 2011; ILO, 2018).

To this point, challenges still remain in generating coherent understandings of informal entrepreneurship and finance despite the existence of research to increase our knowledge and build theoretical narratives from emerging economy contexts (De Castro et al., 2014; Mair and Marti, 2009; Siqueira et al., 2016). The business performance of informal entrepreneurs with financial resources in such contexts remains difficult to understand, as such resources are unreported to regulators (Farazi, 2014), and are small and unstable (Collins et al., 2009). Until now, scholars suggest that linkage with a systematic base of knowledge to explain the informal economy remains very limited from informal entrepreneurship and financial resources (Godfrey, 2015; Webb et al., 2013). These authors are calling for the application of theory to explore this phenomenon in emerging economy contexts.

To answer scholars' calls (Godfrey, 2015; Ireland et al., 2005; Mair and Marti, 2009; McGahan, 2012; Sirmon et al., 2011), this research considers IT and resources orchestration framework as lenses. Principally, IT deals with the structures influencing the access and mobilisation of financial resources by informal entrepreneurs to perform their business activities (Webb et al., 2013). The resource orchestration framework complements IT by explaining the processes of the management of financial resources in the informal economy (see Sirmon et al., 2007; Sirmon et al., 2011). These authors argue that IT explains the structures influencing entrepreneurial tactics, such as actions taken by informal entrepreneurs at different hierarchical levels with financial resources.

In knowledge generation, for example, scholars emphasise the need for theory in empirical research grounded in an epistemological base to help explain a phenomenon, and following this, establishes a link between them (Ireland et al., 2005), particularly the entrepreneurship field, where greater rigour and relevance can be accomplished by giving consideration to the context of the entrepreneurial phenomenon (Zahra et al., 2014). From the study background section in Chapter 1.2, the context of the study appears as an appropriate venue for theoretical building from the perspective of informal entrepreneurship and financial resources. This idea links with a moderate constructionist paradigm that supports knowledge generation from a context (Elder-Vass, 2012; Järvensivu and Törnroos, 2010; Van Den Belt, 2003) (see section 2.4, research methodology).

Although little is known about informal actors' capabilities with financial resources (Darbi et al., 2018), the literature extensively examines their motivations and institutions (see Welter and Smallbone, 2011; Williams et al., 2015). Despite significant contributions, this focus is inadequate to provide the needed understanding of informality due to how the informal economy manifests in different contexts with distinct institutions and markets (Godfrey, 2015). Thus, this serves to highlight the relevance of the integrated theoretical perspectives to advance more finer-grained delineations of financial resources in the informal economy (Webb et al., 2013).

Overall, it is imperative that both academicians and practitioners consider informal entrepreneurs' access and mobilisation of financial resources as another avenue to a robust understanding of informality via a robust theoretical framework. Benefits include theoretical advancement, increased academic comprehension and practical improvements. To the best of the researcher's knowledge, no such efforts in the literature combine IT and resource orchestration framework to understand informal entrepreneurs and financial resources in detail. Consequently, the context of the study and experiences of informal entrepreneurs provides the foundation to theorise on the access and mobilisation of financial resources in the informal economy. Critically, this permits the research to establish interrelationships between informal entrepreneurs and access to financial resources for business start-up, and mobilisation for business growth and survival. The next part discusses why the IT and RBT perspectives are relevant and suitable theories underpinning this research.

2.3.1 Institutional Theory (IT)

IT assumes that regulations, norms and behaviours shape informal entrepreneurs, as individuals/managers, business performances (Scott, 2013). Drawing from the ideas of early and new institutional theorists in the field of economics, political science and sociology, Scott (2013, p. 56) crafted three pillars of institutions, namely regulative, normative and cultural-cognitive components, suggesting that these components interact with related activities, including financial resources, to stabilise and produce meaning to life socially. Since the informal economy is a socially constructed behaviour influenced by normative and regulative structures (Webb and Ireland, 2015), this research adopts these three prescribed components to explain informal economy entrepreneurship and finance in an impoverished context of an emerging economy (Mair and Marti, 2009; Sutter et al., 2017).

Consequently, by adopting this institutional perspective, the following discussion is structured into three parts to rationalise the theoretical consideration. The first part discusses three institutional elements as well as how they inform this research. The second highlights the notion of institutional asymmetry, as it influences the processes of the financial resources of entrepreneurs in the informal economy. The third part discusses the preference of the sociological viewpoints over the institutional economist (North, 1990), as well as the need for an additional framework to complement IT.

2.3.1.1 Regulatory Element

First, drawing from the works of these scholars (DiMaggio and Powell, 1983; North, 1990), Scott (2013) postulates the regulative concept consisting of institutions – formal and informal, which formulate the rules, laws and sanctions that shape future behaviours. This regulatory concept constitutes formal regulative rules, laws and sanctions, as regulating informal entrepreneurs' access and mobilisation of financial resources for business start-up, growth and survival. For example, fiscal and monetary policies on inflation as well as government financing schemes, clerical sermons, traditional leaders, financial markets, other market infrastructures and politics (see McKinnon, 1973; Tong et al., 2020).

2.3.1.2 Normative Element

Second, the normative element comprises both values and norms that define standard behaviours and legitimate ways of pursuing them (Scott, 2013). In this study, it relates to finance provision by families, friends, philanthropies, group lending values and norms. It also covers religious restrictions as well as the role of local history and traditions regarding access and mobilisation of financial resources in the informal economy (Arestis and Stein, 2005).

2.3.1.3 Cultural-Cognitive Element

Drawing from behavioural studies, Scott (2013) argues that the main unique component in this new institutional theorist postulate is the cultural-cognitive element. This pillar pertains to the shared idealisations of social reality as an outcome of subjective perceptions of it by the social actors. In the literature, it is clear that the operational aspects of the informal entrepreneur in relation to the financial resource are strongly affected by individual cognitive behaviours (Karlan and Morduch, 2009). Financial risk perceptions, financial literacy, modernisations, labour division, and behaviours due to variations in seasonal conditions affecting market performance, fall within the purview of this pillar. Consequently, this

research considered the sociological view of institutions, as it allows for in-depth analysis between institutions and shared beliefs of individual informal entrepreneurs with finance. Hence, the next section discusses the relevance of the perspective of institutional asymmetry to build an IT view and entrepreneurship from another context.

2.3.2 Institutional Asymmetry

In examining entrepreneurship in the informal economy, scholars have deployed institutional perspectives to explain participation in such an economy (Webb et al., 2019; Williams et al., 2015; Williams et al., 2016b). In particular, the concept of institutional incongruence to understand growing and persisting informal economic activity after Webb et al. (2009). Other scholars used the term institutional asymmetry for such understandings (Williams and Vorley, 2015), and even integrate case studies from America, Asia and Europe (Williams et al., 2017). By and large, institutional incongruence arises where there is an asymmetry between formal institutions (regulative realms) and informal institutions (normative and cognitive realms).

Whilst scholars begin to examine these relationships from the micro-level (Littlewood et al., 2018; Sutter et al., 2017), few studies exist on the relationships between institutional asymmetry and the financial resources of entrepreneurs in the informal economy (Godfrey, 2015). Particularly, the creation, growth and survival of informal entrepreneurs' businesses in relation to financial resources in sub-Saharan Africa, as more finely grained profiling is needed in the management literature (Darbi et al., 2018). Hence, there is the need to advance how institutional asymmetry between formal regulative and informal normative as well as cognitive elements, intermingle to shape informal entrepreneurs' access and mobilisation of financial resources for business start-up, growth and survival.

Through cultural systems, Scott (2013) argues that social actors configure and reconfigure their individual beliefs. For example, the configuration and modification of informal financial services, such as regular patronage of Rotating Savings and Credits Associations (ROSCAs) and Accumulating Savings and Credits Associations (ASCAs) services, as individual beliefs regularly shaped by culture. However, adopting an institutional economist view tends to render a limited understanding of informal entrepreneurship (North, 1990), where values, norms and shared individual behaviours are taken into consideration by informal actors, despite the benefits and opportunities in a market (Sutter et al., 2017). Hence, the adoption of

sociological viewpoints to capture the political, sociocultural, behavioural and market interactions embedded in regulative, normative and cultural-cognitive elements.

Despite the enormous potentialities of IT, it has been criticised as too broad and inactive (see Lounsbury and Crumley, 2007; Mair and Marti, 2009). Concerning agency and institutions debates, for example, Fligstein (2001) highlights the relevance of new IT to capture structures and actions. Yet, this scholar from sociology developed the concept of social skills to address the agency problem but acknowledges much is needed to move the theoretical debates forward, despite the existence of work on institutional entrepreneurship highlighting the ironies of embedded agency (DiMaggio, 1998; Greenwood and Suddaby, 2006). Thus, this indicates the need for more research on the conception of institutions. However, this research aligns with Scott's (2013, p. 95) arguments that agency is a product of institutional and social structures. As such, the sole focus on such structures tends to leave gaps in understanding informal actors' abilities regarding financial resources.

Therefore, to expand our theoretical understanding of informal entrepreneurship and financial resources, a deeper engagement with the uneven and micro-processes (Darbi et al., 2018; McGahan, 2012; Ketchen et al., 2014) that result in the creation, growth and survival of informal entrepreneurs' ventures, is required. In particular, engagement with how the users of financial resources and their processes unfold is critical to the development of entrepreneurship literature in emerging economies (Bruton et al., 2011). This explains the consideration of resource orchestration framework as complementing IT.

2.3.3 Resource Orchestration Framework (RO)

Instituted in RBT and dynamic capabilities' works (see Barney, 1991; Teece et al., 1997), RO suggests the orchestration of resources by informal entrepreneurs, as the individual owners/managers of their business (Williams and Nadin, 2010), to achieve value and competitive advantage (Sirmon et al., 2011). Drawing from the integration of resource management and asset orchestration, RO focuses on structuring, bundling and leveraging resources as well as the search/selection and configuration/deployment of assets (Helfat et al., 2007; Sirmon et al., 2007).

Interestingly, the theoretical framework grounded in RBT possesses strong relevance to the development of entrepreneurship (Ireland et al., 2005), particularly to understanding

informal entrepreneurs and financial resources (Godfrey, 2015; McGahan, 2012). In terms of application, research has applied an RBT perspective to shed light on SME finance for business survival and growth in the African context (Alemayehu and Van Vuuren, 2017). These authors underline the need to better understand the resources of African SMEs. More specifically, how business owners' strategies with financial resources interact with their operating environment that leads to growth outcomes. Accordingly, this research espouses the RO as a framework to complement IT, and the following discussion justifies its adoption. The discussion starts by highlighting the processes in resource orchestration as well as how they inform this research.

According to Sirmon et al. (2011), to understand individual business owners' abilities to manage their business resources, they combine resource management and asset orchestration to form a resource orchestration framework. These authors stress that such owners/managers' capabilities with resources is the most underdeveloped area in resources-based logic because of a limited understanding of the resource processes they manage (Barney and Arkan, 2001; Kraaijenbrink et al., 2010). Drawing from resource-based research, Sirmon et al. (2011) further develop the concepts of *breadth*, *life cycle* and *depth* to expand our understandings of firm processes in managing resources. This is especially relevant for informal entrepreneurs access and mobilisation of financial resources in the context of an emerging economy (Webb et al., 2013).

Thus, to deliver a more theoretical understanding of the management of resources by businesses, the resource orchestration framework consists of three processes and sub-processes of structuring financial resources (*acquiring, accumulation and divesting*), bundling (*stabilising, enriching, and pioneering*), and leveraging (*mobilising, coordinating and configuration*). Drawing from this framework, the structuring concept pertains to the process of access to finance for business start-up, bundling relates to the utilisation of existing financial resources, whilst leveraging pertains to the mobilisation of such resources for business growth and survival. It also consists of the asset orchestrations processes, which relates to the diversification of financial resources.

Indeed, Sirmon et al. (2011) also argue that these interrelated processes occur under the influence of institutional arrangements. For example, even financial economist scholars from

the World Bank found strong associations between institutional contexts and SMEs processes of access and use of finance (Beck & Demirguc-Kunt, 2006, p. 2941). Consequently, the next section discusses the three components of RO.

Breadth: To expand the theory, RO yields the development of firms' *'breadth'*, which refers to informal entrepreneurs' financial strategies, diversification and competition strategies. It is drawn here to focus on diversification strategies, other financial strategies and competitive rivalries in relation to the acquisition and use of finance for business start-up, growth and survival. For example, scholars have unveiled how informal entrepreneurs use financial leveraging strategies to engage in international trade (Meagher, 1990), as well as diversifying and creating unfair competition in the market by interrelating with formal firms (Meagher, 2013).

Life Cycle: RO also yields the *'life cycle'* components describing the patterns and stages of business development. It is drawn here to shed light on the financing patterns of informal entrepreneurs' businesses from the start-up to decline stage. For example, previous research highlights the financing patterns of microenterprises in developing economies (Liedholm, 1989; Mead and Liedholm, 1998). It further highlights the financial evolution of such enterprises from the start-up to growth stage phenomenologically in the manufacturing business sector.

Depth: The RO produces the *'depth'* concept drawn from the work of Floyd and Lane (2000), which differentiates resources management abilities among the top, middle and down to the level of individual managers. It is drawn here to shed light on the Top-Performing (TP), Constrained Gazelles (CG), traditionalist and survivalist informal entrepreneurs' access and use of financial resources. For example, a study on the categorisation of informal entrepreneurs in developing economies describes the occurrence of such processes in three groups (Grimm et al., 2012), but an in-depth study is required, especially related to access and use of finance. Consequently, RO logics are drawn concurrently with IT to expand our understanding of the relationship between informal entrepreneurial activities and financial resources as recommended for future empirical research (Sirmon et al., 2011, p. 1407).

In theories integration, the need for research to adhere to relevant practices in management research was highlighted by Mayer and Sparrowe (2013). For example, one phenomenon, informal economy, with apparently disparate theoretical viewpoints. This circumstance entails bringing two distinctive theories with implied assumptions that complement each other. Resultantly, this research considered IT because it explains the institutional elements shaping the access and use of financial resources in the informal economy, whilst the RO framework focuses on advancing deep insights on the processes of access and mobilisation of financial resources in the informal economy.

Thus far, studies highlighting an understanding entrepreneurship and financial resources in developing economies is regarded as one of the approaches to gain richer insights into informal economy entrepreneurship (ILO, 2018; Siqueira et al., 2016; Webb et al., 2013). Operating with unregistered status, informal entrepreneurs access and mobilise finance for business expansion and persistence that creates two-thirds of jobs globally. However, business formation, growth and survival are key elements of the entrepreneurship process in delivering a better understanding of small entrepreneurs and their financial resources (Mead and Liedholm, 1998; Phillips and Kirchhoff, 1989). Until now, evidence shows that little is known about informal entrepreneurship and the processes of using financial resources for their businesses performance (Webb et al., 2013). Hence, the empirical focus of this research is to identify knowledge gaps and generate novel theoretical insights in a developing economy.

Consequently, the next section provides an overview of entrepreneurship in the informal economy in the literature. The review starts by discussing the types of informal entrepreneurs as well as their entrepreneurial process of venture start-up, growth and survival. It also includes discussion on women entrepreneurs and youth entrepreneurs, as they constitute some of the major players in the informal economy. The section ends with the literature discussion on small business finance to add relevance and rigour to such review.

2.4 Entrepreneurship in the Informal Economy

Studies emphasise the critical importance of understanding entrepreneurship in the informal economy in the field of management (McGahan, 2012; Welter et al., 2015). Indeed, to this day, informal entrepreneurial activities can be found across all economic sectors (Webb et al., 2013), including but not limited to wholesale and retailing, manufacturing, construction, and

import/export, and agriculture in developing economies (Grimm et al., 2012; Livingstone, 1991). However, research has shown the difficulty of demarcating formal/informal institutional boundaries and heterogeneities in entrepreneurial activities in developing economies (Holt and Littlewood, 2014; Williams and Shahid, 2014).

Despite this limitation, in West Africa in which the setting of this study is located, scholars categorise informal entrepreneurs into three groups, namely survivalist, constrained gazelles (CG) and top-performing (TP) entrepreneurs (see Grimm et al., 2012). Nonetheless, to promote a better understanding of the informal economy, studies highlight the relevance and uniqueness of traditionalist entrepreneurial activities in addition to the other three groups (see Godfrey, 2011; Meagher, 2015). These traditionalist economic activities are highly intertwined with local values and norms-based logic. As such, the next section reviews the literature on types of informal entrepreneurial activity and their interrelationships.

2.4.1 Types of Informal Entrepreneurs and Interrelationships

In order to improve our understanding of different segments of informal economy entrepreneurs, academic literature mainly focuses on survivalists and TP entrepreneurs in an urban context. However, in addition to TPs and survivalists, a study of the informal economy in less dynamic cities of West Africa countries identifies and discusses CGs category (Grimm et al., 2012). These authors use social demographic, structural, and behavioural characteristics to precisely understand and target informal entrepreneurs for better theorisation and informal sector reforms.

Still, the literature indicates that neglecting the detailed analysis of traditionalists offers limited insights into informal entrepreneurship and finance usage. For example, Godfrey (2011, p. 250) discusses traditionalist entrepreneurial activities as values-based subsistence businesses with little profit considerations and more focus on ethical norms and religion in a Navajo setting of North America. In northern Nigeria, however, Meagher (2015, p. 844) suggests that these indigenous business practices are not only subsistence businesses. They can generate profitable business investments, but they are deeply infused with tradition-based practices. Thus, these studies' examination signifies the need for further study.

As earlier mentioned, Grimm et al. (2012) extend the existing discussion of informal entrepreneur types in the literature, namely TPs and Survivalists (see Mead and Liedholm,

1998; Nichter and Goldmark, 2009). They argued for the presence of the CG entrepreneurs in the urban informal economy. However, they contend that each type of informal entrepreneur requires distinct target approaches in entrepreneurship development and poverty alleviation. For instance, the top-performing entrepreneurial activities are associated with entrepreneurial and management skills, high capital requirements, and strong entry barriers. They are mostly operating inside retail shops, but they require a growth-oriented approach in improving their business performances.

Similarly, with the potential to constitute 20 to 35 per cent of informal entrepreneurs in West African cities, the CG entrepreneurs exhibit the TPs' entrepreneurial skills and behaviours. However, CGs operate with little capital stock and are more constrained by external factors, such as access to capital, business locations and productive infrastructures than TPs. In contrast to all entrepreneurs, Grimm et al. (2012) further stress that survivalists face serious external environmental constraints and have little education and entrepreneurial skills for business growth and survival. Indeed, research suggests that survivalists rely more on social capital to survive (Getahun Fenta and Francesca, 2014). Thus, survivalists require an approach that focuses on increasing employment and reducing poverty.

On the other hand, to further expand our understanding of informal entrepreneurs' heterogeneity, research supports that traditionalist entrepreneurs still remain prevalent in developing economies. For example, research supports that traditionalists do not only have entrepreneurial skills, but their businesses have capital-based barriers to entry and higher profit potentials than the survivalists (Meagher, 2015). This author further suggests that they are also affected by external environmental constraints like the CGs and survivalists. However, evidence suggests that traditionalists' business operations are guided more by ethical norms and identity promotions than only financial incentives (see Biles, 2009; Godfrey, 2011). Until now, little discussion exists on how to understand and target traditionalist entrepreneurs in the literature.

Therefore, to expand debates and aid precise understanding of informal entrepreneurs by theorists and practitioners in relation to financial resources, this study considers the integration of Traditionalists with TPs/CGs/Survivalists typology to advance and build new knowledge of entrepreneurship in the informal economy.

Thus far, informal entrepreneurship had been studied from a number of perspectives. These include through the lenses of illegality (Fadahunsi and Rosa, 2002), legitimacy (De Soto, 1989; Webb et al., 2009; Webb et al., 2013), and institutional perspectives (Kistruck et al., 2011; Webb et al., 2019), such as institutional imperfections (Webb and Ireland, 2015), and institutional incongruence (Fredström et al., 2020; Littlewood et al., 2018). Other studies have examined start-up and growth (Williams et al., 2016a) in informal ventures, and their survival (Portes and Sensenbrenner, 1993). Other research studies have reviewed the resources and capabilities of enterprises in the informal economy (Godfrey, 2014; Holt and Littlewood, 2014; London and Hart, 2004).

Despite these valuable insights, there remain numerous research questions and areas for future enquiry in relation to entrepreneurship in the informal economy. In particular, knowledge of how informal entrepreneurs plan, organise and transact remains incomplete (Webb and Ireland, 2015). A unitary focus on institutions whilst examining financial resources in the informal economy tends to shed light on just one side of a coin (Darbi et al., 2018; Mair and Marti, 2009). We still know relatively little about how different types of entrepreneurs in the informal economy access and mobilise financial resources for business start-up, growth and survival. Hence, the need to better understand these informal entrepreneurship processes with financial resources.

2.4.2 Informal Entrepreneurship Process

Until now, studies discussing the stages of entrepreneurial process include alertness to start a venture, as well as recognition and exploitation of opportunities to grow and survive (Shane and Venkataraman, 2000; Webb et al., 2009). However, research shows that to start a venture, small entrepreneurs, whether formal or informal, have never had it so good at start-up, because they are not on the radar of formal regulators (Cassar, 2004). Beyond information problems, in developing countries informal entrepreneurs are confronted with many institutional and varied resource constraints problems (Webb et al., 2013). As such, the next section reviews the literature on their processes of business start-up, growth and survival.

2.4.2.1 Process of start-up

Current research suggests that there are benefits to informal enterprises starting unregistered because of the need to increase annual sales as well as meeting growth objectives by overcoming institutional imperfections (Williams et al., 2016a). Additionally,

other studies argue that informal entrepreneurs' start-ups are greatly influenced by the extreme resource constraints of operating environments. For example, in one study, Gulyani and Talukdar (2010) stress that in Nairobi, informal entrepreneurs' living environments, resources and operating sectors are relevant in terms of describing performance. Another study, for example Linna (2013), argues that the severe resource-constrained context of emerging economies facilitates the development of innovation and creativity on the part of informal entrepreneurs to start a new venture. Moreover, Welter et al. (2015) suggest that there are profit and social motive influences on informal entrepreneurial activities at the start-up stage.

Fundamentally, from these interesting narratives, it is clear that institutions and severe resource constraints shape the motivations of informal entrepreneurs to recognise and exploit opportunities for business start-up (Webb et al., 2013). However, whilst existing research discussions of the informal economy focus more on generic resources, few studies examine how financial resources are accessed by informal entrepreneurs for business start-up, as part of their business development (Godfrey, 2015). It is, therefore, imperative to investigate and understand how these processes occur. It can be argued that informal entrepreneurs' decisions to access different financial resources for start-up have critical implications for subsequent business operations, such as growth and survival (Cassar, 2004).

2.4.2.2 Process of Growth and Survival

As informal entrepreneurs operate and remain legitimate for a significant portion of society (Webb et al., 2013), it is highly likely that these entrepreneurs continue to capitalise on the legitimacy they possess as a resource for growth and survival. As they operate outside formal institutional boundaries, evidence shows that these entrepreneurs face many resource constraints, including access to formal financial services but not from informal financial sources (Beck and Demirguc-Kunt, 2006). Studies suggest that informal entrepreneurs' ventures not only grow and survive but also pose unfair competition to formal entrepreneurs, primarily via using different strategies in the emerging market economies in several ways.

In one study, for example, Livingstone (1991) argues that informal entrepreneurs agglomerate in one geographical location and seem to enjoy economies of scale that allow them to expand and persist. Similarly, in another study, Chen et al. (2016) discuss how informal entrepreneurs and formal firms link up in subcontracting and complex relationships

to monopolise the market for particular products and services. Moreover, other studies identify the use of family and friends, moneylenders, internal sources and asset stocking to finance growth and survival activities (Aryeetey and Udry, 1997; Webb et al., 2013). Likewise, on examining informal entrepreneurship and industry conditions in Brazil, scholars argue that the geographical concentration of formal firms reduces the likelihood of informal entrepreneurs to thrive but the dynamic, functional characteristics of today's market uncertainties allow these actors to grow and survive (Siqueira et al., 2016), including surviving and exhibiting resilience in extreme security conditions, such as terrorism and other related activities in developing nations (Branzei and Abdelnour, 2010).

From these studies, a myriad of factors influences the growth and survival of informal entrepreneurs' ventures from one context to another. Conducting business with a high level of legitimacy in their operating locations facilitates informal entrepreneurs' business expansion and persistence (Webb et al., 2014; Webb et al., 2013). How do these informal entrepreneurs mobilise different resources, particularly financial resources, for growth and survival in developing nations? This is a question insufficiently addressed in the literature (Godfrey, 2015; Webb and Ireland, 2015). However, the importance of women and youth in informal entrepreneurial activity is receiving academic and policy attention, particularly in developing economies (Williams and Kedir, 2018a; Meagher, 2015; World bank, 2014). Thus, the next section examines their literature discussion as they operate more in the informal economy

2.4.3 Women Entrepreneurs

Globally, research shows that there are more men than women in the informal economy (ILO, 2018). In Africa, however, the ILO's statistics show that more women are employed informally compared to men (ILO, 2018). In relation to finance, the World Bank (2014) stresses that women are the most excluded category from financing entrepreneurship growth in emerging markets. For example, research in South West Nigeria gives an account of women entrepreneurs in the informal economy regarding access to entrepreneurial financial resources (Olarenwaju and Olabisi, 2012). These authors highlight that women rely on retained earnings and more on informal financial sources in their trading activities than formal sources for business growth and survival.

Likewise, recent evidence suggests that women remain the most financially excluded by formal lenders in Nigeria (Aro-Gordon, 2017). Despite constraints imposed by local traditions, severe resource constraints force many women to engage in various informal entrepreneurial activities, such as participation in the informal savings intermediations to accumulate capital for entrepreneurship in northern Nigeria (Zakaria, 2001), as well as the use of informal mechanisms due to patriarchal systems – *gendered division of labour* for financial resources management in Bangladesh (Mair & Marti, 2009, p. 431). Nevertheless, on examining gender gaps in access to finance in sub-Saharan Africa, scholars found the effects of low-level income and literacy as well as employment and household status on women-owned enterprises (Aterido et al., 2013).

From the above reviews, it is evident that despite both formal and informal institutional challenges, including internal operating constraints, women entrepreneurs in the informal economy in Africa mostly access and use informal finance for start-up, growth and survival in the informal economy. Whilst previous research documents the underperformance of women entrepreneurs in developing countries (Nichter and Goldmark, 2009), recent evidence shows that female-owned enterprises in the south African context do better than male enterprises (Williams and Kedir, 2018a). Understanding how such women manage their retained earnings and other financial resources from another context holds the potential to produce new empirical and theoretical insights.

2.4.4 Youth Entrepreneurs

The literature indicates that youth entrepreneurs in the informal economy remains another predominant force worthy of further investigations (African Union, 2006; Meagher, 2016b). Indeed, evidence shows that more than 75 per cent of young people are working in the informal economy globally (ILO, 2018). However, the massive participation of youth in informal entrepreneurship remains a topic of debate among scholars and practitioners, particularly at the bottom of the pyramid as a birthplace for entrepreneurship (Dolan and Rajak, 2016; London et al., 2014), as they operate in precarious and poverty-stricken conditions.

Furthermore, research documents that youths constitute the burgeoning African labour force predicted to surpass China's workforce by 2035 (Jütting and Laiglesia, 2009). These authors argue that if such labour is properly utilised, it is a source of entrepreneurship that can

promote job creation, poverty reduction and economic growth. Given the precarious nature of informal jobs, another study questions whether the youth population in the informal economy has any prospect for economic growth (Meagher, 2016b). Yet, the burgeoning youth population in the informal economy remains a concern, particularly in Nigeria.

Whilst the introduction of YouWiN! (Youth Enterprise with Innovation in Nigeria Programme) has been hailed as promising, alongside other public sector related reforms, its effectiveness is yet to be ascertained (World Bank, 2014). This is because recent evidence shows such related government financing programmes in West Africa have remained unsuccessful regarding small enterprise finance (Quartey et al., 2017). Despite these reforms, a recent report on the geographical regions of Nigeria indicates that the number of youths excluded financially in the NW region has risen from 56 per cent in 2014 to 70 per cent in 2016 (Aro-Gordon, 2017). However, little is known regarding how both women and youth, as informal entrepreneurs, operate in the informal economy. Indeed, the literature has extensively discussed small business finance in developed and developing economies, but knowledge limits exist regarding the relationships between small entrepreneurs in the informal economy and finance.

2.4.5 Small Business Finance

Most small businesses in developing countries operate as informal firms (Nichter and Goldmark, 2009). The World Bank (2014) indicates that a significant portion of small firms around the globe are microenterprises. They tend to include street vending, small shops and businesses such as trading, tailoring and other services, and even light manufacturing (Siqueira et al., 2016). Studies of small business finance generate much interest because such businesses are considered the engine of economic growth (Berger and Udell, 1998; Quartey et al., 2017; Wang, 2016). No doubt, there are challenges to meet up with the demand for the finance of small businesses, even regarding sustaining them. However, scholars consider that the study of finance and small businesses in the informal economy is worthy of constant investigation (Beck and Demirguc-Kunt, 2006). Apart from the development of new theoretical insights, it is critical to understanding sustainable enterprise development.

Research prove that sustainable enterprise development helps to overcome problems of persistent income inequality, such as unemployment, poverty and social unrest that ravages developing countries' economies (see ILO, 2018; Meagher, 2015; Sutter et al., 2019). In the

literature, prominent studies of small business finance advance in-depth insights on SME growth and development both in developed and developing economies (Beck and Demirguc-Kunt, 2006; Berger and Udell, 1998). Despite existing insights, access to and use of financial resources still inhibits the emergence and growth of viable small enterprises (Beck et al., 2013). Literature is still limited, particularly in Africa, where research shows that small businesses in the informal economy face serious problems of access to formal financial institutions (IFC, 2017).

Berger and Udell (1998) analyse the influence of angel finance, monetary policy shocks, credit crunches, credit rationing, mergers and acquisitions, and information asymmetry, as they affect small business start-up and growth in developed economies. They show improvement in the information problems of small businesses in developed countries because of changes in information technology (Berger and Udell, 2006). Even in developing countries, recent evidence suggests the existence of financial relationships between banks and small businesses in the informal economy (De Castro et al., 2014; Nichter and Goldmark, 2009). In sub-Saharan Africa, however, the literature points to the dominant use of informal finance by small businesses in the informal economy due to information asymmetry faced by formal lending institutions (Farazi, 2014; Quartey et al., 2017). As most small businesses operate as informal firms, the importance of further research in the informal economy cannot be overemphasised, research that specifically explores the financial resources of informal entrepreneurs. As such, subsequent discussions will now focus more precisely on this aspect.

2.5 The Financial Resources of Entrepreneurs in the Informal Economy

Financial resources are one of the most critical resource types in the informal economy that influence entrepreneurial performance and development (Allen et al., 2005). This is particularly so in emerging economy contexts, where only a fraction of informal entrepreneurs' businesses have access to formal finance (Quartey et al., 2017). Examining the evolution of business cycles, Schumpeter (1939) argued that financial resources and their sources empower an entrepreneur to operate their ventures' performance. In recent years, there has been an increasing enthusiasm around financial resources and the informal economy as an area with significant scope for further enquiry (Bruton et al., 2012; World Bank, 2014; Farazi, 2014). Indeed, Godfrey (2015, p. 16) underlines that the financial resources in the informal economy constitutes an incredible form of diversified organisations, and keenly

suggests that the application of different organisational theories can add clarity to these diversities in the management literature. As a result, the next section reviews the literature on sources of financial resources in the informal economy.

Sources of Financial Resources

Research demonstrates that the predominant financial activity in the informal economy is consumer credit consumption (Jain, 1999), characterised by low transaction costs (Guirking, 2008). However, other studies suggest that it is more than that. Besides advances-related activities, a range of different financial offerings exist (Collins et al., 2009). In fact, the literature analyses the various available external and internal financial resources in the informal economy across different contexts. For example, scholarly research identifies the use of formal sources by informal actors, but the use of informal sources and retained earnings overshadows the use of formal finance in developing economies (Tsai, 2004; Allen et al., 2005).

In the past, the domination of informal financial sources has been seen as an outcome of the problems faced by formal financial institutions (Floro and A.Yotopoulos, 1991; Hoff and Stiglitz, 1990). Whilst other scholars have argued contrarily, suggesting that it is the informational advantage of informal providers and the availability of flexible contractual terms (Ghosh and Ray, 2016; Guirking, 2008). Despite the different interpretations, recent evidence using World Bank Enterprise Survey (WBES) data indicates that still only 7 per cent of informal entrepreneurs access and use formal financial sources (Farazi, 2014). From these diverse views and figures, the question as to how and why do informal entrepreneurs access and mobilise formal finance, informal finance and internal finance in the presence of formal finance remains inadequately answered.

The above section provides a brief introduction to the literature on financial resources in the informal economy. The next section reviews the literature on different sources of financial resources as one of the research objectives of this research. It starts by delineating the external sources of formal financial resources and the changing financial policies, and the institutional settings that influence the performance of formal and informal financial systems. It also evaluates the different sources of informal financial resources, including internal sources and highlights the relevance of pecking order theory. The section finally concludes with the utilisations of these sources in the informal economy.

2.5.1 Formal Financial Resources

In the literature reviewed, formal financial resources for business start-up and growth are mostly external sources provided by commercial banks, capital markets, development banks, microfinance banks and other financial institutions (see World Bank, 2014). Yet, in Africa, evidence shows that financial regulators and formal financial institutions face challenges to promote the equitable distribution of financial resources for entrepreneurs' businesses development (Beck et al., 2011). In fact, a previous study shows that neither the introduction of money nor capital markets have provided the solution to the problems in the financial systems (Kauffmann, 2005).

Furthermore, another study in line with the literature examining the role of finance and development (Arestis and Stein, 2005), highlights that the global financial crisis of 2008 caused severe credit drought to entrepreneurs, as well as financial distress in the banking systems (Laeven and Valencia, 2013), thus affecting the proper functioning of the formal systems. Similarly, other scholars claim that these inconsistencies, among others, have been linked to the continued persistence of non-traditional financial activity (Beck et al., 2015). This is particularly so in the emerging economies context, where a study shows that financial resources mobilised by informal entrepreneurs remain significantly higher than those in the formal sector (IMF, October 2014).

Indeed, recent research shows that the demand for financial resources for businesses start-up and growth in developing countries is ever-increasing (IFC, 2017). Whilst financial policies are meant to enhance the delivery of formal financial resources as widely and as efficiently as possible, this is yet to emerge fully in Africa. Hence, the review of literature discussion on financial policies.

2.5.1.1 Financial Policies

In Nigeria, for example, Somoye (2013) supports that even with the development of highly capitalised financial institutions such as banks, challenges remain. The formulation and implementation of financial policies remain a key concern for academic scholars. Financial policies play a critical role in the development of viable financial institutions and the subsequent delivery of financial resources for entrepreneurship. For example, Kounouwewa and Chao's (2011) study of SMEs in sixteen African countries also supported such an idea.

They also claim that financial policies and the absence of efficient financial institutions are some of the major problems in financing entrepreneurs' venture development in Africa.

Accordingly, the volatility and inefficiencies of the financial markets have continued to impede the growth of viable start-ups and the growth of productive enterprises in developing countries. For example, the Nigerian financial markets are broadly made up of banks, insurance companies, finance houses and other non-financial bodies in which commercial banks are the predominant provider of financial resources with about 91 per cent of the total system assets (World Bank, 2008). However, empirical studies have found that financial policies take little account of the institutional setting of the society in the provision of financial resources. For instance, Meagher (2015) and Ngwu (2015) found that financial policies hardly accommodate the formal and informal divides of society in the formulation of financial policies and the prospects of such policies being successful remain doubtful.

Similarly, examining the adoption of financial liberalisation thesis in developing countries, a previous study maintains that the needed financial policies to transform the financial systems "*is lacking in institutional depth*" (Arestis and Stein, 2005, p. 396). Indeed, these authors argue that liberalisation thesis common practices led to chaos and failures of the formal financial systems in developing countries. Despite recent progress, the implication of these scholarly reviews suggests that financial policies neglect a profound conception of the institutional settings that cause financial market distortions. As a result, the next discussion reviews the literature of finance from an institutional perspective.

2.5.1.2 Institutions and Financial Systems

Examining a substitute to financial liberalisation theory in developing economies, scholars argue that the imperfect information school offers a strong argument on the significance of institutions on the performance of financial systems (Arestis and Stein, 2005). These authors discuss the market-based, bank-based, financial services, and financial law paradigms. Whilst the market-based school emphasises the importance of a well-functioning financial market in delivering financial resources, the bank-based theory stresses the pertinence of the bank to support enterprises for economic growth and development. Moreover, the financial services approach stresses the need for efficient financial services delivery systems from the financial institutions in order to have a well-developed financial system. The fourth view, the law and finance school, emphasises the presence of an efficient legal framework that governs financial

transactions, which, in turn, determines the proper functioning of the financial institutions. Resultantly, these reviews indicate the multiple financial institutions required to ensure efficient delivery of financial resources in developing economies for entrepreneurship development.

Up to now, research still reports that there are several challenges with the role of formal financial institutions in Africa as the expected primary provider of financial resources for entrepreneurship (Quartey et al., 2017). For instance, Beck and Cull (2013) enumerate the problems facing banking institutions in Africa, including poor competition, high transaction costs, short-term loans, individual identity, and limited financial inclusion. Although progress is being made, Beck and Cull (2013) suggest that the needed transformation to address the problems of financial institutions from both the supply and demand sides perspective is yet to surface fully.

Until now, scholars maintain that the financial inclusion policy initiatives introduced by policymakers in Africa are showing progress (Beck and Cull, 2013; Beck et al., 2011). Although the financial inclusion strategy has shown improvement in other regions of Africa, recent evidence suggests that the performance of other zones is significantly lower (Aro-Gordon, 2017). Moreover, evidence from the Global Financial Inclusion Index (GFII) suggests that financial inclusion rates in Africa are not evenly distributed across the populace (Beck and Cull, 2013). Indeed, as earlier noted, a cross-country study shows that 93 per cent of informal firms still have no access to formal financial resources (Farazi, 2014). This indicates that existing institutional arrangements are still hindering the effective distribution of financial resources in the informal economy of Africa, which ought to be further investigated and understood.

Furthermore, regulatory infractions by the formal financial institutions, such as banks and other financial bodies, have resulted in widespread increases in regulatory oversight in the financial system (Economist, 2017, 8 July). Meant to ensure sanity in the financial system, such regulatory practices have made banks too risk-averse. For example, the Economist (2017, 8 July) reports that heavy fines to banks for regulatory infractions come with consequential financial services spill-over effects leading to many financial services being conducted informally. For example, a study examining the spill-over effects of financial services on informal economic activity in 20 European countries found that in EU countries, financial services development leads to the improvement of financial services quality (Imamoğlu et al.,

2018). In contrast to Africa, evidence suggests that even though banks are liquid (Beck and Cull, 2013; Somoye, 2013), few extend credit to small enterprises for fear of default, which can lead to fines from the regulators, hence suggesting that excessive formal regulations could hinder small enterprise finance (Beck et al., 2006).

From the proceeding discussions advanced, it is evident that the institutional arrangements in the provision of formal financial resources, particularly in developing countries, are problematic. Past and recent literature strongly supports the need for more attention to be paid to institutional perspectives in designing financial policies (Arestis and Stein, 2005; Beck and Demirguc-Kunt, 2006). Moreover, there is a need for the proper implementation of financial policies to support the huge number of small entrepreneurs in the informal economy of many African countries (Quartey et al., 2017; Turkson et al., 2020). Until now, recent empirical and conceptual evidence indicates that considerations of institutional divide in the distribution of formal financial resources is yet to fully emerge in a developing economy (Meagher, 2015; Ngwu, 2015), thus stimulating the need for further research regarding why the relationship between informal entrepreneurs and formal financial institutions is yet to emerge fully.

Thus far, despite institutional challenges, governments across the world engage in several financial regulatory activities aimed at reducing the effect of financial constraints to promote entrepreneurial finance (World Bank, 2014). In the literature, well-known government and non-governmental programmes that have been discussed extensively in the literature include loan guarantee schemes (Hoff and Stiglitz, 1990; Venittelli, 2017), and microfinance schemes (Chen et al., 2017). For that reason, the next section reviews the literature on these financing schemes and their relevance to informal entrepreneurs' business performances.

2.5.1.3 Loan Guarantee Schemes (LGS)

In matured, and more so in emerging market economies, banks remain reluctant to fully finance private and risky investments. As a result, studies show that policymakers introduce supply-side initiatives such as loans and credit guarantee schemes to promote the growth of entrepreneurship (Cowling, 2010; Parker, 2002). Whilst there is evidence of the success of such schemes in developed countries, the success of these subsidised credits schemes appears very rare in developing countries (World Bank, 2014). However, there is an exception. For example, in India, scholars have found LGSs positive effects on firm growth (Banerjee and

Duflo, 2014). Other studies, however, argue that such programmes not only increase the chance of loan defaults but also provide a fertile ground for flourishing moneylenders' businesses in rural areas (Hoff and Stiglitz, 1990; Venittelli, 2017). Evidence indicates that once a moneylender screens a potential borrower with flexible loan terms, the customer becomes less attracted to LGS for business survival and growth (Tsai, 2004).

This research stream, although wide-ranging in different contexts and perspectives, a detailed examination of informal economy entrepreneurship and government invoked financial resources distribution is vital to academic research. Particularly, LGS can have constructive effects on the access to financial resources by entrepreneurs (Quartey et al., 2017). Yet, these authors suggest, consistent with the World Bank (2014), that the programme is difficult to manage in places evidencing weak institutions. How and why do LGSs remain unsuccessful in the provision of financial resources for small entrepreneurs in the informal sectors of developing economies? Answering this question can shed light on the financial services used and the financial providers of these entrepreneurs from another context.

2.5.1.4 Micro-finance Schemes

Undoubtedly, there are substantial microfinance discussions in the management literature and other disciplines (Chen et al., 2017). Indeed, the general contribution of these programmes globally in terms of enterprise finance remain modest or minimal (Beck et al., 2011; Bruton et al., 2011; Karlan and Morduch, 2009). From the literature reviewed, microfinance programmes are yet to displace informal financial institutions from the market. Evidence strongly suggests that microfinance in Africa shy away from the group lending system, such as Grameen microcredit and the young Indonesian model, that made their counterparts in Asia (Bangladesh and Indonesia, respectively) and Latin America famous (Aryeetey, 2005; Karlan et al., 2017). In any case, scholars and practitioners have continued to engage in unresolved debates regarding the economic and social impact of microfinance schemes, particularly regarding the capacity of the schemes to promote entrepreneurial activities in the urban informal economy where business competition exists. Indeed, as earlier mentioned, research shows that only 7 per cent of informal firms reported from the WBES data examination have accessed and used microfinance (Farazi, 2014).

Specific to the literature on informal economies, Meagher (2015) argues that policy formulation and implementation relating to the development of microfinance institutions

usually take place in a haphazard fashion. This situation lacks a comprehensive analysis of market forces, and entrepreneurs' capital requirements that drives sustainable business formation. For instance, in NW Nigeria, Meagher (2015) further claims that the insufficient micro-finance amount characterised by inflation-adjusted rates, high-interest rates and short-term repayment periods impedes small business start-up in the informal economy. In contrast, previous research found that microfinance schemes in Nigeria have had a positive effect on entrepreneurship but left significant funding gaps for entrepreneurship unfulfilled (Olu, 2009). Hence, there is a need to understand how microfinance is used for informal entrepreneurship in another context; and if it is not used, why?

Thus, despite the efforts of financial regulators in the form of loan guarantee credit and microfinance schemes to ease problems associated with the distribution of external financial resources, challenges remain. Research shows that many financing schemes introduced still face challenges in addressing problems regarding the efficient delivery of formal financial resources in the world, particularly for Africa (Beck et al., 2011). Therefore, it is imperative to look beyond the financial liberalisation thesis. Scholars favour an approach that recognises the local institutions in which African informal entrepreneurs operate (de Haan and Thorat, 2013). In this way, exploring the financial resources of entrepreneurs in the informal economy in a local context can generate significant new empirical and theoretical insights both in terms of theory and practice.

Overall, the literature examined above acknowledges that the failure to develop appropriate financial products and services, a lack of well-functioning markets, and the inefficiency of existing legal frameworks provides a breeding ground for the persistence of informal economic activities. Evidence indicates that a lack of access to formal finance remains the biggest obstacles affecting the performance and development of informal enterprises (IFC, 2017). Whilst relying much on informal finance, it is important to understand how informal finance providers solve problems associated with the lack of formal provisions of finance. Hence, it is important to review the literature of informal financial resources and internal sources.

2.5.2 Informal Financial Resources

Approximately half of the global population lack access to formal financial resources (Chaia et al., 2009, p. 16). Such a striking figure regularly heightens the interest of international

organisations, such as the World Bank and the IMF on the need to improve global financial inclusion. For example, the IMF (2014, p. 66-67) estimates that shadow banking described as financial provision outside the mainstream financial system is surpassing formal banking growth in developing countries. Consequently, despite a lack of robust research data (Farazi, 2014), the study of financial resources in the informal economy is a fundamental knowledge that ought to be better understood.

Several important threads of literature describing the performance of informal finance, whether for household consumption (Collins et al., 2009; Rutherford, 2009), or to promote entrepreneurial activities (Beck et al., 2015; Tsai, 2004), or both (Aterido et al., 2013). The economic literature has carried out most of the conceptual generation and modelling on informal credit market transactions (see Hoff and Stiglitz, 1997; Stiglitz and Weiss, 1981). However, there are still limits to our knowledge regarding the vast array of informal financial services accessed and used by entrepreneurs in different parts of the emerging economies. For instance, research proves that even in developed countries with their complex financial systems, they still have pockets of informal financial activity (IMF, 2014). Still, this situation is much more prevalent in low-come countries, where the formal financial system is bedevilled with an array of institutional problems (Beck et al., 2011; Nisanke, 2001).

In a West African study, Aryeetey and Udry (1997) argue that the dominance of informal financial provisions developed in reaction to the demand of distinct customers, and due to the existence of specialised market niches. This occurrence is firmly rooted in social norms and codes, and the institutional environment; such offerings are well suited to handle financial problems that banks find very hard to deal with (Bose, 1998; Mansuri, 2007). Varied explanations in the literature regarding the existence and performance of informal finance have not been sufficiently addressed in the literature (Matin et al., 2002).

Previous research reported the dominance of informal finance (credit transactions and insurance) in northern Nigeria (Udry, 1990). This research finding is uncorrelated with the theory of information asymmetry. Evidence for the free flow of information sharing contracts among entrepreneurs remains apparent in the interlinked credit markets. However, this is just the tip of the iceberg as the informal financial market is full of unknown characteristics. For example, previous and recent studies emphasise the importance of new localised research as highly desirable for building a coherent explanation of the access and use of

informal finance for entrepreneurs' business performances (Aryeetey, 2005; Aryeetey and Udry, 1997; Beck et al., 2015). As such, the next section reviews what the literature says about the different sources of informal financial resources.

2.5.2.1 Sources of Informal Financial Resources

Informal finance has evolved and responded to the demand not only for traders but also to cater for corporate businesses' needs in other contexts (Azam et al., 2001). Given its great diversity and complexity, whilst analysing the performance of the financial systems in sub-Saharan Africa regarding enterprise finance, Nisanke (2001) classified informal finance into commercial or non-commercial transactions. Commercial transactions include deposit collectors, estate-owners, property owners, and moneylenders. The non-commercial exchange comprises family and friends or small group-based landings. However, evidence shows the multiplicity of informal finance providers occurring in different organisational structures (Collins et al., 2009).

From the perspective of the informal economy, Dlabay (2015) classifies and differentiates informal financial offerings as individual, community-based and quasi-formal financial service providers, as well as using the financial regulatory status, the number of participants, geographic proximity, level of trust, capital and nature of administration as factors in the classification.

2.5.2.1.1 Individual Financial Services Providers

An increasing number of studies suggest that the individual providers that extend services to entrepreneurs mostly include families and friends, deposit collectors, moneylenders and trade creditors (Nisanke, 2001; Turkson et al., 2020). Whilst they are mostly unregistered businesses with little or no administrative set-up, they tend to have few localised customers. Fundamentally, trust remains the binding collateral governing transactions.

Beginning with families and friends, various academic work describes families, friends and neighbours as the bedrock of informal finance in developing countries (Beck et al., 2015; Matin et al., 2002; Rutherford, 2009). Typically, lending takes place with or without terms and conditions, generally for a short duration (Srinivas, 2015). In regards to deposit collectors, Collin et al. (2009) submit that they serve as a medium to accumulate capital for entrepreneurs, but Ledgerwood et al. (2013) doubt the trustworthiness of deposit collectors. However, a study of financial activity in West Africa has reported the relevance of deposit

collectors in entrepreneurial activity (such as '*susu*' in Ghana and '*esusu*' in South West Nigeria (Nissanke, 2001), and '*adashe*' in NW Nigeria (Zakaria, 2001). Other individual informal providers documented in the literature include moneylenders and informal currency traders.

In general, moneylenders appear with different names such as trade creditors, and other local names in different parts of the world. Numerous studies stress their existence for centuries in many informal economic settings, providing timely and unsecured loans at exorbitant rates (Matin et al., 2002; Rutherford, 2009). However, evidence suggests that formal finance providers sometimes may lend to moneylenders for onward lending activity in order to utilise their informational advantage (Jain, 1999). Unlike money lenders, informal currency trading activities are typically conducted at the enterprise level, and evidence suggests a large volume of foreign currency transactions are being conducted through this medium (Dlabay and Reger, 2007). Up to the present time, how informal entrepreneurs leverage these individual informal sources still eludes research. Also, informal financial services rooted in community financial services facilitate entrepreneurial behaviours (Tsai, 2004).

2.5.2.1.2 Community Financial Services Providers

Community oriented-services lack registration status and have minimum administrative abilities. They also accommodate a larger number of customers in a wider community spread than individual providers. They rely mostly on group consensus. Indeed, self-help groups, ROSCAs, ASCAs, and Village Savings and Loans Associations (VSLAs) commonly appear in the literature. However, ROSCA is the most prominent. Substantial studies both in industrialised and less developed economies provide an account of this intermediation (Bouman, 1995; Collins et al., 2009; Besley et al., 1993). It is found on almost every continent and involves regular funds contributed by individual participants, that is disbursed wholly, or in parts on a rotational basis back to the contributors (Bouman, 1995). In fact, scholars argued that ROSCA tends to be disbursed randomly or through a bidding process (Besley et al., 1993).

Critics argue that ROSCA is an unfair game. It tends to favour the first beneficiary, given that it is cycle driven. Additionally, it is long considered as profoundly rooted in social norms and values but remains an important intermediation that ought to be further understood (Srinivas, 2015). From the literature review, ROSCA is mostly trouble-free in terms of information problems because individual participants are usually well known to group members (Kedir et al., 2011). More importantly, ROSCAs role in developing the financial capacity as well as

capital accumulation of individual entrepreneurs have shown impressive improvement over the years (Rutherford, 2009). Despite studies examining ROSCA in places like China and India (Tsai, 2004), Cameroon, Kenya, and perhaps South-western Nigeria (Bouman, 1995), these sorts of group intermediation require further study from another geographical location because of wide regional differences.

Additionally, other groups providing community services include self-help groups, ASCAs, VSLAs and remittance associations. Self-help groups retain some characteristics of ROSCAs in which the participants are predominantly women. For example, a study highlights the significance of this intermediation in India (Sinha, 2009), and among women entrepreneurs in Nigeria (Zakaria, 2001) to promote entrepreneurial activities. Furthermore, unlike ROSCAs, ASCAs are often time-bound, complex, and can run for several years, having multiple purposes (Rutherford, 2009). Rutherford (2009) further asserts that members make varying deposit contributions but are not shared in every meeting; rather they are utilised to make loans to group members. In contrast to ROSCAs, interest earned is paid to the fund's contributors. From the literature reviewed, ASCAs exhibit some form of formal risk management practices and insurances.

Moreover, VSLAs remain the most highly formalised community financial services that facilitate entrepreneurial activities. Evidence indicates the prevalence of these organised community services in many African countries (Anyango et al., 2007; Karlan et al., 2017). VSLAs are mostly confined to rural areas. Regarding other groups, remittance networks allow entrepreneurs in the informal economy to transfer funds against the movement of their goods and services (Isern et al., 2005). In short, scholars strongly call for an understanding of these networks, considering the large volume of transactions that pass through the network.

2.5.2.1.3 Semi-formal Financial Services Providers

Lastly, quasi-formal institutions, otherwise known as semi-formal providers, include credit cooperatives and unions, pawnshops and Non-Governmental Organisations (NGOs). Although formally licensed to extend financial services through savings mobilisation and loan creation, they are usually confined to the local community. They have limitations to widen intermediations for the expansion of formal financial services (Nepal, 2008). Also, the semi-formal providers capacity to promote entrepreneurship remains uncertain (Tsai, 2004). In fact, they usually suffer liquidity crises, mostly attributed to incessant borrowers' debt-defaulting

(Guirking, 2008). However, evidence suggests that unionism regulates informal operators in Nigeria (Fajana, 2008). Are they still relevant to entrepreneurship in NW Nigeria? This research will attempt to uncover this.

In summary, the consumption of informal financial resources is growing and surpassing formal financial resources in emerging economies (IMF, October 2014). Informal finance exists in various forms and structures to cater to the demand for informal entrepreneurs' businesses. Debates among scholars still permeates the literature on the importance of sources of informal financial services. Nevertheless, the significance of informal sources to promote entrepreneurship in many parts of the developing world exists (Beck et al., 2015; Tsai, 2004). So far, the literature analysis strongly suggests institutional asymmetry still renders existing explanations on entrepreneurship and financial resources in the informal economy difficult to comprehend (Webb et al., 2013; Arestis and Stein, 2005). Therefore, to advance concrete theoretical insights, new empirical research on how these entrepreneurs access and use available informal sources in the presence of formal sources has the potential for knowledge development.

The preceding part examined the literature of external finance sources comprising formal and informal financial resources. Even though there is an overlap between informal and other internal sources such as in trade credits, evidence indicates that the literature largely recognised the activity of trade creditors as other informal sources (Tsai, 2004; Matin et al., 2002; Beck et al., 2015). However, to understand other sources of finance used in the informal economy, the next section reviews the literature on internal sources of financial resources.

2.5.3 Internal Sources of Financial Resources

Personal savings and retained earnings are the common internal sources predominantly highlighted in the literature that touches on the informal economy and finance (Beck et al., 2008; Quartey et al., 2017). The literature has captured the application of personal savings by informal entrepreneurs, particularly as an important internal source of financial resources to start and accumulate capital for business development. For example, Nisanke (2001) confirms that personal savings in sub-Saharan Africa are typically small amounts, mostly relevant only as start-up capital. Also, Karlan and Morduch (2009) argue that different saving practices are known to exist in the informal sectors, such as investment in risky assets like jewellery, livestock and other informal arrangements to raise fixed and working capital. From

these pieces of literature, personal savings and retained earnings remain the two main sources of finance in the informal economy.

Until now, research has explained the introduction of Microfinance Institutions (MFIs) in Africa to encourage personal savings by informal enterprises with the formal sector, yet little progress has been made. For example, Beck et al. (2011, p. 92) report that the deposit penetration rate in West Africa from MFIs is just 3.3 per cent of the total population. Therefore, since the evidence shows that the success of MFIs to pool personal savings is significantly low, this underlines the need for additional evaluation of personal savings and retained earnings to informal entrepreneurship.

Whilst personal savings dominates in the provision of start-up capital, the retained earnings mostly cater to informal entrepreneurs' working capital (Nissanke, 2001). Undoubtedly, capital structure theories have supported the view that retained earnings are the '*old-fashioned*' styles used and preferred over external finance sources by entrepreneurs to fund their businesses activity for expansion and survival purposes (Myers, 1984). This concept is generally referred to as the 'pecking order theory' (De Jong et al., 2011; Myers, 1984). However, there are variations on how retained earnings are used as financial resources in the informal economy.

In one previous examination, the usage of retained earnings was found to dominate business survival activities (Liedholm, 1989). In another later study, the use of such earnings to stock non-investable assets as a way to avoid capital depreciation is also highlighted to facilitate business growth (Aryeetey and Udry, 1997). Moreover, in a recent study, women entrepreneurs in the informal economy are found to inject profit from the sales of textiles materials, invest in land and houses, as well as buy, hold and then sell gold and diamond jewellery for expansion and survival (Olarenwaju and Olabisi, 2012).

From these reviews, retained earnings are more relevant for informal enterprise survival than growth except where there is the yield on outside investment on fixed or liquid assets. However, Nissanke (2001) argues that as businesses expand, internal sources from retained earnings are hardly adequate to finance growth objectives. Whilst the literature explaining the retained earnings of formal firms is well developed, little is known of informal entrepreneurs' use of internal sources. Yet, it occupies an important portion of the financial

resources available in the informal economy. How is it used, and why? Due to asymmetric information, pecking order entails hierarchical financing choices of entrepreneurs in which internal sources are preferred over debt, and debt over equity (De Jong et al., 2011; Myers, 1984; Myers and Majluf, 1984). Hence, there is a need to sufficiently understand this concept in the informal economy.

Overall, despite the riskiness, irregularity and small nature of financial resources from internal sources, they still influence the existence of entrepreneurs' venture persistence in the informal economy. However, despite catering to the formation and working capital, empirical research argues that internal sources do not fill the financing gap of informal enterprises (Nissanke, 2001). Thus, the need to understand the generation and use of internal sources for informal entrepreneurship expansion and persistence. In this way, the significance of informality and pecking order theory would be further understood. Nevertheless, to advance empirical insights, one of the objectives of this study is to identify and develop a typology of financial services and service providers used by entrepreneurs operating in the informal economy. The next section reviews the utilisation of external and internal sources of financial resources.

2.5.4 Utilisation of Financial Resources

Little research has studied the link between informal entrepreneurs and formal financial resources (Dlabay, 2015). As they operate with an unregistered status, informal entrepreneurs' businesses are technically illegal in developed countries but more legitimate in developing countries (Webb et al., 2013). However, because of the blurred boundaries between what is legal or illegal from one context to another, few studies on the utilisation of finance in the informal economy exist. As mentioned previously, studies link the challenge to the lack of robust data on informal enterprises in emerging economies (IFC, 2017; ILO, 2018).

Until now, evidence indicates that informal enterprises maintain local registration with either the local authority or relevant market associations (Godfrey and Dyer, 2015; Ladan, 2016). However, scholars researching in the Dominican Republic highlight that the little utilisation of formal financial resources by informal entrepreneurs and firms mostly occurs in the form of credit cards (De Castro et al., 2014), LGS and microfinance, and other formal savings products and services in Africa (Beck et al., 2011), including mobile banking (Asamoah et al., 2020). This

leads to how and why only a few such entrepreneurs acquire and utilise formal sources? It is an interesting question to answer from another context where informality dominates.

In relation to informal finance, the literature has documented a range of Informal Financial Services (IFSs) utilised by actors in the informal economy (Liedholm, 1989; Matin et al., 2002). This service includes not only advances and savings related products but also a host of other IFSs, similar to those found in the conventional banking system (Adams and Fitchett, 1992; Collins et al., 2009; Dlabay and Reger, 2007; Faith, 2011). In fact, substantial studies, mostly from the economic literature, examined the utilisation of informal finance through survey data on different perspectives (Ghosh and Ray, 2016; Hoff and Stiglitz, 1997; Jain, 1999). Various models discussed the role of information asymmetry leading to moral hazards and adverse selection, and transaction costs in informal credit markets (Stiglitz and Weiss, 1981; World Bank, 2014). For example, Stiglitz (1981) developed a model explaining differences in financial and insurance markets, in which information problems even in equilibrium can result in the credit rationing of potential enterprises. Even now, context variations and individual perceptions have made the generalisation of these studies' findings challenging in Africa (Beck et al., 2011; Udry, 1990).

In regards to the utilisation of internal finance, evidence indicates that there could be significant differences between TPs and CGs, as they are characterised by high to moderate business profitability (Grimm et al., 2012; Olarenwaju and Olabisi, 2012). Whilst survivalist entrepreneurs utilise earnings mostly for consumption purposes akin to households, evidence indicates that utilisation for growth is likely if a successful transition occurs to other categories of informal entrepreneurial activity (Liedholm, 1989; Olarenwaju and Olabisi, 2012). Overall, the review suggests that informal and internal sources remain the predominantly utilised sources whilst occasional utilisation of formal sources exist. However, context and individual behaviours limit the generalisation of existing studies, thus highlighting the need for a more comprehensive study from another context.

2.5.4.1 Functional Linkages

Studies have recommended the need to have strong functional linkages between the providers of formal and informal financial resources to facilitate entrepreneurial development (Dlabay, 2015; Nissanke, 2001). Improvement of functional linkages remains a work in progress. For instance, evidence shows that informal entrepreneurs concurrently

utilise both formal and informal finance in India (Madestam, 2014). However, in Africa, Beck and Cull (2013) show that progress has been made in the adoption of mobile payments services to facilitate the use of bank services for money transfers via agent banking. Still, horizontal and vertical linkages are yet to be fully exploited in the financing of small-scale entrepreneurs (GPFI, 2012).

Whilst horizontal linkages refer to a coalition within similar financial providers, vertical linkages refer to collaborations among formal and informal finance providers to fund enterprises (Dlabay, 2015). No doubt, the literature shows that the utilisation of informal financial resources dominates (Beck et al., 2015; Tsai, 2004; Turkson et al., 2020). However, research shows that banks are yet to take advantage of the informational advantage of informal finance providers, as they conduct their operations in proximity to informal entrepreneurs' ventures (Guirkinger, 2008), thus preventing a simultaneous utilisation of formal and informal financial resources from promoting entrepreneurship in sub-Saharan Africa. Without these linkages promoting entrepreneurship, the next section reviews the literature on the financial behaviour of entrepreneurs in the informal economy with financial resources.

2.5.4.2 Financial Behaviours

More specific to Africa, Beck et al. (2011) differentiate components of financial behaviours such as financial literacy and financial capability: Whilst financial literacy encompasses an *"awareness and knowledge regarding existence and functioning of specific financial services and products"*, capability entails sound decision making in managing, evaluating and comparing financial resources. Whilst Karlan and Morduch (2009) discuss the financial behaviours of households and entrepreneurs, Beck et al. (2011) provide a fair and balanced assessment of households and enterprises. Drawing from the resource-based theory, Hussein et al. (2018) stress that even in developed countries little is known about the relationship between financial literacy and SMEs' access to finance. Although IFSs dominate in developing countries, these studies commonly suggest that there are still unclear demand-side questions on the psychology of the financial choices of entrepreneurs, including informal actors, which require further investigation, particularly informal entrepreneurs operating in an agriculturally dominated economy (Karlan et al., 2014).

Moreover, drawing from behavioural economics, scholars examine the impact of human behaviours as influenced by a change in technology, informal institutions, peer effects, loss aversion, risk aversion and interest rates in the decision making process about which financial resources to utilise (Karlan and Morduch, 2009). Despite these insights, it is clear that knowledge of the intermingling of financial choices of entrepreneurs and other components of institutions as well as the market is only now gathering momentum. As such, scholars stress that examining the financial behaviours in entrepreneurship, undoubtedly, will enrich the management literature (Bruton et al., 2011).

In a developed economy, scholars discuss financial behaviours in relation to loan discouragement when registered small firms seek formal finance (see Freel et al., 2012). Examining the credit constraints of small firms in the UK, Freel et al. (2012) found that two-thirds of small firms were discouraged from seeking formal finance. They also discovered the operating sector, strategic decisions, previous banking and entrepreneurial experiences, and family, among others, as affecting the borrowing decisions of entrepreneurs. Since evidence shows only about 7 per cent of informal firms access formal finance (Farazi, 2014), research that uncovers informal entrepreneurs' decisions in respect of the utilisation and discouragement of different financial sources has the potential to greatly extend the empirical literature in management scholarship.

Overall, in the literature examined, the utilisation of financial resources by entrepreneurs is still fragmented into formal, informal and internal sources. Whilst there are few linkages in the segmented financial system, the relative advantages of informal-formal connections remain unexplored in Africa. Evidence suggests that there are limits to our knowledge as other elements of institutions interact with financial behaviour to shape the utilisation of financial resources in the informal economy (Beck et al., 2011). Consequently, informal entrepreneurs in Africa still encounter severe financial constraints; little is known about their financial behaviours regarding access and mobilisation of different sources of financial resources.

Whilst the literature reviewed describes the available sources of financial services and service providers utilised by informal entrepreneurs, few studies have comprehensively examined how such entrepreneurs acquire and use existing financial resources from an African context (Okpara, 2011). Indeed, scholars call for the identification of financial resources available and used by informal entrepreneurs for business formation, expansion and persistence (Webb et

al., 2013). This is especially so for informal entrepreneurs facing a massive funding gap of US\$2.9 trillion in the developing economies (IFC, 2017, p. 51). As an objective of this study, understanding the informal entrepreneurs' utilisation can help to suggest ways on how financial resources in the informal economy can be better accessed and mobilised.

Thus far, from the supply-side perspective, the literature reviewed indicates that themes such as institutions, markets and financial behaviours affect the relationship between informal entrepreneurship and financial resources. How and why? Knowledge in this area remains fragmented, limited and incomplete (Godfrey, 2015), including informal entrepreneurs' processes of business start-up, growth and survival with financial resources and their implications in both theory and practice in the field of entrepreneurship (Webb et al., 2013). Hence, there is the need for more understanding of the demand-side of financial resources in sub-Saharan Africa, especially more finely grained analysis of the financial resources of informal economy entrepreneurs. Consequently, the remaining part of this chapter focuses on the literature of informal entrepreneurs' access to financial resources for business start-up, as well as the mobilisation of such resources for business growth and survival.

In this study, drawing from the works of Luger and Koo (2005), the start-up is defined. Start-up refers to a new, active and independent informal entrepreneur's business entity, which does not in any way maintain national registration status. Furthermore, drawing from the works of Phillips and Kirchhoff (1989), business growth and survival are defined. Regarding business growth, the term here refers to the process of the continuous expansion of a business in both internal and external value. It encompasses the internal development of informal entrepreneurs' businesses in terms of business size, turnover and wider market spread. Whilst business survival increases with growth, in this research, survival refers to the informal entrepreneurs' business ability to withstand internal and external challenges for continuous business performance. First, this section will discuss access to financial resources for venture start-up in the informal economy.

2.6 Access to Financial Resources for Start-ups in the Informal Economy

A growing body of work suggests that the large workforce in the informal economy, specifically in Africa, is considered the birthplace of entrepreneurship and employment (Jütting and Laiglesia, 2009; Meagher, 2016b). As such, it is imperative to focus on financing start-ups in informal settings. In addition to playing a critical role in job creation and

facilitating innovations, such start-ups could also be instrumental in curbing rampant poverty in developing economies (Bruton et al., 2013; ILO, 2018).

Still, research has shown that even formal start-ups face financing constraints (Cassar, 2004). Indeed, evidence from research studying capital structure and debt finance theories show that there is more to learn about financing formal business start-ups (Myers and Majluf, 1984; Parker, 2002). Access to financial resources for start-up remains a fundamental challenge in enterprise development because of issues linked to novelty. For example, Berger and Udell (1998) supported the idea that start-ups remain the most informationally opaque businesses in gaining financial resources. Consequently, Cassar (2004) developed the ideas of Myers and Majluf (1984), as well as Berger and Udell (1998), arguing on the significance of formal finance for a start-up but that in its absence, firms sought for finance through informal ways.

In developing countries, informal ways remain the primary source for financing start-ups (Aterido et al., 2013), thus facilitating the growth and performance of informal ventures ahead of registered businesses. For example, examining start-ups in the informal economy using WBES data, a study shows that the majority of informal firms start as unregistered and excel ahead of registered businesses (Williams et al., 2016a). Despite government efforts to enhance businesses registrations, informal firms still sought for financial resources through informal means. Given the existence of unfair competition in the markets and its consequential implications, understanding-financing start-ups in the informal economy is a vital area for further inquiry.

Previous literature has emphasised that start-up capital in Africa largely comes from personal savings, families and relatives, gifts or friends (Liedholm, 1989; Nisanke and Aryeetey, 1998). These authors insist that credit is hardly utilised to commence business. Generally, the literature continues to document the relevance of these sources in Africa. On the one hand, in most cases, families and friends as a financing source tend to be opportunistic and variable. On the other hand, other scholars reveal the use of a variety of informal finance options such as ROSCAs, village associations, pawnshops, landlords, and complex trade-credit activities for start-ups (Collins et al., 2009). In developed economies, the literature documents the role played by venture and angel investors in financing start-ups (Berger and Udell, 1998). In contrast, in developing countries, despite attempts by *InfoDev*, an angel investor network

(World Bank, 2014), it is unclear whether the network has had an impact on financing business start-ups in the informal economy of Nigeria.

The next part of this section reviews research on different kinds of financial resources for start-ups in the informal economy, namely: savings, credits, and insurance and risk management. It also reviews the role of the financial crisis and securities market as they influence access to finance for informal entrepreneurs' venture start-ups.

2.6.1 Savings

Clearly, savings remain a vital financial resource that helps businesses to accumulate capital for business start-up. However, the subject of entrepreneurs' propensity to save and the transformation of savings rates have been the subject of study, particularly for start-ups. Why entrepreneurs save still has no theoretical clarity (Karlan and Morduch, 2009). Scholarly examinations indicate that there are challenges to separate savings within different financial offerings because of variations in savings activity in sub-Saharan Africa (Aryeetey, 2005; Karlan et al., 2017). Yet, research reports that the propensity to save is higher among female entrepreneurs than men in the informal economy (Dupas and Robinson, 2013; Olarenwaju and Olabisi, 2012).

There is a body of work that has documented various savings activities in the informal economy from the point of informal financial resources. For instance, research reported activities of deposit collectors to encourage capital accumulation for business formation and trading activities (Aryeetey, 2005; Nissanke, 2001). In other studies, ROSCAs also help to accumulate capital for start-ups (Bouman, 1995; Kedir et al., 2011). Despite the different narratives on savings, the World Bank (2014) concludes that significant variations in savings practices exist globally, and only 11 per cent of adults save with formal financial institutions in low-income countries. Consequently, in low-income countries, access to informal savings is the predominant practice used by informal entrepreneurs for their businesses start-up.

Informal savings remain the predominant sources of microenterprise start-ups in Africa, especially the use of internal sources, such as personal and group savings practices for start-ups (Karlan et al., 2017; Nissanke, 2001). Scholars have analysed personal savings and group savings practices as well as assets stocking (unproductive assets) for entrepreneurs' business formation and found the relevance of intertemporal choices concept (Lempert and Phelps,

2016) to explain such business performances (Aryeetey and Udry, 1997), mostly due to imperfections in the institutional structures (Aryeetey, 2005). As noted earlier, management scholars discuss formal institutional imperfections as consisting of institutional inefficiencies, instabilities, weaknesses and voids (Sydow et al., 2020; Webb and Ireland, 2015), but from the review conducted so far, they remain not the only influencers of access and use of savings for business start-up. However, the theory of intertemporal choice is relevant in understanding informal savings practices; where informal entrepreneurs convert the majority of their assets into real assets as savings options to avoid currency devaluation (see Aryeetey and Udry, 1997).

Overall, the propensity to save is higher in women informal entrepreneurs than men. However, the deployment of savings to fund entrepreneurs' start-ups in the informal economy remains unclear. Attempts to understand the impact of savings in starting a business using survey data remain complex and difficult to measure without controlling for many factors (Karlan et al., 2017). From the preceding discussions, it is clear that the institutional structures as well as intertemporal choices are some of the most likely factors influencing access to savings for start-ups in Africa. How and why? Hence, this indicates the need for a better understanding of the savings practices of informal entrepreneurs in other contexts of sub-Saharan Africa, to enrich the empirical and theoretical literature.

2.6.2 Credits

In developing economies, and like informal savings, informal credit remains the major source of credit for start-ups (Collins et al., 2009). However, evidence has been emerging of borrowing from formal credit sources for start-ups (De Castro et al., 2014). Informal entrepreneurs rely on informal credit from families and friends, moneylenders and savings associations and credit unions (Matin et al., 2002). Past and recent studies also demonstrate that some borrowers simultaneously patronise both formal and informal sources (Madestam, 2014; Nisanke and Aryeetey, 1998), signifying the combined access to informal and formal credit sources for start-ups in developing economies.

In the literature, the theory of asymmetric information, the particularly influential work of Stiglitz and Weiss (1981), proffers a foundation on the literature of formal and informal credit markets. To this day, information asymmetries remain difficult to understand in practice due to contextual differences and individual behaviours (World Bank, 2014). Indeed, from the

literature reviewed, information asymmetry negatively influences access to credit, particularly more from formal markets due to the inherent risk in contract monitoring and enforcement in the informal economy. In contrast, studies in developing nations have affirmed the proximity to and reputation of informal entrepreneur businesses, allowing moneylenders to achieve 'economies of scope', that is combine lending with other business activity (Guirkinger, 2008; Udry, 1990), consequently suggesting that free flow of information and reputation effects typified informal credit markets. Hence the dominance of such markets in the informal economy for venture start-up.

In sub-Saharan Africa, size remains a crucial factor that ascertains the credit requirements of entrepreneurs at the formation stage (Nissanke, 2001). Small-scale operations characterise informal entrepreneurs' businesses. For example, in developing economies, research determined the use of a customer's deposit as credit to finance start-up activities (Liedholm, 1989). Besides, other works in different contexts have observed access to loans by businesses operating a single day life cycle style at exorbitant interest rates (see Karlan and Morduch, 2009). Although access to daily credits requires strong social affiliations, a detailed study is further required of these newly invented credit products among others that service the start-up capital requirements of informal entrepreneurs.

Overall, the extant theory on credit markets has laid down the foundation on which to build subsequent research. Closeness to informal service providers, flexibility in lending, and small size combine to play a crucial role concerning ease of access to informal credit for start-up, whilst formal service providers are bedevilled with information generation challenges. Indeed, theoretical literature discussions of credit markets and adverse selections and moral hazards about ex-ante and ex-poste remain inconclusive for understanding firms' borrowing for start-ups (see Parker, 2002), including informal entrepreneurs. Whilst start-ups remain credit-rationed from formal sources because of informational problems, the literature emphasises continuous fine-grained delineation of credit rationing, moral hazards and adverse selection and associated interlinkages from other locations.

2.6.3 Insurance and Risk Management

Without a doubt, risks and the need to manage and control them are an inevitable part of informal entrepreneurs' businesses. Yet many factors have worked against the development of insurance businesses to extend services to small businesses in the informal economy of

Africa (Beck et al., 2011). These authors argue that prominent among such factors in the demand-side are financial literacy, low savings, and low level of trust. Indeed, from the supply-side, the fundamental challenge of providing insurance to start-ups in low-income countries has been the information asymmetries: moral hazards and adverse selection (Karlan and Morduch, 2009). Importantly, the literature has provided foundations on which to build on the subsequent arguments.

In the first place, ASCAs and village and community associations tend to have multiple purposes (Rutherford, 2009). From the literature reviewed, these services exhibit some possible form of formal risk management practices and insurance schemes. Now, detailed analysis of utilisation, and as financial instruments against risks, by entrepreneurs for start-ups in the informal economy is incomplete. Moreover, very little is known about informal entrepreneurs access to formal insurance products as venture capital. In rural northern Nigeria, Udry (1994) argues that in the absence of insurance markets, credit markets determine the pooling risk between households/entrepreneurs. Similarly, another study examining risk-sharing in the Philippines, developed on Udry's study to capture the role of charity, savings and labour utilisation in insuring risks encountered by households (Fafchamps and Lund, 2003). To this point, the use of ROSCAs and VSLAs to pool savings as insurance suggest these insurance practices are still available in the informal sector (see Turkson et al., 2020).

Overall, the literature on insurance in the informal economy is insufficient and mostly focuses on rural areas and households. Institutional differences still hinder informal entrepreneurs access for formal insurance services, but they rely on informal savings as a way to mitigate business risks. Indeed, few studies discuss access to insurance services by informal entrepreneurs for business start-up. Whilst no doubt these entrepreneurs encounter risks in their business formation, research shows that their abilities to perform risk management facilitates the exploitation of opportunities for business survival (Webb et al., 2013; Evers and Mehmet, 1994). How do they manage risks through access to financial resources for their business start-up? It is a good question that requires a sufficient answer.

2.6.4 Financial Crises and Securities Markets

In sub-Saharan Africa, access to fixed capital from formal financial institutions for start-ups hardly exists (Nissanke and Aryeetey, 1998). As a supplier of formal finance, the inability of

financial institutions to distinguish the substantial collection of borrowers hinders access to finance (Quartey et al., 2017), including the financial crisis that leads to mergers and acquisitions in the financial industry. Evidence shows that the global financial crisis tends to cause uncertainty and severe credit constraints that hinder the performance and development of start-ups (Jordi and Juan, 2015; Laeven and Valencia, 2013). Whilst start-ups remain credit-constrained, there is little or no literature discussion on the effect of the financial crisis on informal entrepreneurs' business start-ups.

Apart from the financial crisis, it is clear that securities markets are highly regulated formal bodies. Informal firms are unregistered and have hardly any chance to access the formal capital markets for start-ups (Webb et al., 2013). Hence, this indicates the non-development of literature in this area. However, in Nigeria, where informal practices dominate economic activities (Meagher, 2015), nothing can be ruled out. For example, logically, a period of huge inflow of foreign capital from crude oil sales is characterised by increased liquidity in the economy, in which many individuals/business owners invest their idle cash into the securities market. Whether informal entrepreneurs invest part of their earnings into the securities market are possible areas where qualitative methods could provide insights into the unknown.

In conclusion, access to financial resources for start-up remains a key research area to address in entrepreneurship. Taken as a whole, the literature on access to formal finance, informal savings, mostly internal sources and informal credits for start-ups in the informal economy has provided frameworks for further understanding. In contrast, the literature of informal entrepreneurs' access to formal and informal insurance focuses more on rural areas against the expanding range of urban informal actors. Whilst institutional misalignment between formal and informal settings affects these start-up processes, other operating characteristics influence these processes of business start-up. Indeed, little or no discussion exists on the role played by the financial crisis and securities markets.

Consequently, how do entrepreneurs in the informal economy access financial resources for businesses start-up? Answering this question can potentially increase the conception about informal entrepreneurs' mobilisation of financial resources for growth and survival of their businesses. As mentioned earlier, evidence has shown that entrepreneurs' decisions to access distinct financial resources for venture start-ups have critical implications for the growth and survival of their businesses (Cassar, 2004).

2.7 Mobilisation of Financial Resources for Growth and Survival

Research demonstrates that the growth and survival of small businesses are intertwined relationships: as an enterprise survives at different stages of growth, the chance to grow increases (Phillips and Kirchhoff, 1989, p. 74). These authors further argue that: “*survival does not require growth, but growth will flow naturally from survivors... growth improves the chances of survival*”. Hence the merging of the review on the mobilisation of financial resources for growth and survival.

To this point, it is clear that the powerful financial resources available to entrepreneurs in the informal economy are savings and credits. Insurance and risk management products and services are under-developed but also remain relevant in the informal economy. Yet, critics argue that as informal entrepreneurs’ businesses grow and survive, they are likely to be engulfed by formalisation (La Porta and Shleifer, 2008). However, emerging evidence shows they can mobilise both formal and informal financial resources (De Castro et al., 2014), and previous research also reveals how such entrepreneurs can mobilise meagre financial resources for business growth and survival (Liedholm, 1989).

For business survival and growth, studies argue that the flexible services offered by informal finance providers, as well as advantages including speed, proximity and low transaction costs, encourage informal entrepreneurs to mobilise more informal lending options than formal ones (Guirkinger, 2008; Webb et al., 2013). Interest rates charged from IFSs often remain significantly higher than the rates provided by formal financial institutions (Baydas et al., 1995; Guirkinger, 2008; Madestam, 2014). Hence, the need in answering how such entrepreneurs use different financial sources for business survival and growth.

Concerning growth, and drawing from Penrose (1959) work, the literature has documented the drivers and factors affecting small firm growth (Baker and Nelson, 2005), including SMEs in the African context (Alemayehu and Van Vuuren, 2017), which includes size, institutions and limited and unpredictable financial resources (Bruton et al., 2011). However, very little is known of how informal entrepreneurs mobilise financial resources in the informal economy (Webb et al., 2013). Indeed, research has identified that such entrepreneurs may look to manage their size, actively avoiding getting too big for fear of regulatory attention (De Castro et al., 2014).

Whilst they may be invisible to regulators, research has also found that informal entrepreneurs may split their businesses, expanding into smaller units (Nichter and Goldmark, 2009). Subsequently, as their business operation grows, retained earnings among other internal sources are often injected back into the business as working capital (Nissanke, 2001; Olarenwaju and Olabisi, 2012). Consequently, often this kind of funding proves inadequate as the operations expand, so likewise, the demand for financial resources also increases for growth and survival (Quartey et al., 2017; IFC, 2017; Turkson et al., 2020).

Informal firms are unregistered or partially registered, and as such, many formal financial providers consider them illegitimate. However, the literature acknowledges that these entrepreneurs are commonly considered legitimate by a significant portion of society (Webb et al., 2013; Webb et al., 2009). Indeed, evidence indicates that where informal entrepreneurs maintain partial registration, they can access formal financial resources (De Castro et al., 2014). Here, in this research, partial registration refers to the unregistered informal enterprise but is regulated by registered associations that produce and sell legal goods and services. Also, where they lack complete registration status, formal financial systems, in conjunction with governments and other private agencies, deliver services through technological innovation (World Bank, 2014). This permits the tapping of economic potentialities offered by informal enterprises. This results in the need to source funding by informal entrepreneurs with unregulated status more from the informal providers, and less from formal sources for growth, and survival becomes critical.

Consequently, the next section first analyses the literature on growth and survival constraints, including financial market structures followed by institutional constraints. The next part examines extant work on financial constraints and financing gaps facing informal entrepreneurs' business growth and survival. It also reviews mobilisation of financial resources by informal entrepreneurs at various business growth stages, as well as business survival stages. It concludes with a discussion of available payments options in the informal economy as they affect business growth and survival.

2.7.1 Growth and Survival Constraints

2.7.1.1 Financial Market Structures

In developing nations, market segmentation and fragmentation means households and businesses pay different prices for different factors of production (McKinnon, 1973).

Understanding why and how these markets function is critical in developing ideas on mobilising financial resources in the informal economy. Research shows that markets delivering financial resources in the informal economy remains difficult to comprehend because most providers of IFSs lack structure, and like informal entrepreneurs, are diverse and engage in local intermediation (Matin et al., 2002). Indeed, the literature also recognises that the formal markets are characterised by limitations in improving entrepreneurial productivity (Webb et al., 2019), as well as failures such as asymmetric information, enforcement costs and transaction costs and institutional constraints in delivering an evenly distributed financial service (Nissanke, 2001).

On the side of informal finance, the use of services provided by pawnshops, informal currency traders and money lenders have been studied (Dlabay and Reger, 2007), including deposit collectors operating a kind of mobile banking style collection (Ledgerwood et al., 2013). Research found that informal providers face many operational constraints in delivering services to their clientele (Nissanke, 2001), arguing that their capacity to grow is mostly linked to the existence of demand. Whilst interest charges and other services fees are incredibly high, they vary spatially. These variations manifest even in small communities, thus signifying the unevenness of informal financial markets (Stiglitz and Weiss, 1981).

In Africa, informal entrepreneurs face many constraints for growth and survival. This is not only because of the structural deficiencies of informal markets but also the existence of other inherent formal and informal financial market characteristics that affect informal entrepreneurs' business operations (Aryeetey and Udry, 1997; Beck et al., 2011). As such, these characteristics also require further study: moral hazards and adverse selection, interest rates, and collateral issues.

2.7.1.1.1 Moral Hazards and Adverse Selection

Moral hazards and adverse selections are two of the principal characteristics that make financial markets distinctively different from other markets (World Bank, 2014). The World Bank (2014) differentiates these two terms in the financial market context. Moral hazards refer to the diversion of loans to another use, rather than the purpose for which the loan was advanced to the informal entrepreneur. Adverse selection reflects the unwillingness of informal entrepreneurs to repay loans, but still seek them out for as financial resources.

Parker (2002) argues that these two credit risk concepts constitute some of the mechanisms that generate credit rationing even in equilibrium; thereby producing serious challenges on principal-agent interactions in the consumption of financial resources. However, a review of the literature on the behaviour of financial markets in relation to borrowers in developed economies (Parker, 2002), and developing countries (Aryeetey and Udry, 1997), indicates that knowledge regarding these two distinct credit risk concepts in formal and informal financial markets require further study. Evidence indicates that financial market behaviour does not follow the fundamental economic rules of demand and supply, where commodity prices change or stabilise at equilibrium (Stiglitz and Weiss, 1981).

Particularly in Africa, empirical evidence suggests the existence of diversity in financial infrastructures (Aryeetey and Udry, 1997). Indeed, from the literature reviewed, theorists have attempted to test and generate explanations of moral hazards and adverse selections on small firms' growth using quantitative data from different contexts and perspectives (Ghosh and Ray, 2016; Stiglitz and Weiss, 1981). However, significantly more examination is required as various predictions noted in the empirical text remains inadequate. Whilst such predictions rely on quantitative data that are restrictive in asking questions, research shows that forming generalisations is also difficult (Beck and Demirguc-Kunt, 2006). Consequently, the context and circumstances of each nation, particularly in Africa, shape the access and use of financial services from the financial markets (Beck et al., 2011).

In the developed world, the development of credit and risk rating agencies has significantly eased moral hazard/adverse selection problems (Berger and Udell, 1998). In Africa, by contrast, Beck et al. (2013) emphasise that there is still scope for further inquiry on moral hazards and adverse selection due to the relative gross underdevelopment of information generating agencies. However, recent research indicates that proximity and social networks have eased the informational problems of informal financial markets in tackling moral hazards and adverse selections (Guirking, 2008). However, such easing remains localised with limited capacity to extend broader financial services (Karlan and Morduch, 2009; Nisanke, 2001). Therefore, further research can play a significant role to better understand these two-credit risk conceptions, as they relate to the financial resources of entrepreneurs in the informal economy, and as they affect informal entrepreneurs' business growth and survival.

The variability of interest rates and collateral uptake in the informal financial markets remain other features for further inquiry.

2.7.1.1.2 Interest Rates and Collaterals

Interest wise, the literature commonly recognises that high interest rates characterised informal markets, making it extremely difficult for informal borrowers to grow and survive (Haider, 2018; Nissanke, 2001; Yotopoulos and Floro, 1992). However, these arguments do not hold in all contexts, as recent evidence indicates the flexibility of interest rates in other places in the developing economy. For example, studies demonstrate how interest rates are carefully managed to enable informal entrepreneurs' businesses to prosper, and even survive (Guirking, 2008), whilst in Egypt, informal entrepreneurs enjoy interest rates paid on loans based on Islamic law (Baydas et al., 1995). Whether flexible interest rates hold in the research context, or otherwise, this research intends to unveil the how and why.

In addition, discussion in the literature on the use of collateral by informal entrepreneurs to borrow is very sparse and portrays contextual variations. For example, research reveals that collateral may be a credit requirement in Ghanaian informal credit markets (Aryeetey and Udry, 1997). However, a previous study indicated otherwise, namely that collateral contracts in northern Nigeria are purely a trust transaction deeply rooted in religious values (Udry, 1990). Indeed, a recent study shows a lack of collateral in Ghanaian informal sector that hinders SME access to finance (Turkson et al., 2020). Consequently, the outcome of this review suggests that examining institutional aspects of context is relevant in generating empirical insights on how informal entrepreneurs use available collateral, if at all available, for business survival and growth.

2.7.1.2 Institutional Constraints

Having reviewed the financial markets structures, the literature on financing enterprise development in Africa highlights institutional constraints as other growth and survival challenges (Nissanke, 2001; Somoye, 2013). Institutional constraints, both formal and informal institutional shortcomings, particularly in the legal systems and social networks, affect informal entrepreneurs' mobilisation of financial resources in the informal economy.

Starting with formal institutional constraints, for instance, scholars argue that an efficient legal system, such as sound property rights and patent protection in developed and developing countries, affects the general performance of formal financial institutions in

delivering financial resources for small business growth and survival (Beck and Demirguc-Kunt, 2006; Berger and Udell, 2006). Yet, research shows that information asymmetries and inconsistencies in regulatory activities have made formal lending very risky (Nissanke, 2001), whilst an increase in non-performing loan balances attract swingeing fines (Economist, 2017, 8 July). In a recent policy paper, Beck and Cull (2013) assert that formal institutional constraints still persist, like the absence of sound contract enforcement mechanisms necessary for efficient small business lending in the informal economy in sub-Saharan Africa. As such, the needed financial products for small entrepreneurs' businesses to thrive in Africa compared to developed countries is still slow to emerge.

Regarding informal institutional constraints, other scholars doubt the reliability of social networks in developing economies to help entrepreneurs to use financial resources for growth (Ayyagari et al., 2010; Nichter and Goldmark, 2009). Nichter and Goldmark (2009) insist that in addition to the benefits from social networks, they equally possess downsides that can negatively affect the growth and survival of small businesses, such as informality, favouritism and barriers to entry. However, the use of social networks in relationship lending in the informal economy has attracted unresolved debates in the literature on the relative importance of formal and informal financing sources for small firm growth (Ayyagari et al., 2010; Beck et al., 2015). Whilst both sources are relevant in alleviating the financial constraints of such enterprises (Jain, 1999), the application of social networks that rely on soft information to lend remains a subject requiring further study on small business finance survival and growth (Beck et al., 2015).

Overall, these reviews suggest that institutional asymmetry between formal and informal settings play an important role in the growth and survival of informal entrepreneurs' businesses. Whilst the lack of an efficient legal system and hard information affects the performance of formal financial systems to lend to informal entrepreneurs, social networks exist via norms, values and shared beliefs (Scott, 2013), to deliver informal finance for small firm growth. How does this process occur? Very little is known about informal enterprises' use of finance for business growth and survival.

2.7.1.3 Financial Constraints and Financing Gaps for Informal Entrepreneurs

A review of the literature indicates that financial constraints and financing gaps in the informal economy vary geographically (IFC, 2017). However, as noted earlier, the need for

informal enterprise growth and survival takes the demand for capital beyond informal finance, such as families, relatives and personal savings, but to the mobilisation of relevant and matching financial resources. Unfortunately, informal entrepreneurs' businesses access to finance is one of the important major growth and survival constraints (IFC, 2017, Karlan and Morduch, 2009).

Yet, policy research papers show that informal enterprises are growing and surviving (ILO, 2018). Whilst other studies implicitly relate this growing and surviving phenomenon on the capacity to mobilise varied IFSs, other studies argue contrarily. For example, Allen et al. (2005), and consistent with Tsai's (2004) study focusing on China and India, highlights the role of informal finance and other internal sources on firms' growth in the absence of efficient formal financial institutions. However, using IMF and World Bank datasets, Ayyagari et al. (2010) argue that it is the formal financial institutions that help firms to grow in developing countries, as informal finance institutions do not possess the facility to improve or relax the financial constraints facing entrepreneurs in the informal economy.

Accordingly, these recent controversies and debates are a clear indication of a limited understanding of the financial constraints of entrepreneurs in the informal economy. In developing countries, the lack of data on the informal provision of finance impedes any detailed understanding of the relationships between the use of financial resources and informal entrepreneurs' business growth and survival (Beck et al., 2013; IFC, 2017). Indeed, scholars examining access to finance as a growth constraint to SMEs, emphasise the need for country case study research to explore and tender detailed explanations of such relationships (Beck & Demirguc-Kunt, 2006, p. 2942).

Meanwhile, in Nigeria, where formal banking began over 125 years ago in 1892 (Ngwu, 2015), challenges regarding access to finance remain unchanged for many small enterprises in the informal economy (Meagher, 2015). As noted earlier in the literature review, the lack of effective institutions in Africa contributes to the funding gaps for informal enterprise growth and development (IFC, 2017). Despite the wide availability of financial sector reforms and microfinance schemes, and the rise of semi-formal financial institutions, entrepreneurs' funding gaps remain unfulfilled. For instance, evidence shows that sub-Saharan African MSMEs, numbering about 44 million, have a US\$331 billion funding gap, of which 37 million MSMEs are in Nigeria (IFC, 2017). The majority of these MSMEs remain in the informal

economy (World Bank, 2014). Although IFC data does not cover informal businesses, according to approximation, the financing gap of informal enterprises represents about 78 per cent of potential formal demand in sub-Saharan Africa (IFC, 2017, p. 42).

In summary, external factors, such as financial market structures, institutional constraints, financial constraints and financing gaps greatly influence the growth and survival of informal entrepreneurs' firms. Yet, the lack of robust data on business performance continues to hamper the detailed analysis and understanding of mobilisation of financial resources in sub-Saharan Africa (Beck and Cull, 2013). Importantly, evidence in the literature highlights that the application of qualitative case studies can advance critical insights into the entrepreneurship and finance literature (Beck and Demirguc-Kunt, 2006).

The above section discussed the constraints, mostly external factors and supply-side issues, facing informal entrepreneurs' business growth and survival. The next section reviews the literature on financing patterns for their business growth and survival. It highlights the operational constraints, mostly internal factors and demand-side issues, such as size, age, location and ownership structure that affect the processes of using finance for business growth, and then business survival.

2.7.2 Mobilisation of Financial Resources for Informal Entrepreneurs' Business Growth

Compared to formal firms, past empirical research explains the growth stage activity of microenterprises using informal finance as the dominant financial resources for their growth and survival (Liedholm, 1989). Such an attempt provides a direction on reviewing the literature of different financial resources mobilised for growth and survival by the four types of informal entrepreneurs (see section 2.4.1). As earlier mentioned, about 80 per cent of global MSMEs are informal enterprises (World Bank, 2014).

Studies have clearly shown that the financing requirements for small-scale entrepreneurs are determined by size, sector of operation, age, location, ownership structure, and stage of growth (Beck and Demirguc-Kunt, 2006; Boomgard, 1989). However, in Africa, informal entrepreneurs, hardly use banks for growth (Nissanke, 2001), except in a very few and occasional instances (Olarenwaju and Olabisi, 2012). The number of global MSMEs is increasing (see IFC, 2017). Whilst we know they use more informal finance and retained earnings than formal finance, there remain interesting questions that are yet to be sufficiently

answered in the literature. How do different types of informal entrepreneurs use finance, external finance (formal or informal) and internal finance, within distinct business growth stages? How does this process vary in terms of types of informal enterprises and their ventures within the distinct growth lifecycles? Hence the need to review the MSME and finance literature, since such enterprises account for a substantial number of informal enterprises in developing economies.

Research reveals that as informal enterprises grow and expand, they encounter relative changes in financing sources (Liedholm, 1989). Liedholm's (1989) assessment of sources of financial evolution in developing countries (see Figure 2.1, below), for example, focuses particularly on the different growth stages of microenterprises in the following manufacturing sectors: clothing, furniture and bakery. In the first growth stage, internal sources from retained-earnings dominate for survival reminiscent of traditional pecking order theory (Myers, 1984). External sources follow these internal sources; credit from customers as businesses developed a reputation. The next type of informal finance sought as firm ages is subcontracting with a larger supplier. This medium is trailed by trade credits and the use of professional moneylenders. In fact, an increasing range of external sources of informal finance become readily available in the form of short-term working capital. Finally, external sources from formal financial markets tend to be available in very few cases for a very limited number of microenterprises. Hence, this suggests the relevance of pecking order theory in developing countries.

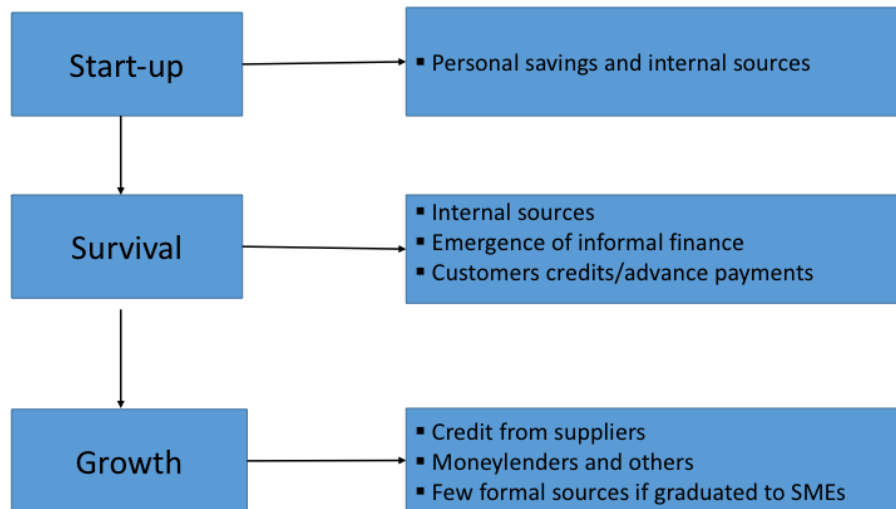


Figure 2. 1: Financial Evolution of Microenterprises in Developing Economies (Liedholm, 1989).

The graduation to the use of formal finance is consistent with other recent empirical studies that found such transformation in TP informal entrepreneurs in other locations of developing countries (De Castro et al., 2014; Olarenwaju and Olabisi, 2012). Whilst scholars generally consider that the survivalist informal entrepreneurs mobilise financial resources like households mostly for consumption purposes, little account exists in the literature regarding the traditionalist and CG entrepreneurs. In addition, Liedholm (1989) stresses that there are challenges to understanding the graduation from the use of informal to formal sources. Partly, this is explained by the difficulty in separating savings from other financial offerings. From the reviewed literature so far, little is known about the graduation from the use of informal finance to formal sources for growth. Thus, to advance empirical understandings of informal entrepreneurs and mobilisation of finance for growth, it is essential to narrate how these relationships intercede among different categories of informal entrepreneurs. This would allow the research to raise the issue as to how these entrepreneurs mobilise financial resources for business growth.

2.7.3 Mobilisation of Financial Resources for Informal Entrepreneurs' Business Survival

Scholars examining the dynamics of MSMEs extend a differentiation of the key contributing factors of survival of informal entrepreneurs businesses (Mead and Liedholm, 1998). They argue that business survival is more pronounced if the enterprise is small, old, operates in another sector, is not a trading activity, witnessed growth previously, is located in an urban centre and is owned by a male entrepreneur. However, contrasting findings were found in the literature.

Research that examines female entrepreneurs in the informal economy in textile trading activity, for example, have shown that women also possess the capacities to mobilise financial resources for survival and even growth (see Olarenwaju and Olabisi, 2012). Consistent with Mead and Liedholm (1998), the high rate of business survival among women entrepreneurs is possible because of businesses located in an urban centre, mostly relying on retained earnings. Similarly, as mentioned earlier, another study in Africa supports the point that the survival of small entrepreneurs in the informal economy relies on retained profits and informal sources to fund the demand of working capital (Nissanke, 2001). Essentially, the review of these scholars' ideas are consistent with other scholars' views that survival might lead to growth, and when small firms grow, they survive (Phillips and Kirchhoff, 1989).

Nevertheless, understanding the mobilisation of credit for informal enterprise survival is inherently difficult and beyond institutional settings, as some other internal forces and causes affect the relationships with financial resources (see Mead and Liedholm, 1998). Research shows that the relationships between the use of credit as financial resources and survival is significant in developed economies (Cowling, 2010; Phillips and Kirchhoff, 1989). However, in the context of developing economies, the relationship is insignificant (Mead and Liedholm, 1998). Accordingly, further qualitative inquiries may help explain these relationships in such a context, since informal entrepreneurs are likely to be reluctant to reveal the financial sides of their business to outsiders.

For instance, a scholarly review found that internal factors such as complex entrepreneurial behaviours and financial decisions are difficult to understand through survey data (Karlan and Morduch, 2009). Indeed, research shows that behaviours, as constrained by operating context, play a crucial role in how entrepreneurs in the informal economy mobilise financial resources for survival (see Beck et al., 2011). Yet, other operating characteristics of the small

business, informal entrepreneurs and business strategies influence both survival and growth (Freel et al., 2012). Hence, there is a need to take into consideration theoretical perspectives in resource-based theory to advance empirical insights.

From the review so far, knowledge in this area of informal operations is still relatively inadequate (Matin et al., 2002), despite highlighting the importance of age, size, location and sector as influencing the mobilisation of financial resources for business survival. Hence, this raises another sub-research question of how financial resources are mobilised by informal economy entrepreneurs for the survival of their businesses. The next section reviews payments as other financial services affecting business growth and survival in the informal economy.

2.7.4 Payments: Growth and Survival Strategies

Whilst informal entrepreneurs use very little formal finance, evidence indicates that they patronise banks for money transfer services to ease business performance (World Bank, 2014). Despite the arguments that IFSs are deficient in providing financial services for modern enterprise development, evidence indicates that informal entrepreneurs use different growth and survival strategies to either mobilise only IFSs or combine IFSs with formal services (Madestam, 2014).

Indeed, various modes of payments catering to informal economy entrepreneurs' businesses in terms of expansion and persistence exist. For example, evidence of such services includes remittances (Isern et al., 2005), informal currency trading services (Dlabay and Reger, 2007), and mobile banking and payments services (Adaba and Ayoung, 2017). Research shows these services are mostly mobilised for domestic, regional and international trading activities (Isern et al., 2005; Meagher, 1990). Consequently, and in addition to IFSs, informal entrepreneurs use banks to channel funds to improve their business performance for growth and survival.

2.7.4.1 Money Transfer Services

Money transfers in the informal economy are financial flows that are now generating much attention in both academia and policymaking units (Isern et al., 2005; Shehu, 2003). Scholars argue that little is known in the literature about money transfer services in the informal sector (Isern et al., 2005). However, research has linked the frequent use of informal transfer by petty traders to many factors in sub-Saharan Africa, including poor formal financial services infrastructure, inadequate regulations, low-level financial literacy and culture (Sander, 2004).

These reviews suggest that informality and institutions shape money transfer services in the informal economy. How does this happen? The limited evidence available indicates that full knowledge of these services is still inadequate in the entrepreneurship literature.

Meanwhile, evidence shows a huge volume of transactions passes through remittance networks. For example, *hawala* – a transfer network – reveals that the volume is estimated at US \$150 billion in Saudi Arabia and is even surmised as US \$680 billion in India per annum (Lascaux, 2015, p. 94; Shehu, 2003). Whilst there exist substantial trading activities between African and Asian countries, the informal remittance network mobilisation by entrepreneurs in the expanding informal economy remains unclear. Nonetheless, evidence of its usage by African diaspora entrepreneurs has been established (Newland and Tanaka, 2010). Moreover, Isern et al. (2005) highlight that the preference of informal money transfer services (IFMSs) over formal transfer channels is because the transaction fees charged are relatively far lower than that offered by the mainstream providers. Similarly, in terms of informal border trading, another work stresses that it is because such fees are being settled through currency exchange spread (Faith, 2011). Yet, little discussions exist regarding informal entrepreneurs' use of IFMs for growth and survival, and this research will try to examine the processes involved.

Furthermore, research has demonstrated the prevalence of informal currency exchange services activity in developing economies, particularly in areas closer to border districts (Dlabay and Reger, 2007). This kind of exchange is interlinked with IFSs, and flourishes in areas characterised by high corrupt practices across the border areas in West Africa (Fadahunsi and Rosa, 2002). How informal entrepreneurs mobilise such resources for growth and survival is not yet detailed in the literature.

2.7.4.2 Financial Technology (FinTech): Mobile Banking

A review of financial technology (FinTech) literature as one of the financial innovations changing the global financial landscape in both developed and developing economies, although small, is rapidly evolving for households and entrepreneurship development (Beck and Frame, 2018). These authors classified the advancement in FinTech into the product (subprime lending, cards services, online banking and mobile technology), process (automated settlement systems, credit scores and information sharing, weather index

insurance, and asset securitisation) and organisational innovations (marketplace and internet-based banking).

These technological advancements exist to overcome asymmetric information, costs and risks in the financial system. Such innovations also triumph with malpractices posing regulatory challenges, such as the collapse of the subprime mortgage lending that triggered the 2008 global financial crisis due to advancements in the information gathering processes (Beck and Frame, 2018). Until now, FinTech – principally mobile banking, remains the notable financial innovation in developing economies for improving financial inclusion and reducing poverty.

Despite the benefits of these technologies on financial deepening, whilst examining the FinTech innovations, economic inclusion and the informal economy, Meagher (2018) contends that they adversely incorporate informal operators with little, if any, mutual benefits. She cited mobile banking technology development in Africa with admiration. Still, she argued that its deployment possesses conflicting interests and is full of power struggles and predatory activities among the private agents. Such innovations hardly recognise the conditions under which indigenous informal entrepreneurs' businesses access finance to grow and survive for decades, if not centuries. Rather they consider informal economies as avenues to increase corporate revenues and less differentiate between formal and informal players.

Nevertheless, the literature discusses the relevance of mobile banking in developing economies for the growth and survival of informal entrepreneurs' businesses. Various literature references the success achieved by M-Pesa's financial services in Kenyan vast informal economy (Holt and Littlewood, 2014) and mobile money in other parts of Africa (Kouame and Kedir, 2020; World Bank, 2014). Fundamentally, scholars underlined how mobile banking technology overcomes the vast geographical barriers in many African countries to improve access to formal financial services. For example, Beck and Frame (2018) report the success and widespread use of M-Pesa's services to pay for gas, electric and water rates by households, including payment of salaries by small entrepreneurs in Kenya. In addition to reducing the use of informal savings mechanisms, M-Pesa positively impacted trade credit among small entrepreneurs, risk-sharing, and transaction costs.

Despite mobile banking benefits, its effectiveness continues to generate debates. It also raises trusts with little penetration in other African contexts with huge informal economic activities (see Meagher, 2018). Reviews also indicate it remains volatile and faces taxation and other regulatory challenges (Beck and Frame, 2018). Besides facilitating trade transactions and payment services, research suggests that it has played a limited role in savings accumulation and credit financing (see Adaba and Ayoung, 2017; Asamoah et al., 2020), especially regarding informal entrepreneurs' business start-up, growth and survival. Consequently, more understanding of this disruptive technology about informal entrepreneurship and access to finance is needed. Specifically, from another context, as reviews indicate that institutional arrangements influence mobile money performances in developing countries.

Thus far, access to finance for informal entrepreneurs' venture start-ups and mobilisation of such resources for their business growth and survival remains an important research area for academicians and practitioners. From the literature reviewed, access and use of finance remain the most significant hurdles to informal enterprise development, particularly so in more poverty-affected contexts (Bruton et al., 2011). Efforts to address these problems have had limited success, suggesting the influence of institutional asymmetry (Meagher, 2015; Ngwu, 2015). Then how and why, is not detailed in the literature. Little is known about informal enterprises that comprise about 80 per cent of global microenterprises and SMEs (IFC, 2017; World Bank, 2014), in particular, informal entrepreneurs' abilities to access and use external and internal sources of financial services without full business registration (Dlabay, 2015).

Consequently, many questions remain unanswered, including how do these processes of business start-up, growth and survival with financial resources vary between different types of informal economy entrepreneurs and their ventures? Further, what role do formal and informal financial service providers play in these processes? Although IFs are the predominantly used channels, they have not alleviated the financial constraints facing informal entrepreneurs' businesses, which interacts with other stated constraints to impede such business development (Beck and Cull, 2013). However, the literature widely acknowledges that the lack of data from IFs provision hinders a detailed analysis regarding the access and use of financial resources in the informal economy (Beck and Cull, 2013; Beck et al., 2008; IFC, 2017). Answering the identified research questions in the literature reviewed,

and adopting qualitative methods, can potentially help to increase empirical understanding and develop new theoretical insights.

The next section provides the conceptual framework of this research as the basic assumption guiding the empirical investigation. It also discusses the empirical setting of the research identified from the outcome of the literature review. The section concludes by presenting the summary of this Chapter – literature review.

2.8 The Conceptual Framework

The basic assumption in this research is that entrepreneurs in the informal economy access financial resources for business start-up, and mobilise financial resources for their business growth and survival (Darbi et al., 2018; Godfrey, 2015; Grimm et al., 2012; Webb et al., 2013). In both the academia and practitioner's perspective, understanding the financial resources of these entrepreneurs is considered a promising approach to improve sustainable small business finance in the informal economy (Beck et al., 2015; ILO, 2018). Therefore, the academic literature, policy papers, the informal economy statistics, and the theoretical viewpoint of IT (Scott, 2013), and RO (Sirmon et al., 2011), all influence the formulation of this conceptual framework.

The below diagram reveals the conceptual composition guiding the scope and analysis of this investigation, which aligns with the study's research questions, aims and objectives. Primarily, from the bottom to the top of Figure 2.2, a number of assumptions were made on the financial resources of different types of entrepreneurs in the informal economy.

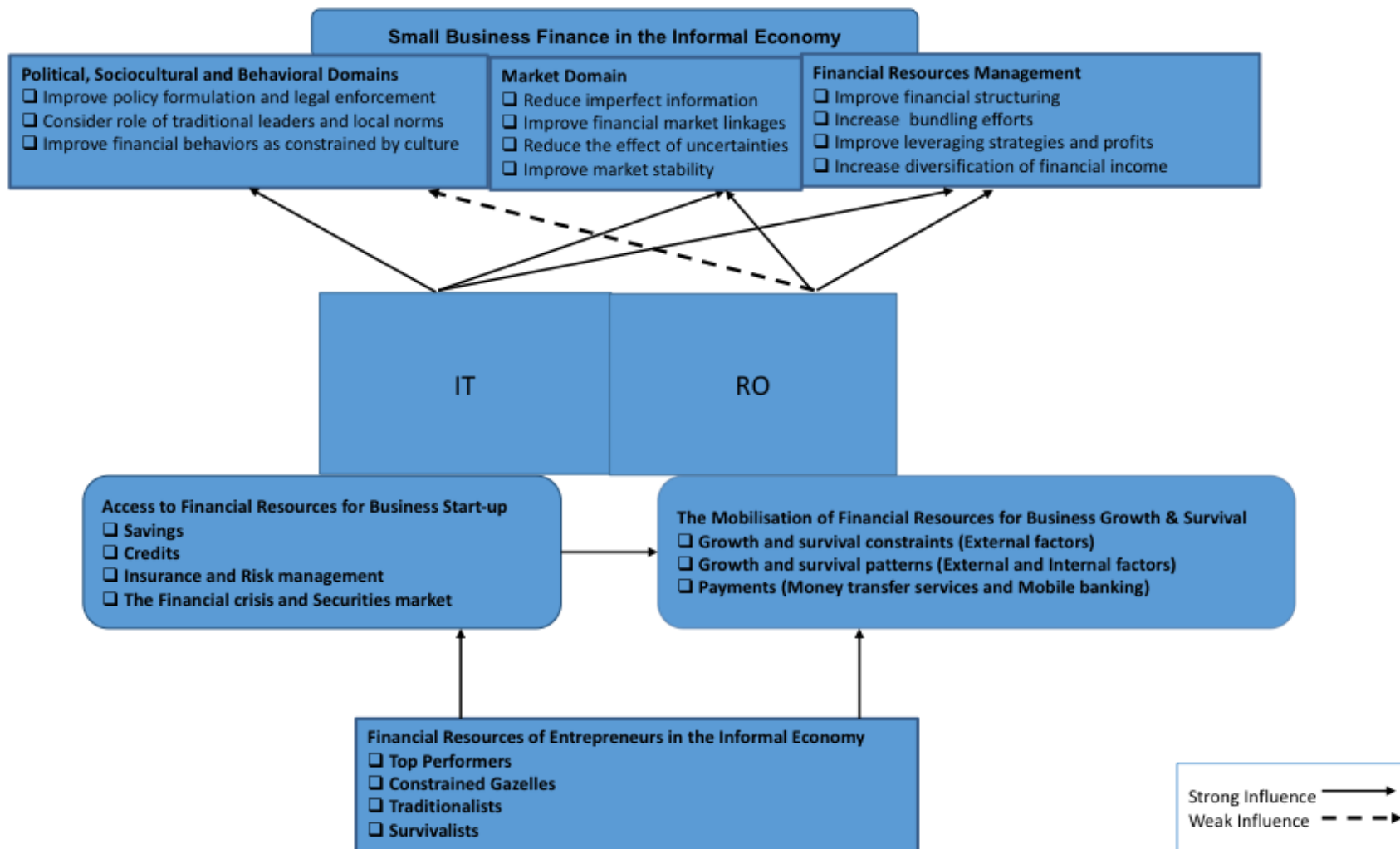


Figure 2. 2: Conceptual Framework Diagram

First, these entrepreneurs' experiences drive their decisions and strategies to access different financial resources for business start-up using various savings, credits, insurance and other financial services.

Second, as a business starts, the need to grow and survive in business is driven by external factors, including market structures, institutional constraints, financial constraints and financing gaps, as well as internal factors such as size, age, industry, location and ownership structure, including money transfer services and mobile banking.

Third, in these processes of business start-up, growth and survival, it is assumed that the processes are best explained by the integration of the IT perspective (Scott, 2013) and the lens of a resource-orchestration framework (Sirmon et al., 2011), in which the dot lines of weak influence reflect the literature discussion between the RO framework and informal enterprise financing.

2.8.1 Literature Review Discussion

Building on the above assumptions, it is clear that there is significant scope for further enquiry into the financial resources and informal entrepreneurship (Beck et al., 2015; Webb et al., 2013). This knowledge gap is especially so in the scarce resource context of emerging economies, in which the use of IT (Scott, 2013) and RBT (Barney, 1991), specifically to advance the concept of institutional asymmetry (Webb et al., 2013; Webb et al., 2009; Williams et al., 2017) and resource orchestration framework (Sirmon et al., 2011), were considered for theoretical underpinning. Until now, the informal entrepreneurship processes of start-up, growth and survival still persist in developing economies (Fredström et al., 2020; Williams et al., 2016a). Despite valuable insights from the institutional perspective (Beck and Demirgüç-Kunt, 2006; De Castro et al., 2014; Sutter et al., 2017), knowledge of the financial resources of entrepreneurs in the informal economy is still limited. Indeed, more finely grained profiling of such resources in terms of acquisition and usage is needed.

Furthermore, to understand and address challenges with financial resources in the informal economy, research evaluated the unsuccessfulness of micro-finance schemes (Morduch, 1999; Karlan et al., 2017) and loan-guarantee schemes (Hoff and Stiglitz, 1990; Quartey et al., 2017). Likewise, despite financial inclusion initiatives, many global informal enterprises are unserved by formal finance (Chaia et al., 2009; IFC, 2017). Shadow banking activities continue

to thrive in both developed and developing countries (IMF, 2014). However, the persistence of informal economic activity can pose significant problems for governments, depriving them of tax revenues required to invest in public services and infrastructures (Farazi, 2014).

Meanwhile, governmental efforts to address the issues associated with fragmented financial markets have often had limited success, whilst asymmetry between formal and informal institutions persist. For instance, in NW Nigeria, more than 70 per cent of the informal enterprise populations remain financially excluded (Aro-Gordon, 2017). Indeed, the financial systems in developing countries still face challenges in finding the best mechanisms in designing the appropriate financial products and services that correspond to the needs and diversity of informal entrepreneurs (Arestis and Stein, 2005; Ngwu, 2015; World Bank, 2014). In light of these related challenges, academicians and international organisations, such as the World Bank and the IMF, are advocating the need for further research into access and use of the financial resources of entrepreneurs in the informal economy.

Overall, evidence strongly suggests that access and mobilisation of financial resources in the informal economy by entrepreneurs is persisting and growing (Beck et al., 2015; Nissanke, 2001; Ribas, 2014), and through an unregulated interest rates (Guirking, 2008). Why and how, is not yet sufficiently understood. To date, details on the ways in which informal entrepreneurs plan, organise and transact with financial resources are still overlooked in the literature (Webb and Ireland, 2015; Webb et al., 2014); as is knowledge of the way informal entrepreneurs access and use financial resources (Dlabay, 2015; Godfrey, 2015; Tsai, 2004) for business start-up, growth and survival (Webb et al., 2013). Moreover, as knowledge of informal entrepreneurs access and use of formal finance is relatively in its infancy stage (ILO, 2018; IFC, 2017), and the use of informal finance and internal finance is still not fully clear (Beck et al, 2015). Hence, the focus in the research setting of GCM in Gusau city in NW Nigeria to address the identified knowledge gaps and build the assumptions in the conceptual framework.

2.9 Research Context: Gusau Central Market (GCM)

GCM (see appendix 6) is located in Gusau city in Zamfara State. Gusau city is the administrative capital as well as the commercial urban centre of Zamfara state in the NW region of Nigeria (The Editors of Encyclopaedia Britannica, 1998). This website reports that

historically, the arrival of the railway line in the 1920s had a significant impact on the growth of the city's commercial activity. Following this, the city was one of the vibrant industrial locations in northern Nigeria with a booming textiles industry and ginneries made possible by the cotton farming from surrounding rural areas. However, the decline of the railway system and the collapse of textiles industries and ginneries has created a pool of unemployed youths. Today, the informal economy is the dominant source of employment in GCM, mostly in the form of trading activities, light manufacturing and the provision of other services (Meagher, 2015).

In fact, the idea to construct GCM was nurtured since 1957 when a fire incident destroyed the old market site (State Ministry of Commerce, December, 2017). This Ministry report indicates that the project did not materialise until 2000 when the state government built the first phase under the supervision of the state ministry of commerce. The remaining phases are yet to be completed. Given the urgent requirement of traders and other businesses for premises, spaces were allocated haphazardly even though the market has not yet been officially commissioned. Informal enterprises are scattered both inside the market and along four stretches of streets surrounding the study site. In this setting, many informal entrepreneurs are engaging in activities such as light manufacturing, wholesale and retailing, agricultural produce, livestock, repairs and other services. Indeed, it also serves as a point of weekly commercial interactions for rural and urban informal entrepreneurs on Mondays and Fridays.

Despite pockets of other smaller markets in the city, this uncompleted modern market remains the most influential commerce centre in the city – some of the informal entrepreneurs participating in national and international trading activities. Similarly, inside and outside the vast surrounding area of the market, there are newly established business start-ups operating inside shops, in temporary canopies or on the open field. In addition, older ones are expanding and growing. How are they accessing financial resources in the informal economy for business start-up, growth and survival? This empirical setting provides information for knowledge production to explain the institutional structures and processes of financial resources, particularly regarding the access and mobilisation of financial resources by entrepreneurs in the informal economy for business start-up, growth and survival.

Consequently, from the points mentioned above and the background section, it is apparent that informality is the dominant economic activity in this empirical site – GCM. It is vital that the processes of access and use of financial resources as they interact with institutional contexts are captured empirically and reflected into theoretical insights.

2.10 Chapter Summary

This Chapter introduced and reviewed the extant literature of the financial resources of entrepreneurs in the informal economy. It started with an introductory section dealing with how the literature search was conducted, before reviewing the literature of the informal economy. Drawing from the legalist's perspective, the chapter then set-up the theoretical context underpinning this research. Subsequently, it discussed entrepreneurship in the informal economy in-order to streamline the focus to the financial resources of entrepreneurs in the informal economy, highlighting the literature gaps, research questions and objectives that elaborate on why research is needed, specifically with a focus on how informal entrepreneurs access and mobilise financial resources for business start-up, growth and survival in GCM in NW Nigeria. The Chapter ends with the conceptual framework that provides the fundamental assumptions guiding this study. Consequently, this review portrays inadequate understandings of the phenomenon in relevant context as well as the availability of germane theories to increase theoretical insights (see Suddaby, 2006). Hence, setting the appropriate methodological design to answer the research questions derived from the literature reviewed.

Chapter 3 Research Methodology

3.1 Introduction

The preceding literature review Chapter shows the conceptual framework guiding the research inquiry and the identified research setting to address the literature gaps. This Chapter outlines the research methodology adopted to address the main research question. For that reason, the next section presents the research aims, research objectives and research questions.

3.1.1 Research Aims and Objectives

After careful consideration of the research problems, the context of the study, and the literature, this study explores the financial resources of entrepreneurs in the informal economy in NW Nigeria. Specifically, the aims of this research are:

- Explore and understand how, entrepreneurs operating in the informal economy in NW Nigeria utilise their existing financial resources, and access new such resources to start their ventures, and how they mobilise financial resources for the growth and survival of those businesses.

Understanding the acquisition and use of financial resources by entrepreneurs in the informal economy is vital to this study. These entrepreneurs predominantly acquire and use financial services outside the mainstream formal financial systems for their businesses, whilst institutions play an important role in these processes (Beck and Demirguc-Kunt, 2006). In order to provide detail and rich insights regarding informal entrepreneurs' access and mobilisation of financial resources for businesses start-up, growth and survival in NW Nigeria, the objectives of the study are as follows:

1. Identify and develop a typology of financial services and service providers used by entrepreneurs operating in the informal economy.
2. Critically analyse how entrepreneurs in the informal economy access and use financial resources to start their businesses.
3. Examine how entrepreneurs in the informal economy access and utilise existing financial resources in the course of their business activities.
4. Critically analyse how entrepreneurs in the informal economy mobilise financial resources for growth.

5. Critically analyse how entrepreneurs in the informal economy mobilise financial resources for the survival of their businesses.

3.1.2 Research Questions

From the review of the academic rationales and facts about the Nigerian informal economy and financial resources, the following primary research question was identified: how do entrepreneurs operating in the informal economy in North West Nigeria access and mobilise financial resources for start-up, growth and the survival of their businesses? This main research question influences the choice of research design, research strategy, access negotiations, methods of data collection and analysis. Unpacking this overarching research question, five sub-research questions are identified:

1. How do entrepreneurs in the informal economy access financial resources to start their ventures?
2. How do entrepreneurs in the informal economy mobilise financial resources for growth?
3. How are financial resources mobilised by informal economy entrepreneurs for the survival of their ventures?

The above three research questions guide the configuration stage of this research. They allow for the extraction of important ideas concerning access to financial resources in the informal economy for ventures start-up from the literature, as well as mobilisation of such resources for businesses growth and survival. From the review so far, the literature indicates that understanding entrepreneurs in the informal economy through access and use of financial resources is regarded as one of the important interventions to address the problems of informality and its significance. However, a few of such contributions exist in the literature.

4. How do these processes vary between different types of informal economy entrepreneurs and ventures?

This research question 4 allows the research to link research questions 1, 2, and 3 and present a detailed account of interrelationships between informal entrepreneurs and financial resources in the informal economy. Indeed, in addition to helping in an interpretation of the research results with extant literature, it enables the consolidation of empirical and theoretical contributions.

5. What role do formal and informal financial service providers play in these processes?

This research question allows the research to describe and explain what financing sources are available for the informal entrepreneurs' business performance of start-up, growth and survival.

The next section, therefore, discusses the suitable research philosophy, research paradigm, and the research approach informing the study, particularly to answer the above research questions sufficiently. Integral to this, it outlines the research strategy that entails discussions about the case study design, data collection and analysis approach to explore the financial resources of entrepreneurs in the informal economy in GCM in NW Nigeria. Consequently, Figure 3.1, presented below, depicts the structure of the research methodology adopted.

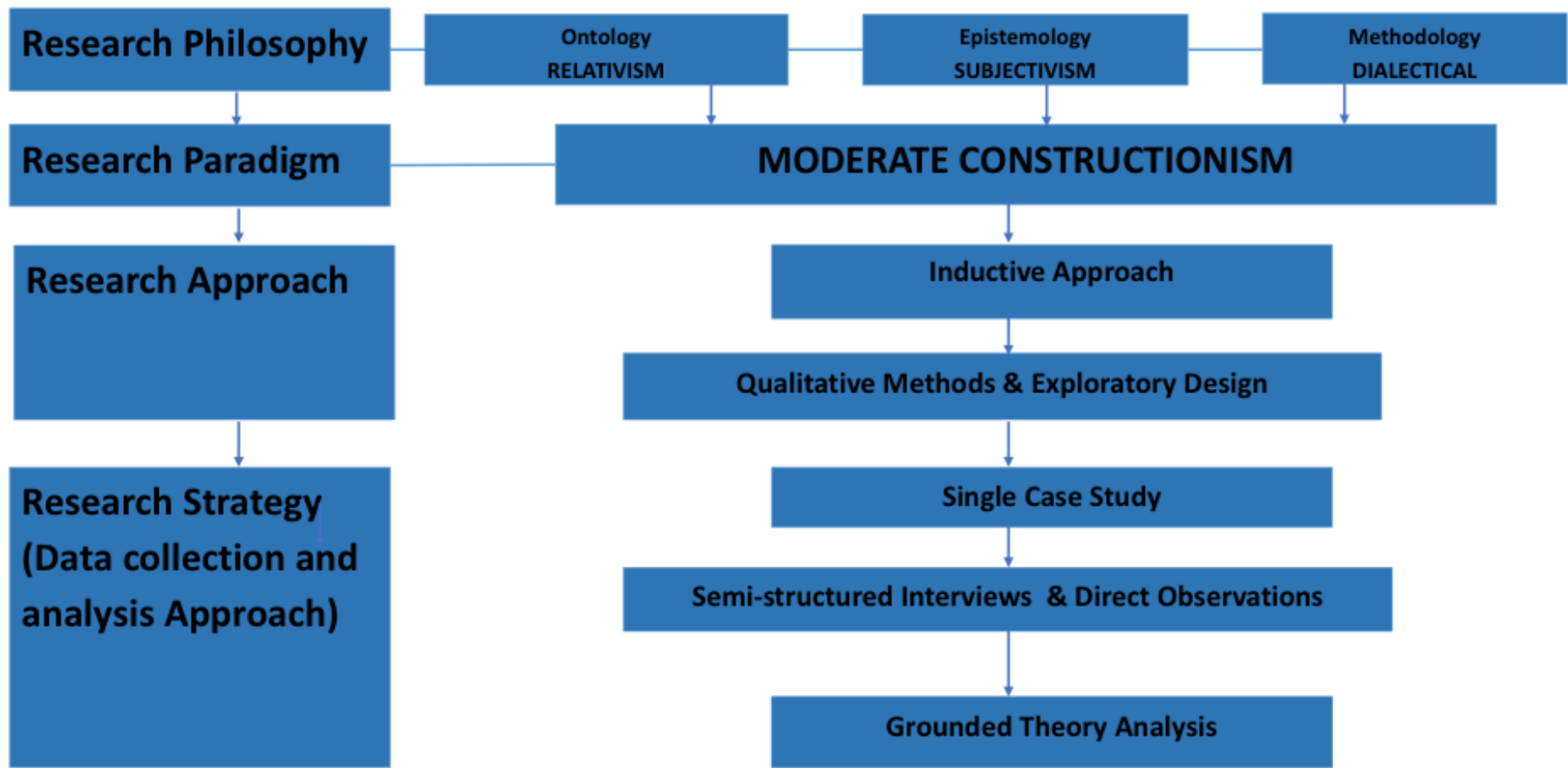


Figure 3. 1: Structure of the Research Methodology

3.2 Research Philosophy

This research in GCM subscribes to known evolutionary paradigms to advance new knowledge on the financial resources of entrepreneurs in the informal economy. Indeed, in business and management research, these paradigms constitute different types of research philosophies: ontology, epistemology and methodology as they formed the basic beliefs and assumptions in knowledge development (Johnson et al., 2006; Lincoln et al., 2011). Consequently, this research draws from these philosophical conventions as a device to guide this inquiry on how informal entrepreneurs do access and mobilise financial resources for business start-up, growth and survival from the empirical case of GCM in NW Nigeria.

Yet, case research tends to embrace multiple views that consist of varying premises in ontology, epistemology and methodology (see Easton, 2010; Eisenhardt, 1989; Yin, 2017), which can be placed on a continuum from realism to relativism (Järvensivu and Törnroos, 2010). However, debates still exist on the supremacy of either realism or relativism in management research (Johnson et al., 2006). Indeed, a commonly accepted position seems to be a philosophical pluralism that allows for incorporating multiple perspectives to understand reality (Kwan and Tsang, 2001); rather than the realist position on the existence of a singular reality (Guba and Lincoln, 1994). Thus, since the GCM case involves multiple perspectives to reality, such as institutional and financial resource management realities, a pluralistic philosophical position of relativism, subjectivism and dialectic was considered.

3.2.1 Research Ontology

This study embraces ontological relativism, in which there are multiple realities constructed within community interactions of the empirical case (Elder-Vass, 2012; Järvensivu and Törnroos, 2010). Further, Lincoln et al. (2011) argue that relativism entails social realities that are socially constructed in a given context by a social actor. As a result, this study holds this relativist view that there is no unique objective reality, but there are multiple locally-constructed realities from the subjects in communal interactions (Johnson et al., 2006). Fundamentally, the ontological position of this study assumed an anti-positivist stance to build knowledge from the informal entrepreneurs' views and experiences as well as the researcher interpretations of the subjects regarding access and mobilisation of financial resources in the informal economy for business start-up, growth and survival.

Until now, the positivist conception of reality dominates entrepreneurship research. However, such an approach tends to ignore the nuances and complexities of the social world and meanings regularly achieved by entrepreneurs (Neergaard and Uihøi, 2007). For instance, positivism commonly referred to as naïve realism is assumed deterministic and reducible in which only a singular reality exists determined '*by immutable and natural laws mechanism*' (Guba & Lincoln, 1994, p. 109). This situation involves hypothesis testing in which the confounding conditions are carefully controlled. However, controlling the local variables whilst informal entrepreneurship is an evolutionary process and contextually constrained (Ireland et al., 2005), leads to parts isolation from a whole. Thus, resulting in the possible misrepresentation of reality, overlooking rich contextual insights into social realities by reducing complexities to law-like generalisations (Guba and Lincoln, 1994).

To date, there are debates among philosophical paradigms regarding the ontological status of social reality. For example, whilst critical realism and neo-empiricism embody realist ontology with positivist tendencies, relativism or constructionism, as a representation of postmodernism thought, retains subjectivist ontology in the conception of social reality (Guba and Lincoln, 1994; Järvensivu and Törnroos, 2010; Johnson et al., 2006). Critical realism emphasises that reality is stratified, external and independent, whereas the relativism and constructionism embrace that reality is socially constructed through culture and language (Lincoln et al., 2011). Indeed, Lincoln et al. (2011) argue that these relativist or constructionist notions of reality aligns with that of interpretivism, in which realities are understood via multiple meanings, and subjects' interpretations, experiences and practices.

Nevertheless, social constructionist and interpretivist's conception of reality argued against shared reality (Berger and Luckmann, 1967; Nightingale and Cromby, 2002; Schwandt, 2003). Thus far, the objective of organisational and management research, especially entrepreneurship research, is to accommodate knowledge from different contexts and perspectives (Zahra et al., 2014; Ireland et al., 2005). Despite the criticism of relativist position in the understanding of reality, such as transferable validity and replication, evidence suggests that moderate relativism accommodates the limitations of the researcher in understanding and interpreting reality (Elder-Vass, 2012). Indeed, moderate relativist ontology takes into account the creation of reality as community-based, subject to critical evaluation of empirical evidence (Järvensivu and Törnroos, 2010; Nightingale and Cromby, 2002). Here, the

community consists of the researcher and informal entrepreneurs interacting to generate meaningful reality.

This study considered multiple views of informal entrepreneurs as creating social reality, but such reality cannot be regarded as definitive without empirical investigation and evaluation (Järvensivu and Törnroos, 2010; Nightingale and Cromby, 2002). For instance, the literature examined, indicates definitional challenges, different academic approaches and prevalence of the informal economic phenomenon as well as different uses of finance among informal entrepreneurs (Godfrey, 2015). Therefore, recourse to the community experiencing such a phenomenon will allow for accommodation of these subjective realities and guard against intrusions of doubtful reality (Guba and Lincoln, 1994).

Lastly, it is important to state that constructionist research is less concerned with ontological orientations of reality but has a common ground on epistemology (Nightingale and Cromby, 2002; Schwandt, 2003). Consequently, this study takes the relativist position, which has a subjectivist ontological status to understanding social reality. More specifically, to capture multiple realities in making knowledge claims concerning informal entrepreneurs and finance access and usage in GCM, as Van Den Belt (2003, p. 203) suggested: *“Moderate constructionists take a relativist stance with regard to scientific knowledge. ...The independent existence of such a thing as society or social reality is presumed and not called into question”*. Thus, establishing a connection between the researcher ontological position and epistemological one is highlighted as essential in the production of credible knowledge and explanations of reality (Mason, 2002).

3.2.2 Research Epistemology

As the dominant epistemological orientation in social science research, subjectivism was adopted here to deliver an acceptable valid knowledge of the financial resources of entrepreneurs in the informal economy. Indeed, the notion of individual perceptions that are context-specific links with the premise of knowledge claim in this study (Lincoln et al., 2011). For instance, the literature reviewed suggests institutional structures, such as financial policies, market structures, social contexts, behaviours and geographical location coupled with development level influences global variation in informal entrepreneurs' access and use of financial resources in the informal economy. As such, this research adopts subjectivist philosophy for knowledge development based on the collection of individual informal

entrepreneurs' opinions and narratives from the GCM context, and as well, through researcher's interpretation (Abma and Widdershoven, 2011; Guba and Lincoln, 1994).

Moreover, scholars suggest that subjectivist philosophy connects well with ontological relativism (Schwandt, 2003; Van Den Belt, 2003), as both philosophical orientations assumed an understanding of inter-subjective experiences in a context (Johnson et al., 2006). Hence, the consideration of subjectivist epistemology to make knowledge claim from the perceptions and experiences of the subjects from a GCM context, as influenced by geographical locations, histories, socio-cultural affiliations and other institutional elements.

Critics debate that the epistemological limitation of subjectivism is value-connection and reflexivity in knowledge generation (Johnson et al., 2006). Compatible with the relativist stance of this research about the existence of reality from a specific, local context; this research mitigates potential value limitations through the integration of multiple sources of evidence. It also examines multiple informants, conducts rigorous and systematic data analysis of texts and critical evaluation to produce credible knowledge, as recommended by Lincoln et al. (2011). Hence, embracing the idea of transferability in the form of analytic generalisation (Järvensivu and Törnroos, 2010; Van Den Belt, 2003; Yin, 2017). Indeed, the objective of this study is to develop an in-depth account of how informal entrepreneurs acquire and use financial resources in the informal economy in GCM, with the potential of applicability in related contexts (Gioia et al., 2013, Yin, 2017).

In regards to reflexivity, this research adopts the scholarly suggestions on internal reflexivity in qualitative management research in knowledge generation (Johnson et al., 2006). Primarily, this study avoids over rapport with participants and cultural co-option and deals with the location as anthropologically strange. Moreover, the researcher maintains a balance between insider and outsider. Further, this study maintains social and intellectual distance to preserve analytical space but avoid ethnocentrism, a cultural evaluation with preconceived notions in making a knowledge claim.

Thus far, we know that epistemology is intimately connected to ontology in the production of credible knowledge. However, scholars underline methodology also has intimate connections with these philosophies in knowledge generation (Lincoln et al., 2011, Krauss, 2005). Whilst

the preceding sections advanced the ontological and epistemological positions of this study; the next part discusses the methodological stand, dialectical methodology.

3.2.3 Methodologies: Dialectic

As this research considers multiple viewpoints of informal entrepreneurs on financial resources in the construction of knowledge, this study adopts a dialectical methodology. Whilst methodology and methods are sometimes used interchangeably; Slevitch (2011) argues that methodology determines methods in which the choice of an appropriate philosophy guides the selection of matching research methods. In methodological consideration, scholars stress that unificationism and pluralism remain the two opposing debates regarding the suitable approach to achieve knowledge of reality (Lincoln et al., 2011). Further, Lincoln et al., (2011) emphasise the adoption of the pluralistic approach in understanding social reality as the suitability of the philosophical position is preferred.

Dialectical methodology encompasses principles that regulate scientific investigation, including a set of tools and strategies concerning the practical implementation of research processes (Lincoln et al., 2011; Slevitch, 2011). Indeed, researchers wishing to adopt the relativist philosophical approach assume a dialectical methodology (Lincoln et al., 2011, p. 100). These authors also stress that dialectical methodology reflects meanings constructed by social actors, which involves seeking for knowledge contextually as well as through the actors' collaborations with the investigator to construct a meaningful reality.

Thus, dialectical methodology links with the focus of this study. Particularly, individual perceptions of informal entrepreneurs on how they access and mobilise financial resources in the informal economy to meet their business performance tasks in the context of GCM in NW Nigeria. In fact, methodology entails the extraction of meanings from the language in a dialogical way from the social situation in a given context using multiple sources of evidence, such as interviews and observations (Lincoln et al., 2011). Therefore, the adoption of dialectical methodology enables this research to employ interviews and observations, as the principal data collection instruments in grounded theory research (Suddaby, 2006).

Having outlined relativism, subjectivism and dialecticism as the ontological, epistemological and methodology of this research, respectively; the next section discusses the research

paradigms. It also outlines and justifies the choice of the research paradigm that subsequently guides the research approach and research strategy of this study.

3.3 Research Paradigms

The choice of a paradigm to guide research processes has continued to attract debates in the philosophical literature (Johnson et al., 2006). However, Guba and Lincoln (1994) stress that the onus rests on the investigator to support a selected paradigm by advancing robust arguments and logical reasons relevant to the research perspectives. In management research, scholars highlight *positivism, neo-empiricism, critical theory and affirmative postmodernism*, as the dominant philosophical modes of engagement (Johnson et al., p. 134). Until now, scholars examining the relevance of case study research in business networks argue that both social constructionism and moderate constructionism embodies postmodernist thought (Järvensivu and Törnroos, 2010), through adopting a qualitative approach to extract meanings from texts.

3.3.1 Moderate Constructionism (MC)

To advance insights on the relationships between informal entrepreneurs and financial resources from the empirical case of GCM, this study assumes a moderate constructionist (MC) paradigm. MC paradigm is an evolving assumption that lies in a middle way between critical realism and social constructionism and is an anti-positivist paradigm, in which forms of knowledge are derived from a specific context through dialogue and empirical examination of the subjects (Elder-Vass, 2012; Järvensivu and Törnroos, 2010; Van Den Belt, 2003).

In a book titled: *the reality of social construction*, Elder-Vass (2012) differentiate between the radical variety of social constructionism (Berger and Luckmann, 1967) and MC. Whilst the radical variety are highly fascinated by language; Elder-Vass (2012) argues that the idea of material reality has been understated, as physical realities interact with social reality to influence social situations. This notion of reality is consistent with the role of the physical environment in the creation of reality (see Van Den Belt, 2003) For instance, financial resources, such as currency and stock, as institutional properties are created by institutional reality but depend on the social process to generate a complex phenomenon. Further, climatic and other physical conditions interact with such processes to affect the outcome of social reality, such as weather patterns and the earth's physical structures.

Besides the material and physical realities, Elder Vass (2012) contends that MC also incorporates discursive perspectives, cultural and linguistic structures in knowledge production like social constructionism, but such viewpoints are more influenced by normative structures. Moreover, this paradigm recognises both strong and weak relativism in relation to understanding reality via multiple ways to describe the social world (Elder-Vass, 2012, p. 231). Indeed, the plurality and the moderating role of MC philosophical paradigm, which acknowledges the conception of knowledge in multiple ways, made it a suitable option in this research.

In terms of reliability and validity, moderate constructionism assumes an approach with multiple valid ways to understanding the world even though other ways appear more valid than others, but needs critical evaluation to determine their robustness and fairness in knowledge development (see Järvensivu and Törnroos, 2010; Nightingale and Cromby, 2002). These authors, regarding transferability, also argued that since MC entails knowledge generation that is local, historical and context-specific; ideas and theories generated from one context might be applied to other related contexts in a non- statistical fashion. This logic is typically referred to as analytic generalisation, where theoretical insights about financial resources and informal entrepreneurship from the empirical context of GCM in NW Nigeria can apply to another related context (Yin, 2017). Hence, this research considers MC as it aligns with the grounded theory assumption concerning theorising from a specific-local context (Hammersley, 2010).

In terms of application, MC is community-dialogue that recognises the normative structures of radical social constructionism but with an infusion of physical reality through critical evaluation of empirical evidence (Elder-Vass, 2012). For example, MC drawn in this research permits the researcher to combine formal institutional realities, norms, values, shared beliefs and physical reality to probe and deliver knowledge about the financial resources of entrepreneurs in the informal economy in the GCM context. Until now, most financial resources studies adopted the positivist approach (see Beck et al., 2013), inclusive of other informal economy entrepreneurship studies (Siqueira et al., 2016) and use of finance by small firms (Liedholm, 1989).

Despite advancing valuable insights, positivist-oriented studies struggle with the difficulties of generalising the research findings in most contexts of emerging economies. The exclusion

of meanings from social interactions, the researcher's view, as well as controlling variables in a research context, have been linked to the criticism of positivist studies (Guba and Lincoln, 1994). Thus, to avoid part isolation from the whole, MC was adopted to understand multiple constructed, community-based realities to generate new concepts and expand theories about the financial resources of entrepreneurs in the informal economy in GCM.

In summary, this research argued for the adoption of the ontological, epistemological and methodological beliefs guiding the research in GCM. It shows the consideration of MC paradigm as it accommodates multiple perspectives in understanding social realities (Elder-Vass, 2012; Nightingale and Cromby, 2002). Whilst MC focus on generating knowledge from a local context, this has to be subjected to transparency and critical evaluation of empirical evidence (Järvensivu and Törnroos, 2010). Hence, the use of multiple sources of evidence, grounded theory approach, NVivo software and research supervision to produce a valid and reliable study.

Thus far, it is important to state that the methodological debate regarding differences and disagreements on different philosophical paradigms is an ongoing process with no explicit agreement on the horizon (Abma and Widdershoven, 2011; Plummer, 2011). Whilst many scholars prefer pluralism (Johnson et al., 2006), in line with this idea and the preceding discussions, MC was adopted as its community, dialogue-based.

3.4 Research Approach

In line with MC paradigm, as well as literature reviewed and the existence of the contemporary phenomenon in an under-explored context of NW Nigeria, the following research approach is outlined to produce a valid and credible knowledge from GCM. This approach consists of discussion on research methods, research rationale and design purpose.

3.4.1 Research Methods

In order to make the world of the informal entrepreneurial phenomenon in relation to finance visible, a qualitative methodology was adopted (Denzin and Lincoln, 2011). A qualitative approach, besides being flexible and iterative, explicitly engages with the context allowing research to dissect different underlying forces of informal economic activity and associated complexities (Ketchen et al., 2014). The excessive variables control in quantitative methods, whereby context exclusion, controlling meanings in human behaviour, the disjointedness of theories with the local context, absence of interactive elements between the researcher and

the subjects led to the emergence of qualitative methods to provide rich insights into a complex phenomenon (Guba and Lincoln, 1994). Hence, the adoption of qualitative methods to consolidate the empirical and theoretical understandings of the financial resources of entrepreneurs in the informal economy.

There are still challenges in definitional disparities, competing theoretical explanations and prevalence of informal economic phenomenon from one context to another (Williams and Kedir, 2018b). Even though progress is being made, more qualitative research is needed to develop a coherent explanation of the phenomenon (Darbi et al., 2018). A qualitative approach has the potential to engage with the context of an ongoing informal entrepreneurial phenomenon and financial resources to capture complexities and heterogeneities therein (Yin, 2017). Consequently, this research adopts qualitative methods that seek to answer the question of 'how' and 'why' to understand informal entrepreneurship and its relationships with finance.

3.4.1.1 Qualitative Methods

Largely in Africa, many studies revealing valuable insights in the literature have examined informal economic activity using qualitative methods (Godfrey, 2011; Holt and Littlewood, 2017; Khavul et al., 2009). In short, qualitative research is defined as the study of phenomena in their natural settings using multiple methods to capture regular and challenging incidents as well as meaning in individuals' lives (Denzin and Lincoln, 2000). This delineation fits well with the research intention in generating knowledge from the GCM context through interactions with informal entrepreneurs in their natural setting.

Indeed, a survey by the Strategic Entrepreneurship Journal (SEJ), 27 board members ranked qualitative approach the most useful for the study of informality (Ketchen et al., 2014). As qualitative methods give more recourse to natural settings, entrepreneurship scholars continue to underscore the method important to offer precious insights on the entrepreneurial phenomenon. For example, consistent with Ireland et al. (2005), Neergaard and Ulhoi (2007) strongly favour research on entrepreneurial activity tends to be more productive, if conducted contextually via qualitative strategy.

Likewise, Ketchen et al. (2014) argue that informal economy entrepreneurs tend to distrust communication with outsiders, meaning they may ignore or mislead when participating in

quantitative surveys. Particularly, in relation to discussing sensitive financial aspects of their businesses (Karlan and Morduch, 2009). Moreover, there are challenges associated with researching the informal economy. For example, it is hard to achieve a representative sample (Grimm et al., 2012). Perhaps more importantly, there is also an absence of data for comprehensive assessments and evaluations of financial resources in the informal economy in both developed and emerging countries' economies (IMF, 2014).

Furthermore, examining global access to and use of finance, scholars strongly suggest that the survey works advance only limited understanding of small entrepreneurs' relationship with financial resources. For example, Karlan & Morduch (2009, p. 10) argues: "*More generally, large, one-time surveys tend to miss important information, partly because respondents hesitate to disclose intimate information about their financial lives to outsiders, especially about informal activities*" As a result, management and economic scholars strongly recommend the use of qualitative methods to examine how informal actors go about organising and managing their businesses and finance in their natural settings (Beck and Demirguc-Kunt, 2006; Darbi et al., 2018).

3.4.2 Research Reasoning: Inductive Approach

Largely, to explore the research questions, this research project adopted the inductive approach to theory development (Gioia et al., 2013). Even though a conceptual framework is generated from the literature reviewed, this research considers an inductive approach for theory advancement grounded in the data. For instance, Strauss and Corbin (1998, p. 50) support the extension of already existing theory in the grounded theory approach. Also, Suddaby (2006, p. 635) supports the '*elaboration of existing theory*' in such a principle, arguing that it defies logic to conduct academic research without existing knowledge. Theory elaboration entails the process of contrasting existing insights with the research results aimed at extending the theoretical framework (Greenwood and Suddaby, 2006, p. 31). Consequently, *a priori* definition of the research question that guides the research is inquired and reviewed from the literature:

RQ1: How do entrepreneurs operating in the informal economy of NW Nigeria *access* and *mobilise* financial resources for start-ups, growth and survival of their businesses?

In social science research, the deduction is predominantly linked to quantitative methods that entail hypothesis testing and its evaluation from an existing theory, in which, if the premises are supported the conclusion is accepted, if otherwise it is rejected (Neergaard and Ulhøi, 2007). Indeed, the deductive approach aligns with the positivist paradigm and is regarded as unsuitable in this research. Besides, abduction – a combination of induction and deduction, link with the MC paradigm because of its flexibility in terms of pluralism (Järvensivu and Törnroos, 2010). However, there are reasons for adopting the inductive approach.

First, the relationship between informal entrepreneurship and financial resources is a complex process in which causes, and actors' financial behaviours remain unclear (Webb et al., 2013). Second, this research examines the historical entrepreneurship process of start-up, growth and survival with financial resources, aiming to capture causes, interactions and sequence of events (Suddaby, 2006). Lastly, this study aims to build existing theories, and through inductive techniques, it contrasts and evaluates research findings with existing ideas and theories to consolidate theoretical insights (Tsang and Ellsaesser, 2011). Consequently, this research adopts the inductive approach to build an institutional theory perspective and resources orchestration framework systematically from the data.

An inductive approach to theory building predominantly links to qualitative research (Straus and Corbin, 1998), and constructionist/subjectivist paradigm (Lincoln et al., 2011). In this research, an inductive approach was considered because besides being an exploratory study, the study is exploring an interesting phenomenon with the intentions to identify the sequence of events, interactions and causes, through revealing themes and patterns in the data, and subsequently developing a process model (Isabella, 1990; Suddaby, 2006). Indeed, scholars emphasise the relevance of MC paradigm in case study research and link relativism to induction in theory expansion (see Järvensivu and Törnroos, 2010).

In terms of real application, the work of Mair and Marti (2009) apply an inductive approach with single case study design to build institutional theory perspective and the concept of bricolage in a resource-scarce context of Bangladesh. Also, in the context of West Africa, Godfrey and Dyer (2015) employ the logic of induction to generate new empirical understandings about informality in Ghana that enabled the formulation of a model.

Consequently, drawing from these studies and the pluralistic nature of MC paradigm, inductive reasoning was considered to expand theoretical insights from GCM in NW Nigeria.

3.4.3 Research Design: Purpose

Principally, to present a finely grained analysis of how informal entrepreneurs acquire and use financial resources in a novel context, exploratory design was adopted. Besides being iterative, exploratory research advances a more in-depth insight into an informal entrepreneurial process when uncertain of the situation detailed account (Holt and Littlewood, 2014; Sutter et al., 2017). In addition, this design links with qualitative methods in which interviews remain the principal source of empirical evidence. Hence, the adoption of exploratory design to ask the question of 'why' and 'how' during the data collection exercise (Yin, 2017).

From the ideas in the background section of this document, the context of NW Nigeria is underexplored and socio-culturally different from a more studied zone of South West Nigeria. For example, research in northern Nigeria indicates that context specifications interact with normative structures to induce the expanding and persisting informal economy (see Meagher, 2015, Meagher, 2016a). Thus, this research adopts an exploratory case approach to examine the financial resources of entrepreneurs in the informal economy, enabling the development of strategies to look for as many different types and diverse informal entrepreneurs as possible during fieldwork (De Castro et al., 2014).

3.5 Research Strategy

To ensure a high level of coherency with MC, qualitative methods, inductive approach, case study and grounded theory strategies are considered in this study (Gioia et al., 2013; Yin, 2017). Since there is no clear *a priori* on how the processes of financial resources in the informal economy unfold, the conceptualisation of the phenomenon, in which institutions interact with the processes of financial resources, guides the research analysis in the empirical case of GCM to develop a process model. Indeed, published studies of informal economy research in Africa adopted the case study approach (Fadahunsi and Rosa, 2002; Godfrey, 2011; Khavul et al., 2009). These studies advance revelatory insights into the informal entrepreneurial phenomenon from case settings.

Consequently, to examine the processes involved in the financial resources of informal entrepreneurs in GCM case, this research adopts case study, grounded theory strategies in

line with research philosophies and research approach. The next section also discusses theoretical and purposive sampling, research access and ethics.

3.5.1 Case Study

A case study is an essential and popular strategy in capturing the dynamic interactions between the case subjects within its contextual setting (Eisenhardt, 1989, Eisenhardt and Graebner, 2007). Although qualitative and quantitative duos are commonly used strategy in case study research, a case study is more frequently used in qualitative research to understand contemporary issues having unclear boundaries in a challenging context (Yin, 2017). Indeed, case research is regarded as the most suitable method as it does not try to control the setting of the study (Dubois and Gibbert, 2010). In informal economy research, case studies have presented the most critical and revelatory insights, and as well as well-cited articles explaining informality (see Godfrey, 2011; Hart, 1973; Khavul et al., 2009).

Yin (2017) identifies five crucial components in the execution of reliable and valid case study research: research question, propositions, case(s), data analysis techniques, and findings interpretation in theory building. First, the research questions were highlighted and subsequently linked with the literature review, in which the literature gaps clearly shows the topic under investigation has been overlooked and inadequately addressed (Godfrey and Dyer, 2015; Webb et al., 2014; Webb and Ireland, 2015). Hence, the lack of sufficient understanding of the expanding and surviving informal economic activities.

Second, complexity, context and analytic generalisation inform the choice of case-based method. These terms are not only associated with the informal economy and use of financial resources but also linked with the MC paradigm of this research. Undoubtedly, complexity remains a basic word in the description of informality as it defies complete, coherent explanations (ILO, 2018; Webb et al., 2014). Further, case study approach is regarded as the most suitable method to provide rich insights into the complexity of social actors whilst in action as well as a historical account of their experiences (Dubois and Gibbert, 2010; Eisenhardt and Graebner, 2007) in GCM setting. Lastly, case study method is associated with analytic generalisation entailing shedding empirical light to theoretical concepts, in which such generalisation is only applicable to theories in the study context (Järvensivu and Törnroos, 2010; Yin, 2017). Consequently, in order to more understand this entrepreneurial

phenomenon, a single case study design was considered as it has the '*power to generate generally-held theories*' (Järvensivu and Törnroos, 2010, p. 103).

3.5.1.1 Single case study

This study adopts single-case design (holistic) as the most appropriate to study the informal entrepreneurship and financial resources, access to and use of financial resources in the GCM context. Single case study method possesses a more powerful persuasion as it can show certain theories do not hold in a context. For example, Sigglekow (2007) emphasises single case study can extend detailed description and existence of a phenomenon as well as point to the fact that a theory does not hold or theory does not sufficiently address the phenomenon. As such, motivate additional investigation, and the need for more improved empirical conception. Indeed, the rationale for choosing this single case design is to provide detailed insight into situations of an everyday event: entrepreneurial activity in the informal economy and management of financial resources (Yin, 2017).

However, the literature reviewed shows variable adoption of the two case study designs in informal economic research (Godfrey and Dyer, 2015, Mair and Marti, 2009). Whilst multiple case studies may be more robust and convincing; there are challenges in defining and selecting the cases in another context (Yin, 2017). This author further argues that multiple case study is based on the replication logic on the identified cases but usually is associated with complications during theoretical sampling of cases. In fact, besides time and resource consuming, challenges on the validity of the chosen cases can arise that may lead to the overall distortion of case dynamics (Eisenhardt and Graebner, 2007). On the other hand, scholars claim it is the research philosophy that determines which of the two case study designs to adopt (Eisenhardt, 1989; Järvensivu and Törnroos, 2010; Yin, 2017). As this research strives for understanding multiple viewpoints through community-based interactions to build existing theories, a single case study was adopted.

Typically, the investigation of a single case yields an in-depth analysis of the specific problem. Published studies in resource-constrained locations, Bangladesh and Nicaragua, embrace single case style to broaden an existing theory – institutional theory and the concept of bricolage (see Mair and Marti, 2009; Mair et al., 2012; Sutter et al., 2017). Thus, affirming the appropriateness of this design to explore the financial resources of informal entrepreneurs in

GCM case for theory building purpose of institutional theory perspective and resource orchestration framework.

3.5.1.2 The Single Case Justifications

In addition to the justifications regarding selecting the empirical case mentioned in Chapter 1 section 1.4.3 and Chapter 2 section 2.9, it is essential to elaborate on other key elements crucial to the theoretical selection of the single case. Largely, the features of informal entrepreneurs and their ventures, such as size, age, ownership structure, sector of operations, gender, education and registration status are all important factors for understanding informal entrepreneurial economic activities (ILO, 2018; Williams et al., 2016b). In terms of size, most informal businesses coordinated by informal entrepreneurs in GCM are self-employed businesses with zero to less than five employees. They are mostly using their immediate family members or friends' family as workers from the survivalist to top-performing informal entrepreneurs (see Grimm et al., 2012; Godfrey, 2011).

Moreover, the ownership structure is primarily one-person business, operating in a shop, temporary canopy, or vending goods and services (see Godfrey & Dyer, 2015). Most of the informal entrepreneurs are unregistered, lacking national business registrations. Still, some have local business registration with the state or local regulators, displaying a different level of informality (see Williams et al., 2016b). They also tend to have registration status with one or more associations that protect members' interest against tax officials' predatory activities; and they usually participate in political activities (see Meagher, 2016a; Meagher, 2015; Venkatesh, 2006).

Regarding the access to financial resources for business start-up, informal entrepreneurs hardly source formal finance despite the presence of many formal financial institutions in sub-Saharan Africa (see Beck & Cull, 2013; Nisanke, 2001). As a result, a few of them use formal financial products and services in GCM in NW Nigeria. These entrepreneurs prefer to acquire physical goods to lessen the depreciating effect of inflation. They mostly use banks only to ease the movement of funds to producers and suppliers. Despite years of financial sector reforms in Nigeria, they still dislike associating with interest-based transactions (Ngwu, 2015). This practice is mostly because of their religious belief, mostly preferring to conduct individual and community-based financial transactions for their business start-up, growth and survival.

In short, recent evidence shows that their internal processes of using financial resources are yet to be fully understood by the regulators (Meagher, 2015). However, some informal entrepreneurs' businesses are growing and surviving in GCM. They are using different business strategies to acquire and leverage their financial resources, despite their external and internal constraints, such as institutions, diverse markets, and other individual entrepreneurs' characteristics. How do they access and mobilise financial resources in the empirical case in GCM in NW Nigeria for business formation, growth and survival?

Therefore, this study aims to capture how different informal entrepreneurs in GCM in NW Nigeria acquire and use financial resources for their business start-up, growth and survival for three main justifications. Firstly, the fragmented financial markets, institutional constraints and political interference make access and mobilisation of financial resources problematic. Despite years of national economic reforms in Nigeria, especially financial sector reforms, more than 80 per cent of these informal enterprises do not have access to formal finance. Consequently, this makes Nigeria one of the largest countries in the world with the highest proportion of informal enterprises that are financially constrained (IFC, 2017). Secondly, previous, and present state government efforts still encounter challenges in addressing the problems facing informal entrepreneurs located inside and surrounding the GCM streets, particularly regarding finance provision. Thirdly, these entrepreneurs' financing tactics still interact with the local norms and Islamic culture to influence the actors' financial resources management in such an extreme context (Meagher, 2015).

Resultantly, these factors make GCM "*a single common case*" (Yin, 2017, p. 50) to understand more the relationships between informal entrepreneurs and finance. More specifically, to develop the existing institutional and resource-based perspectives by revealing what is going on about the phenomenon. This kind of case setting is appropriate for revealing important learning points on social processes and institutional structure concerning informal entrepreneurship (Yin, 2017) and access and finance usage (Godfrey, 2015).

3.5.1.3 Theoretical and Purposive Sampling

Scholars emphasise the theoretical sampling of single case study is straightforward (Eisenhardt and Graebner, 2007). However, a single case study requires a prudent examination of the potential case to guard against misrepresentation and improve access required during the data collection exercise (Yin, 2014). A good a priori theoretical sampling

can increase the reliability and validity of the single case to be studied (Järvensivu and Törnroos, 2010). Thus, the rationale for selecting the GCM case in this research follows the outcome of the literature and informal economy data that relates to Nigeria. Particularly, the location of the context of NW geographical region of Nigeria in terms of its history, institutions, economic activity and the researcher's familiarity with the area (Suddaby, 2006), as illustrated in the above section.

Thus, to reach the required informal entrepreneurs in GCM, this study employs the purposive sampling technique, otherwise referred to as the snowball sampling strategy (Neergaard and Ulhøi, 2007; Yin, 2014). With the help of experts in the field, this strategy involves identifying unknown participants that can be sources of providing rich information needed in the study from the case. For example, whilst examining informal entrepreneurship in Caribbean islands of Dominica, scholars adopt a similar sampling strategy in grounded theory research to reach informal entrepreneurs with the help of local experts (De Castro et al., 2014). As a result, the purposive sampling strategy is useful in exploratory design, especially when it is problematic to know which participants to select inside the population of informal entrepreneurs (Holt and Littlewood, 2014).

3.5.1.4 Research Access

Saunders et al. (2015) differentiate between two types of access in research, traditional and internet-mediated access. In this study, the focus is mainly on traditional access, personal interactions. Given the familiarity with the empirical case and experience in negotiations, the researcher did not encounter potential access issues. Also, having worked in the city previously, many of the informal entrepreneurs are well familiar with the researcher. Regarding physical access, informal contacts with relevant stakeholders, friends, families, and officials of the State Ministry of Commerce started early in 2017. Indeed, historical and recent information about the empirical case was obtained from the State Ministry officials, and they promised to link the researcher with expert informants during the fieldwork.

On the other hand, cognitive access entails more than gaining physical and continuing access but means gaining the needed data that sufficiently address the research question and objectives (Saunders et al., 2015). Accordingly, as a community insider, issues of cognitive access where they arise were mitigated by interviewing well informed multiple informal entrepreneurs in the GCM setting.

3.5.1.5 Ethical Issues

Ethics are the critical aspects of the research processes that define the standard behaviours guiding the conduct of the study concerning the rights of the study subjects and those the study affect (Strauss and Corbin, 1998; Yin, 2017). Accordingly, the University of Sheffield ethical principles underline conducting research that respects the rights, safety and well-being of research participants and the researcher to guide the entire research process. This research respects and abides by all the ethical principles governing the conduct of research and the laws and norms of the study context to deliver reliable and credible PhD research.

Therefore, to obtain ethical approval, the ethics application was completed and approved by the ethics review committee (see appendix 1). As such, in practical terms, consents to participate were obtained after the informal entrepreneurs are fully informed and have understood the purpose and nature of the research project. Participation was voluntary, and participants were told they could withdraw without giving any reason and with no negative consequences to such action.

All information gathered from informants were treated pseudonymously as enshrined in the new General Data Protection Regulation of 2018 that was a refined extension of the United Kingdom Data Protection Act of 1998. The research did not record details and full names of the informants; rather, reference numbers were allocated. Under ethical guidelines, verbal informed consents were obtained before any interviews and observation with the participants (see appendix 2). Certainly, and in informal economy research, obtaining signatures may strongly pose threats to potential participants (Holt and Littlewood, 2014; Kodithuwakku and Rosa, 2002).

3.5.2 Data Collection Approach

Fundamentally, to achieve insights into the research questions, aims and questions, instruments such as field interviews and observations were used to generate the case study evidence. This idea is consistent with MC paradigm and dialectical methodology, where interactions between the researcher and informants were conducted in a dialogical manner (Lincoln et al., 2011). Informal entrepreneurs, as owners/managers of the informal firms, were the primary target for data collection exercise. However, representatives of formal and informal financial services and other outside observers such as knowledgeable members of associations and market officials were also targeted. They were sampled purposely until data

saturation was achieved (Straus and Corbin, 1998). Accordingly, the next section discusses data collection preparation activities, as well as data collection instruments and data management techniques adopted.

3.5.2.1 The Study Protocol

In order to increase the reliability of the PhD research, case study design emphasises the need of the study protocol to guard against deviation from the main topic of the study (Eisenhardt, 1989; Yin, 2017). First, the fieldwork documentation – ethics application forms and interview protocol consisting of the drafted interview questions, information sheet and consent form, were submitted for the supervisors’ consideration and review. Written feedback on these was received from the supervisors, and the researcher reworked the protocol. Secondly, to strengthen the interview protocol, the researcher reduced the 26 interview questions to 15 questions, with each question having prompts. Thus, aids in getting the best and reliable answers from the informal economy entrepreneurs (IEEs) (Yin, 2017). Moreover, using the public archival records of the National Bureau of Statistics (NBS) in Nigeria, the researcher identified the relevant business sectors with active informal economic activity in Nigeria (National Bureau of Statistics, 2016a) (see appendix 5).

3.5.2.1.1 Pilot Study

In order to refine the data collection instruments, there was a need to conduct pilot interviews with informal entrepreneurs before travelling to GCM in North West Nigeria. This exercise enabled proper readjustment of the interview protocol so that, logically, the questions ‘flow’ in a practical situation and ensuring the quality of the fieldwork data is maximised (Yin, 2017).

Prior to conducting the pilot interviews, contacts with the participants were first kicked off via phone conversation with the help of a friend, family member and government representative. This procedure was necessary, in view of the cost of travel to North West Nigeria as well as safety and security concerns. As a result, on the 19/12/ 2018, after receipt of consents, the researcher conducted two pilot interviews with two informal entrepreneurs in trade (Mattress trader) and real estate/construction (local builder and property agent) business sectors. Whilst the former lasted 39 minutes, and the latter interview took 49 minutes.

The main comments received from two participants was that – the interview questions were exciting touching on sensitive aspects of their business, stressing the timing was long. Also, the pilot interviews were conducted in the Hausa language, which made the conversations flow freely. Consequently, to streamline the interview questions, the interview protocol was readjusted, considering the timing (Yin, 2017). Valuable lessons learned were incorporated by carefully reducing the prompts in the interview protocols to reflect the practical circumstances.

3.5.2.2 Risk Assessment and Security

As part of the requirement of the University of Sheffield, a risk assessment was conducted for the fieldwork trip. In view of the apparent security risks associated with northern Nigeria, the ethics reviewers emphasised the need to obtain an appropriate travel insurance cover before travel to the empirical site. This exercise was conducted because NW Nigeria is among the areas in the country considered by the Foreign Commonwealth Office (FCO) as “advice against all and essential travel”. Consequently, after multiple iterations between the finance department and the researcher, an insurance cover for the fieldwork trip to North West Nigeria was issued on 7/01/2019.

The importance of conducting this risk assessment was that all potential risks and hazards were assessed and being monitored throughout the duration of the field exercise. The following mitigation strategies were put in place to eliminate or reduce the risks to acceptable levels.

- 1- Interviews were conducted only during the day and in a safe location in Gusau city.
- 2- The researcher avoided wearing expensive clothes and carrying expensive equipment and items, which may attract attention and potentially making him a target for robbery or even kidnap, whilst remaining vigilant.
- 3- Vigilance was also applied in relation to potential terrorism risk and the activities of Boko Haram and other groups. Boko Haram, and other such groups, are most active in the North East of Nigeria. The researcher worked many hundreds of miles away from this in the North West of the country.
- 4- In March 2019, a Nigerian presidential and national assembly elections were conducted. There was the potential for tension and political violence around this.

The researcher remained vigilant, listened to updates from news outlets, and avoided any public meetings associated with the elections.

- 5- More generally, the researcher regularly listened to local radio news to familiarise and remain up to date with local happenings and regularly checked the FCO and WHO websites.
- 6- The appropriate local authority was informed prior to commencing data collection.
- 7- Besides family members, the State Ministry's officials and local markets officials knew the researcher's daily position and activity. Important family members and government official phone numbers were provided as an emergency number for precautions and risks minimisation.
- 8- The researcher had all relevant injections and took appropriate medication, for example, anti-malarial drugs during the fieldwork. Appropriate steps were taken to ensure that no health issues are experienced.
- 9- The student kept regular contact with his supervisors, through email and potentially Skype, updating them on progress, and any issues that arose, as scholarly recommended (Yin, 2017).

3.5.2.2.1 Security Incidences

As the fieldwork was ongoing, there were some notable security incidences, which occurred that are worthy of mentioning as required in qualitative research (Denzin and Lincoln, 2011). The benefits include serving as a lesson learned for future research as well as showing the extreme circumstances under which the qualitative field exercise was conducted. Some of these security incidents that were not promptly reported in the local media until after 3–5 days of their occurrences. However, the researcher's subscription to AMADEUS Mobile Messenger ensured that such information reaches the researcher promptly. The notable incidences were:

1. Humanitarian officials reported that at least 60 people were killed, and 50 others remained missing after Boko Haram militants attacked the town of Rann, Borno state, near the Cameroonian border on 28/01/2019.
2. Local sources reported that at least 13 people were killed, and 40 others abducted when unidentified bandits attacked the Kawaye village of Bagega area in Anka Local

Government Area (LGA) of Zamfara state on motorbikes during evening hours, local time on 26/02/2019.

3. Security incident opposite GCM on the night of the election day on 23/02/ 2019, in which one person was killed, and a car carrying arms was burnt down by an angry mob.
4. Local authorities indicated that at least 29 people, including civilian vigilantes, were killed when unidentified bandits attacked an anti-bandit checkpoint on the road from Shinkafi to Kware, Shinkafi Local Government Area (LGA) of Zamfara state, during evening hours, local time on 28/02/ 2019. ADVICE: Anticipate heightened security across the Zamfara state. Always remain vigilant and contract a personal security escort for essential overland travel.

Despite these incidences, the researcher remained committed and vigilant to security and health risks continuously. Also, the performed risks re-assessment and evaluation indicated that the location of the study- Gusau city compared to other rural places in the Zamfara state remains peaceful. Killings by armed bandits, cattle rustlers and kidnapping was still taking place in the neighbouring rural and other semi-urban areas whilst the fieldwork was ongoing. Consequently, after completion of the fieldwork exercise, a personal security escort was contracted for overland travel from Gusau to Abuja for the onward trip back to the United Kingdom.

Other issues worth mentioning include regulatory and health issues. Initially, informal entrepreneurs into the business of firewood and charcoal selling refused to participate citing regulatory concerns (regulators accusing these entrepreneurs as supplying petrol and food to the armed bandits located in the bush). However, and finally, their association leader was contacted, participated in the interview and mentioned that his members' initial refusal was due to illiteracy. Furthermore, despite taking precautionary health measures, whilst in the field, the researcher suffered a malaria attack. Having been familiar with the malaria signs, was able to identify the symptoms earlier and seek treatment. After recovery within three days, the fieldwork continued. The next discussion now focuses specifically on the instruments used to generate empirical data.

3.5.2.3 Interviews

In line with the qualitative affiliation of this study, the semi-structured interview was adopted (Gioia et al., 2013). Besides being the most suitable sources of information in subjectivist philosophy, it involves asking questions and listening actively to the answers in order to prudently explore them further (Strauss and Corbin, 1998). Interviews are generally classified as structured, semi-structured (open-ended) and unstructured (in-depth) interviews (Mason, 2002). However, whilst structured interviews are more associated with quantitative methods, in qualitative research, semi-structured (Gioia et al., 2013) and unstructured (Godfrey and Dyer, 2015) interviews are the commonly used interviews.

As this research aims to develop new theoretical insights from empirical context, a semi-structured interview was adopted in line with the exploratory purpose of this study. It combines an element of structure and a situation whereby the researcher can freely ask extended questions in an informal style (Yin, 2017). It also promotes openness of interviews with no rigid questions, in which the informants narrates, freely their perceptions regarding events, behaviours and beliefs on the subject area of investigation (Glaser and Strauss, 1967; Strauss and Corbin, 1998). Consequently, the researcher remains guided during the interview processes in a flexible and non-rigid approach. Essentially, informants talked freely and guided the nature of the interview processes whilst the researcher remained focused.

In the field, semi-structured interviews were conducted face-to-face once verbal consent and information sheet read, understood and agreed. This exercise ensures interview credibility and reliability. In practical terms, face-to-face involved taking field notes and tape recording by using open and probing questions technique, including a prompt compilation of individual interview reports (Yin, 2014). The initial questions of the semi-structured interview helped for early identification of similarities and differences among the four different types of informal entrepreneurs identified. Whilst data collection protocol focused on the general research question and *a priori*; this categorisation did not control the researcher conception, as there was the possibility of the emergence of new groups of entrepreneurs as regard access and use of financial resources.

3.5.2.4 Observations

Besides complementing the role of an interview in case studies, observations yield valuable and contextual information on the phenomenon being studied (Suddaby, 2006; Yin, 2014). In

addition to the provision of additional evidence on the contextual setting and operating venue of informants' businesses, observation limits data bias (Eisenhardt and Graebner, 2007). During the fieldwork, direct observation served as an excellent instrument to capture other behaviours and actions of informal entrepreneurs in the utilisation of existing financial resources where a permit was granted. Field notes were used in gathering relevant observational information (see appendix 3).

3.5.2.5 Interviews and Observations Duration

The fieldwork, which began in early January 2019, lasted for two months and 17 days in Nigeria. Based on telephone conversation arrangements, the researcher met the Director of Zamfara State Ministry of Commerce, Industry and Cooperatives in his office on 14/01/2019. By liaising with the Permanent Secretary of the Ministry, verbal permission was granted to conduct the fieldwork at the Gusau Central Market (GCM). Consequently, there was a formal introduction to the Managing Director of the GCM. In the presence of the Director, the research purpose was explained to the market officials. They were provided with the copy of the information sheet, consent form, the University ethics approval, and the case study protocol. Consequently, discussions were made on the target participants. Relevant gatekeepers were contacted as well as introduced to other market officials. They indeed promised to accord the research fieldwork their maximum cooperation.

Moreover, 56 business premises were visited that included shops, market stalls, workshops and street vending sites. Also, a commercial bank, a specialised bank, Ministry and other government agency premises were visited. Indeed, the official premises of the Gusau Central Market (GCM) was regularly visited to notify the officials about the researcher's daily position. Whilst there was a positive start to the fieldwork in terms of cooperation of all the stakeholders (regulatory authorities, gatekeepers and informal entrepreneurs), the supervisors stressed the need to be extra vigilant and remain committed to risk mitigation strategies. Particularly, the increasing reports of killing and kidnapping of people by armed bandits and cattle rustlers in the Zamfara state rural areas.

By 11/02/2019, 40 face-to-face interviews and over 40 hours of observations were conducted with informal entrepreneurs. However, interviewing and observing other research participants was not without challenges, particularly informal finance providers. Some of them avoided coming to entrepreneurs' business premises when an interview was ongoing.

Nevertheless, with the help of relevant gatekeepers, it was easy to have access to six such participants. Overall, by 27/03/2019, 56 interviews were conducted with informal entrepreneurs and 14 interviews with other relevant stakeholders that averaged about 45 minutes each and 60 hours of observations in total.

Having discussed the research strategy that shows the adoption of case study design particularly, single case study and tools for collecting such data, the next section discusses data management practices, such as achieving data saturation, triangulation of field evidence and positionality and translation.

3.5.2.6 Data Management

Data management in the field is an important aspect to the researcher, which requires prudent handling in the field (Yin, 2017). However, the researcher encountered some challenges' in data management that require mentioning to aid future research in related contexts. They include slow internet connections and the lack of regular electric supplies. Nevertheless, in the field, interviews and observation notes were recorded in a tape-recorder and field diary, respectively. Indeed, uploading the collected data into the University of Sheffield data Storage facility was conducted, mostly at night times when there was an improvement in internet services. Despite these challenges, however, multiple data copies were stored securely into the researcher's personal computer, encrypted flash drive and transferred successfully to the University storage system daily.

3.5.2.6.1 Data Saturation

Achieving data saturation in the field is of critical importance in producing valid grounded theory research. Otherwise, the researcher who left the field early will end up presenting a simplistic outcome of data analysis (Strauss and Corbin, 1998; Suddaby, 2006). Initially, the study planned that 50 interviews were considered appropriate to reach data saturation. As the fieldwork exercise progressed with about 40 interviews as at 11/02/2019, the supervisors in their response to weekly email updates suggested to the researcher to remain conscious of not jumping to saturation. They stressed the need to keep on working hard and thinking hard to avoid having gaps in understanding after conducting a detailed, formal analysis. In view of this suggestion, more interviews and observations were conducted.

Accordingly, at a stage, the new information coming on informal entrepreneurs' access to financial resources for start-ups is not adding new, and most importantly, relevant

information to the existing data collected for the identified groupings of these informal entrepreneurs. With regards to Informal entrepreneurs' mobilisation of financial resources for growth and survival of their businesses, the researcher was coming across new and relevant information as important local business types are being identified and their owners interviewed, particularly in the top-performing entrepreneurs.

With five more days before travel back to the United Kingdom, the researcher conducted more interviews. Importantly, scholars strongly suggested that it is better to realise that a study has conducted more interviews than needed, rather than to have gaps in understanding after the fieldwork is concluded and during formal, detailed data analysis (Strauss and Corbin, 1998; Suddaby, 2006). As a result, six more interviews were conducted to reach the 70 interviews. Consequently, the interviews and observations were considered sufficient to vacate the field as no new evidence is adding significant information to the existing data.

3.5.2.6.2 Triangulation

The application of multiple sources of evidence aids triangulation that leads to in-depth analysis and robust conclusions (Yin, 2014). Triangulation entails the optimal convergence of sources of evidence to cover the phenomenon under investigation (Plummer, 2011). Yin (2014) explains triangulation as consisting of convergence and non-convergence forms. Similarly, other scholars discuss triangulation to entail either crystallise triangulation, which means the convergence of all sources of data, or sequential triangulation, which means non-convergence/linear convergence of sources of data (Denzin and Lincoln, 2011). In line with the MC philosophy and the adoption of the single-case design, this study adopted the crystallisation version to bring out the multiple community-based realities simultaneously (see Järvensivu and Törnroos, 2010). Therefore, combining the interviews and observation as sources of data not only increases the level of understanding of complex social reality in a context but increases the study's validity and reliability (Suddaby, 2006).

In conclusion, the fieldwork – data collection exercise, which was full of exciting and difficult experiences, was concluded on 27/03/2019. By then, no new information adds anything to the existing data. Even the participants commented that they had given enough information about the research inquiry. They were asking the time the researcher will return to the United Kingdom. Even though some transcription exercises started in the field; it was considered a time to move to Britain to continue with data transcription and formal data analysis.

3.5.2.6.3 Positionality and Translation

Given the need to show that the methodology adopted is rigorous and robust, it is clearly important to state the researcher's positionality as well as the translation process used in the study (Temple and Young, 2004; Twyman et al., 1999). Following the need to mention the researcher's reflexive position, the researcher position as a former bank manager in the city as well as indigene who speaks the Hausa language played a role on ease of access and interviews with the research participants. Whilst all the interviews were conducted in the local language, and in person, the researcher translated and transcribed them into the English language. In particular, conversations with informal entrepreneurs on a sensitive topic that pertained to the financial aspects of their businesses.

Largely, to ensure the accuracy of the translation, the researcher regularly liaised with colleagues, such as bankers, government and WHO officials who were fluent in both local and English (Bruton et al., 2011; De Castro et al., 2014). Indeed, there were few disagreements and mostly related to idioms rather than words. Therefore, in addition to Johnson et al. (2006) criterion on internal reflexivity earlier mentioned, the researcher also embraced the below criterion to deliver a valid researcher (Holian and Coghlan, 2013). Thus, eliminating potential bias from the fieldwork exercise, analysis of data to the point of reporting the research findings:

- 1- The researcher was attentive to the data and experiences that can provoke ethical challenges.
- 2- The researcher to remain considerate and mindful throughout from the fieldwork to the publication of the thesis and after the study completion. This position will enable the researcher to understand fully, what is going on? Moreover, and other sensitive issues at stake.
- 3- The researcher makes reasonable decisions in making judgements and is responsible for making decisions and taking actions. Moreover, continuously work in conjunction with academic supervisors to deliver an ethical PhD project.

The preceding section highlights data collection strategies. The next section discusses the data analysis approach. It shows the adoption of grounded theory principle as well as steps itemising the techniques and procedures followed during the data analysis.

3.5.3 Data Analysis Approach

In qualitative data analysis, there are many data analysis approaches often aimed at understanding subjective experience and meanings in social actors' interaction with a particular phenomenon (Miles et al., 2014; Thomas, 2006). These approaches include the grounded theory (GT, henceforth), thematic, narrative, content analysis, template and discourse analysis (Saunders et al., 2015). In line with the adopted research philosophy, MC paradigm and exploratory design, this research adopted an improved version of GT to build theoretical models with inductive logic (Gioia et al., 2013). GT is rigorous and transparent and more suited to capture social actors' construction of meanings in social processes inducing the creation of social reality (Suddaby, 2006).

3.5.3.1 Grounded Theory

GT is a systematic methodology that combines data collection and analysis for theoretical development (Glaser and Strauss, 1967). Despite being described as prescriptive, GT is also flexible (Gioia et al., 2013), and is consistent with other scholars' ideas on qualitative data analysis (Miles and Huberman, 1994). More broadly, to produce reliable research, Suddaby (2006) emphasises that there is no justification for disregarding the existing literature and having a loose methodology whilst adopting such an approach to data analysis. Indeed, GT openness and transparency, the researcher experience and the availability of relevant context motivated the choice of this method of data analysis.

In order to achieve rigour, the qualitative data collection and analysis moved hand in hand (Gioia et al., 2013; Straus and Corbin, 1998). It is important to state that since the researcher conducted the interviews in person, data analysis began once the data collection exercise kick-started. The central importance of this early analysis was that it allows the researcher to know the next participants to target in the field as well as understanding the appropriate point of reaching data saturation, and generation of preliminary concepts and themes (Isabella, 1990).

To increase the robustness of the translated and transcribed text, the transcripts of four sampled participants who speak the English language fluently were sent for their validations (see Appendix 4). Overall, the interviewees confirmed that the content reflected their intended thoughts. Therefore, immediately after completion of the transcription exercise, using the NVivo software version 12.4 Pro, the researcher concluded the formal data analysis.

In line with the inductive affiliation of this research, the systematic approach to concept development using grounded theory principle by way of first-order concepts, second-order themes, and aggregate dimensions was adopted (Gioia et al., 2013; Sutter et al., 2017). Indeed, these authors emphasise the flexibility of this approach of analysis. First, the first-order analysis comprises securing the informal entrepreneurs' terms, codes and categories to identify similarities and differences among the many new categories in accessing and mobilising financial resources for business start-up, growth and survival of their businesses. This order analysis embraces open coding and axial coding after Strauss and Corbin (1998). As categories were being identified, they were labelled by retaining informant terms – in Vivo coding, and then reduced to a manageable size.

Secondly, in the second-order, the theoretical level of themes, the study adopted Glaser and Strauss (1967) principles of theoretical sampling. In particular, to develop themes as concepts that might help in describing and explaining the phenomenon – the financial resources of entrepreneurs in the informal economy. Lastly, using Glaser and Strauss (1967) principles of theoretical saturation, the emergent concepts and themes were developed into aggregate dimensions through the process of constant comparison. Thus, allowing us to have the data structure that provides a graphical representation of movement from raw data to themes (Gioia et al., 2013). Indeed, the researcher used the emergent concepts, themes and aggregate dimension for the development and reporting of mutual and related interpretations.

3.5.3.2 Steps in Data Analysis

Through the adoption of grounded theory methodology, this research develops the seven steps used in data analysis, as practised in entrepreneurship studies in developing economies (Bruton et al., 2011; De Castro et al., 2014; Khavul et al., 2009). They are summarised as follows;

Step 1

In the first place, the researcher formulated the research questions and the broad categories as *a priori* that guided the fieldwork. Initially, the researcher authenticated the research questions following an extensive literature review of financial resources and entrepreneurship in the informal economy (Bryant and Charmaz, 2019). Broadly, to ascertain

the relevancy of the questions formulated and the literature reviewed, pilot discussions with informal entrepreneurs and government officials of the State Ministry of Commerce in Nigeria were conducted.

Step 2

Next, was the generation of interview protocol that guided our conversations with the informal entrepreneurs inside and outside the surrounding streets of Gusau Central Market (GCM) – the case (Yin, 2017). Subsequently, by establishing the procedures involved in purposive sampling and based on specific characteristics, the study identified the research participants (Lincoln and Guba, 1985; Neergaard and Uihøi, 2007).

Step 3

The investigator then conducted 56 semi-structured, face-to-face, in-depth interviews with informal entrepreneurs (Weiss, 1994). The first questions though confirmatory ensured that all the participants interviewed are informal entrepreneurs. Most of the face-to-face interviews lasted between 40 and 66 minutes. Conversations were conducted in the Hausa language because as an indigene, the researcher speaks the language fluently. The researcher also served as a bank manager in one of the commercial banks in the city. To ensure consistency, the researcher had all the 56 interviews tape-recorded following established practices that reflect the researcher positionality (Johnson et al., 2006). The interviews were translated and transcribed into English by the researcher (Wellard and McKenna, 2001), analysed and coded accordingly (Gioia et al., 2013), and with the literature in mind (Bryant and Charmaz, 2019; Suddaby, 2006).

To ensure accuracy of the translation and transcription process, the State Ministry officials and the UN-affiliated officials who are fluent both in English and in Hausa were contacted. This Liaison was purposive to deal with any issues regarding local idioms and word usage appropriately, where they arise. By taking notes, including observation notes (diary notes, photos and video), the investigator asked each informal entrepreneur similar questions. Where participants raised issues that provided rich insights, the researcher followed up to discuss such matters in greater depth in the subsequent interviews with other participants. During the field interviews, no new concepts emerged, except there were novel stories.

Step 4

In coding the data, the researcher adopted the coding processes of open and axial coding of Strauss and Corbin (1998) termed as developing the first-order concepts (Gioia et al., 2013). In open coding (*“the analytic process through which concepts are identified and their properties and dimensions are discovered in data”*) (Strauss & Corbin, p. 101), which was based on informant terms, the researcher generated over 270 in vivo codes (categories) using the NVivo software (see appendix 8 coding extracts from NVivo). This analysis was done line-by-line, sentence by sentence, paragraph by paragraph, and or, by perusing the entire document (see Figure 3.2 below, the process flow of formal data analysis).

Furthermore, by using the axial coding process (*“relating categories to their subcategories by linking them at the level of properties and dimensions”*) (Strauss & Corbin, p. 123), which sought similarities and differences among the categories; the relevant categories were reduced to a manageable size of 25 categories. Then, the categories were labelled by providing phrasal descriptors, mostly preserving the participants’ terms.

Afterwards, the next analysis was the second-order themes – the abstract level. Here, first-order codes were organised into second-order themes using memos and mini-diagrams. That is, paying attention to emerging concepts and provisional relationships through a process called theoretical sampling (Glaser and Strauss, 1967). In particular, focusing on first-order concepts with the little theoretical referent in the literature but relevant to the context of the study such as the “father of adashe ¹(ROSCA)”, “savings with deposit collector and moneybox”, “historical traditions” and “religious requirement”. Theoretical sampling in this research entails *“data gathering from expert informants and observation notes (field notes, pictures and video) driven by concepts derived from the evolving theory and based on the concept of “making comparisons”* (Strauss & Corbin, p. 201). This work helps in finding variations among concepts and as well, densification of the categories.

Step 5

To increase the validity of this research by ascertaining the truthfulness of the informal entrepreneurs’ views, 14 experts on informal entrepreneurs’ businesses were interviewed.

¹ The father of adashe is a direct translation of the name given to an informal entrepreneur, ‘(Uban adashe)’ who organise and manage ROSCA (called adashe locally) mostly for informal entrepreneurs only.

They include informal financial service providers (moneylender, trade creditor, deposit collector, and ROSCA managers), formal financial service providers, government officials (Ministry, market, employment agency, and SMEDAN officials), market association leaders (former and new chairpersons) and NGO official (chamber of commerce manager). Perhaps more importantly, this step, as an iterative approach, aided in reconciling any differences as well as densifying the concepts and themes in the data.

Step 6

Once the concepts and themes surfaced, the researcher analysed the categories in relation to the research questions and compared patterns in the categories by focusing on the similarities and differences across them. Through constant comparison, this study continues to build and modify the categories as generated from **Step 1** as there is the likelihood of discovering more information that might likely support or counter our expectations using a process called theoretical saturation (Glaser and Strauss, 1967). As there were no significant discrepancies, still, the supervisory team suggested reviewing the “*market uncertainties and ambiguities*” themes, which was earlier aggregated into “asymmetric market context”. Consequently, the researcher further reviewed and organised the emergent second-order themes into “aggregate dimensions”. Therefore, the first-order concepts, second-order themes and aggregate dimensions constitute our *data structure* presented in Figure 4.12 in section 4.4 of the research findings below, the bedrock of the whole research (Gioia et al., 2013).

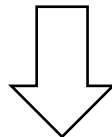
Step 7

Lastly, using the *data structure* (field evidence), the researcher finishes the writing of the PhD thesis. First, in reporting the empirical results, the informative and insightful stories, which constituted the aggregated themes, were fused with quotes to justify the information was secured from the research participants. This reporting led to the formulation of a *data structure* into a model, showing the deep processes and their interrelationships in the financial resources of entrepreneurs in the informal economy. Secondly, in the discussion part, this study reveals, relates and contrasts the findings with existing literature, conceptually and theoretically (Tsang and Ellsaesser, 2011). It reviews and validates the conceptual framework

earlier generated in Chapter 2. It also shows how the findings relate to the research questions and research objectives formulated in Chapter 3. The following diagrams illustrate how formal data analysis was performed.

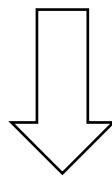
1st-Order Analysis (concepts-centric)

- **Open coding** – Uncover, name and develop concepts through abstraction of events, objects, or actions/interactions significant in the data by exposing thoughts, ideas and meanings in the text.
- **Axial Coding** – Conceptually, reassemble fractured data during open coding by asking why and how to uncover relationships among the categories and then label, mostly retaining informal entrepreneurs’ terms. Considering the phenomenon under study, and in a flexible term, conditions were labelled as causal, intervening and contextual conditions and their consequences to reduce the categories to manageable numbers, mostly using mini-frameworks and diagrams as devices.



2nd-Order Analysis (themes-centric)

- **Theoretical sampling** –Data-driven by concepts were collected, mostly expert informants and observation jottings. In theory building research, events, incidents or happenings as a representative of theoretically relevant concepts were sampled and then compared them to look for variations. This sampling was purposeful, focused, and continued until all the categories were saturated.



Aggregate Dimensions

- **Theoretical saturation/Selective coding** –Distilled concepts and themes further theoretically until all categories were saturated (“*the process of integrating and refining the theory*”). Otherwise, the themes will be unevenly developed and lacking density and precision. Therefore, this analysis ensured that categories were well established through mutual discussions and consensual interpretations.

Figure 3. 2: Process Flow of the Formal Data Analysis

3.6 Chapter Summary

Summarily, this Chapter discussed in detail the research methodology in GCM. Besides the design aspect, it covers the data collection and analysis approach. These procedures enable the production of the thesis *data structure* in Figure 4.12 below. Besides elaborating the difficulties of researching GCM context, there were important lessons learned during the entire fieldwork exercise. These learning points would no doubt serve as future guidance in researching a related context. Therefore, the developed data structure of this research is extensively utilised in reporting and describing the research findings in the following Chapter four.

Chapter 4 Research Findings

4.1 Introduction

Drawing from the grounded approach and research questions, this Chapter focuses on reporting the research findings. Specifically, the empirical case, the resulting data structure and emanating empirical understandings on how different informal entrepreneurs access financial resources for business start-up, including how they mobilise such resources for business growth and survival. It finally discusses other groups, such as youth, women and mobile entrepreneurs in the informal economy in order to add depth to the research findings.

4.2 The Empirical Case

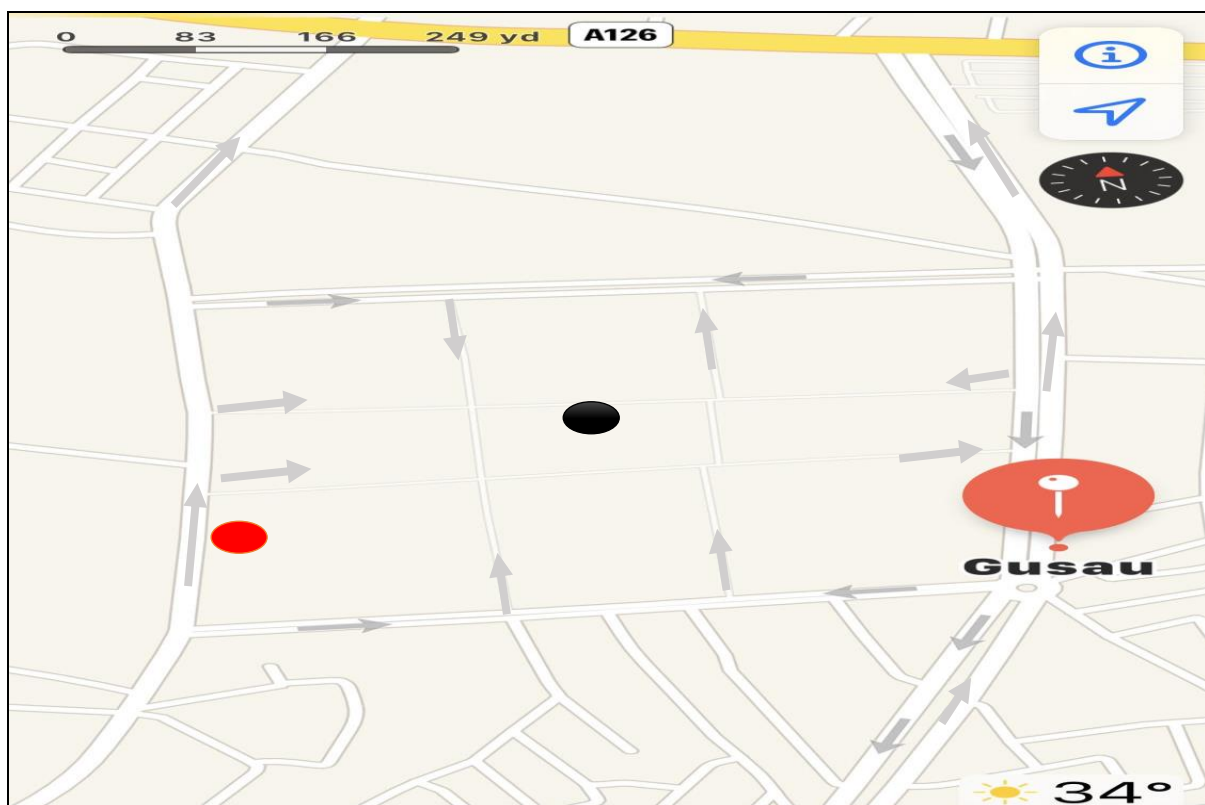
The empirical site was considered because of its uniqueness in terms of extensive informal entrepreneurial activities occurring inside and surrounding streets of the GCM (Eisenhardt, 1989; Yin, 2017; Siggelkow, 2007). Accordingly, 70 interviews conducted at the research setting were complemented by 60 hours of observations (see Table 4.1 below, interviews and observations data summary). Indeed, the content of 60 hours of observation is mostly descriptive of what was observed in the field. It originates from the field observation jottings as well as drawing from Yin (2017) ideas on reporting field observations in a case study. As required in the research ethics, this observation report disguised many details of informal entrepreneurs. Consequently, the next section advances the observation report of the GCM as well as different informal economy entrepreneurs encountered in the research site.

Table 4. 1: Interviews and Observations Data Summary

Participants	Interviewees	Number of Semi-Structured Interviews	Observations
Informal Economy Entrepreneurs	Top-Performers (TP)	16	16
	Constrained Gazelles (CG)	18	18
	Traditionalists	7	7
	Survivalists	15	15
Formal Financial Services Providers	Commercial Bank Manager	1	1
	Specialised Bank Manager	1	1
Informal Financial Service Providers	Rotating Savings & Credit Association (<i>The Father</i>)	1	
	Rotating Savings & Credit Association (<i>The Mother</i>)	1	
	Deposit Collector & Moneylender	1	
	Currency & Jewelleries Trader	1	
	Trade Creditor	1	1
Non-Entrepreneurs	Federal Government Officials	2	
	State Government Officials	2	
	Enterprise Association Leaders	2	1
	Non-Governmental (NGO) representative	1	
Total		70	60

4.2.1 The Empirical Site (GCM)

In the first place, the researcher in the company of market officials walked and drove along the inside and surrounding streets for a formal introduction to the relevant gatekeepers in the GCM (see Figure 4.1, below). There were many commercial activities taking place in different business sectors, such as agriculture, manufacturing, trade, transport, real estate and construction, communication services, and a host of other services. The GCM, state government-owned, is supervised by government representatives with the support of enterprise association leaders. Commercial activities, inside GCM, open at 9 am and close at 6 pm. However, commercial activities in the surrounding streets have variable opening and closing times, particularly in the perishables, transport and livestock selling units. They start even earlier than 5 am.







-  Administrative Block
-  Researcher's movement along inside and surrounding streets
-  Fire service station
-  Interstate road A126

Figure 4. 1: Sketch map of GCM in Gusau city in NW Nigeria extracted from Apple.

As regards the market streets (see Figure 4.2 to 4.5, below), in addition, three dual carriage streets in the east, north and south directions surrounded the GCM, and as well, by a single lane street in the east direction. There are four main gates in each direction supported by two exits gates. Altogether, the market is surrounded by a block-built wall, measuring 500metres in each direction (State Ministry of Commerce, December, 2017). Other notable structures built inside the market are the administrative block, bank branch, a restaurant, a clinic and court. However, except for the administrative block, other constructed structures remain unoccupied. Indeed, there is the presence of completed and uncompleted shops attached outside the market wall, and many shops and stalls are not well constructed and maintained inside the GCM.

Moreover, about 4,000 shops can be found inside the GCM as well as many more shops along the four surrounding streets. Some of these shops are made with temporary zinc and timber made structures. Many of these shops and stalls are unoccupied, whilst some are used as storage facilities. The main problems noticed in the market is the lack of basic infrastructures, such as electricity, tarred road and water supply. However, there is a fire services station where a fire service vehicle is parked close to the western gate.

In these streets, there are street vendors and mobile vendors that display their goods on the streets or any available space around the market. Whilst some of these vendors are young adults, others are children between 7 – 15 years old vending inside and the surrounding streets of the market. Most of them sell local porridge, other foods and pure water. In fact, it was difficult to take pictures without capturing the children. However, due to the influence of Islamic religion, few women entrepreneurs can be found in the market. Most of the women seen are non-indigenes of the State. Majority of them are Muslim Yoruba tribes from South West Nigerian states. Nevertheless, there is a sizeable presence of youth's entrepreneurs all over the market conducting business inside shops, temporarily made structures, the open field as well as moving around with goods.

Besides, inside the uncompleted part of GCM is occupied majorly by manufacturers whilst market traders occupy the other built parts of the market. Other active commercial spots are located on the surrounding streets. They include transport stations in the northeast; produce

and livestock units in the northern part; building and construction material sellers in the northwest; and groceries and perishables sellers in the southern part. Yet, in general, GCM witnesses very high commercial activities on each Monday and Friday weekly. Indeed, the GCM is a unique location, where urban and rural informal entrepreneurs intermingle twice a week, providing goods and services to rural and urban customers.



Figure 4. 2: Photos showing the four Main Entrance Gates to GCM



Figure 4. 3: Photos showing streets inside GCM with constructed and unconstructed parts





Figure 4. 4: Photos showing northern, southern, eastern and western surrounding Streets of GCM



Figure 4. 5: Photos showing grains selling; livestock parts of the GCM as the researcher posed close to the cows; the northern gate entrance: and the southern gate entrance.

Having discussed the features of the empirical case, the next section focuses on the discussions of the informal entrepreneurs approached, interviewed and observed in the GCM. Indeed, they were searched and pre-screened according to specific characteristics, and the followings are the main grouping identified (see appendix 7 for details).

4.2.2 Informal Economy Entrepreneurs (IEEs)

The fieldwork targeted experienced and knowledgeable informants in the market (De Castro et al., 2014). The majority of IEEs interviewed and observed have had between 10 – 40 years of informal entrepreneurship experience. Consequently, without ignoring the literature (Suddaby, 2006; Sutter et al., 2017), this research identified and observed 56 IEEs inside the market as well as outside the surrounding streets. They are top-performers, constrained gazelles, traditionalists and survivalists.

4.2.2.1 Top-Performing Entrepreneurs (TPs)

TPs tend to have sizeable employees and could be more than five employees without a formal contract. They are characterised with large physical stocks in the shop, high business turnovers, high customer's traffic and capital barrier to entry as well as their businesses offering high to middle-class status (Godfrey, 2011; Grimm et al., 2012). In the GCM, 16 top-performers were visited, interviewed and observed. Most of them were found in agricultural and trading activities. However, on Monday and Friday, and based on customer traffic, business transactions appear equitably distributed.

Regarding business structure and performance, the TPs mostly have permanent shops full of stock. They are engaged in other businesses in other commercial locations where opportunities exist. They can have many employees or many labourers around them, waiting for work opportunities to arise. Only six of these entrepreneurs observed were located inside the market. The rest, their business is located along the streets surrounding the market. On non-market days, TPs' business transactions located in the surrounding street are higher than those of TPs located inside the market. However, on Monday and Friday, and based on customer traffic, business transactions appear equitably distributed.

Moreover, TPs might have a table, chair and other office equipment and books for recording debt transactions. Indeed, customers' traffic into their shops is very high. The interviews have to be paused on several occasions to allow the entrepreneurs to attend to their customers. Generally, the TPs started their business as sole proprietors or inherited the business from

their parents as a family business. The sole proprietors mostly through the utilisation of personal savings (*asusu*² (**Moneybox**), or *adashe* (**ROSCA**) (see Figure 4.6), and internal business earnings, they graduated from survivalists to their present TP positions.



Figure 4. 6: Photos showing three Different *asusu* (Moneyboxes) on Display for Sale at GCM

In terms of social status, most of these TPs command respect in the market. Some of them serve as leaders of the business associations³. They are mostly considered as successful businesspersons. They also play a role in the business community, such as facilitating local financial services, conflict resolutions and resolving other trade disputes. Importantly, some other informal entrepreneurs, mostly survivalists, confide that TPs gave them start-up capital. This practice was found to be possibly a strategy to grow in numbers rather than in business size.

Additionally, companies and government establishments relate with TPs more than other informal entrepreneurs because of their business experiences, turnovers and influential roles in the market. They are indeed expert informants. Through their cooperation, this research reached other types of informal entrepreneurs that provide useful and insightful information (see Figure 4.7 below, an example of TP business premises). Lastly, there are a secondary certificate, diploma, degree and masters' degree holders among TPs; three of the TPs encountered are uneducated formally.

² *Asusu*, a local name for a moneybox (see Figure 4.6)

³ *Business associations or enterprise associations* refer to an organisation where informal entrepreneurs who operate in a different business sector collaborate among themselves to the benefits of their business performances.



Figure 4. 7: The researcher at the premises of top-performing grains selling entrepreneurs.

4.2.2.2 Constrained Gazelles (CGs)

CGs tend to have one to two informal employees and could be family members without a formal contract. They have low to medium inventories whilst customers' traffic into their business premises tend to be low on non-market days. However, such traffic is high as that of the TPs on market days. They are also constrained by the lack of capital and other productive infrastructures. Nevertheless, they have better business skills, understand changes in the market conditions, and can display better financial literacy than traditionalists and survivalists (Grimm et al., 2012). In the empirical setting, 18 CG entrepreneurs were visited, interviewed and observed. They were found in all the business sectors except in the communication sector. They are most predominant in trading, agricultural and manufacturing activities.

Regarding business structure and performance, the CGs have permanent to temporary business locations, such as built shops, stalls, and temporary zinc and timber made shops (see Figure 4. 8, below; an example of a CG entrepreneur). They can have family members to friends as employees around them or labourers staying with them waiting for work opportunities to come. In fact, CGs can be the sole business operators in the shops, especially on non-market days. Whilst some CGs started their business as sole proprietors and survivalists, others inherited the business from their parents or are retired public or private workers. Location wise, only seven of the CGs interviewed and observed were located inside the GCM. The remaining 11 CGs were found along the surrounding streets.



Figure 4. 8: The researcher poses with a mobile, constrained gazelle entrepreneur and his car parked at the rear side inside the GCM.

One important feature of CGs is that they have strong social connections. They could be mobile entrepreneurs and can switch from business to business. Indeed, they look aggressive in search of opportunities by utilising their social networks. They have respect for TPs, and likewise, TPs trust them because of their business skills. Mostly, CGs were interviewed and observed through the support provided by the TPs. They could also be involved in the leadership of the business associations. Finally, compared to TPs that have a high number of educated persons, a fair number of educated and illiterate entrepreneurs can be found in the CGs category.

4.2.2.3 Traditionalist Entrepreneurs

Traditionalists are indigenous informal entrepreneurs offering local goods and services. However, their businesses are characterised with business skills, capital barriers to entry, and as well, can offer high earnings potential (see Meagher, 2015; Godfrey, 2011). In the research site, seven traditionalist entrepreneurs were visited, interviewed and observed. Most of them were found in other services and manufacturing sectors. They include those that source raw materials and transform them into finished goods, such as the local blacksmith, herbalists and itinerant barbers. Blacksmiths produce and sell local farm tools and implements as well as other local domestic items. Herbalists and itinerant barbers offer services as well as sell traditional medicines, such as aphrodisiac and local herbs for many diseases. Lastly, there are

also livestock intermediaries (popularly called *Falke*⁴ in the local language) that specialises in buying and selling livestock.

Concerning business formation, they are considered traditionalists because their businesses were inherited from their ancestors for decades if not centuries. They mostly make and sell goods for local inhabitants. They might also operate as sole proprietors or as a family business. Majority of their employees, if any, are family members, friends and neighbours. Besides good patronage they enjoy from local customers, they appear to have a passion for the business. From far, they look like survivalists but coming close and interacting; they are not.

Moreover, traditionalists might have low social status because of their precarious working conditions, such as dirty place of operations and pollution in the blacksmith (see Figure 4.9, below). Indeed, very little consideration of safety and health hazards in their business operations. However, traditionalists are full of business skills and always busy working and attending to customers. Business skills are prerequisites before engagement into such ventures. These kinds of actors are less concerned with business growth, focus more on business survival and promoting cultural identity, and are mostly located inside the GCM.



⁴ *Falke* is the local name of informal entrepreneurs in the Hausa language that deals in the business of buying and selling livestock such as cows, sheep and goats and transporting them to far place markets where demands for such animals exist.



Figure 4. 9: Photos showing the blacksmith workshop and the local items, including charcoal pressing iron they produced.

Furthermore, traditionalist entrepreneurs tend to command the respect of traditional leaders. In fact, one of the entrepreneurs observed held the title of *king* of the blacksmith, which was awarded to him by the Emir in Gusau city. The blacksmiths are well trusted by other entrepreneurs. As such, many of the fathers of *adashe* originated from these traditional businesses. If not for the blacksmiths' cooperation with the research, it could have been impossible to interact with some of the informal finance providers due to regulatory concerns. Indeed, blacksmiths also constitute some of these financial service providers in the GCM. Finally, like survivalist entrepreneurs, there are more uneducated entrepreneurs in the traditionalists' category.

4.2.2.4 Survivalist Entrepreneurs

Survivalist entrepreneurs are sole business operators characterised with low social status, minimal entry barriers, little or no financial literacy. Their businesses offer little business earnings than the above three groups (Meagher, 2015; Grimm et al., 2012). They mostly operate as sole proprietors, but some also operate as a partnership business. In the field, 15 survivalist entrepreneurs were visited, interviewed and observed. They are mostly found in other services, transport, and trade and communication business sectors. These activities include street vendors of different items (handful items) (see Figure 4.10, an example of a typical survivalist business). They also include those selling and charging phones and phones accessories, local property agents, tricycle and motorcycle riders, food sellers, among others. Survivalists tend to squat and conduct businesses on temporary allocated places within and

surrounding streets in the GCM, requiring only verbal permission of the market, business association officials, or none.



Figure 4. 10: A survivalist entrepreneur displaying a variety of domestic goods for sale inside the GCM streets

Furthermore, survivalists mostly start their businesses with help from friends, families or personal savings using *adashe* or *asusu* whilst working as labourers or as workers for another person. Alternatively, they may collect the goods on credit, mostly from their bosses, and then display and vend for sale. On the street, despite paying the weekly revenues to the government officials, this study found that they remain uncomfortable. They always feel that the government could instruct them to vacate or change the place of business operations. However, this research observed that most survivalists have either linkage with TPs and CGs or market officials or even leadership of enterprise associations as their bosses. Alternatively, they might have a linkage with a different influential person who lobbies to allocate their place of business operations.

Equally important, survivalists tend to participate in political rallies to increase start-up and working capital. They are mostly lone workers and combine efforts with colleagues to handle large customers' requests. Survivalists in the communication business, from observation, enjoy extensive customers' patronage, especially charging phones' batteries due to the lack of a steady supply of electricity. Generally, based on the sales they are making, their business earnings are very low compared to other types of informal entrepreneurs and are more constrained by household expenses. However, due to survivalist's low social status, they have

their group *adashe*. Indeed, more uneducated persons can be found in the survivalists' category.

Finally, there is so much to mention concerning different types of IEEs access and mobilisation of financial resources for their business start-up, growth and survival in the research context. The researcher's perceptions and IEEs' views closely reflect other stakeholders (government officials, NGO and bankers) interacted with in the field. In the initial interactions with IEEs, the researcher avoided asking about such entrepreneurs' registration status, which can cause discomfort and distress. However, as the interaction progressed, they willingly expressed they were unregistered. Therefore, to avoid the researcher's bias in this grouping, this study draws the scholarly recommendations of Gioia et al. (2013) and Suddaby (2006) in conducting data collection and analysis. These scholars emphasise adopting a systematic approach to extend knowledge via the interviews and observations progressively. This analysis empirically validates these distinct types of informal entrepreneurs related to finance acquisition and usage by cycling around and staying close to the data and the relevant literature.

In summary, TPs are characterised with the availability of large physical stocks, low capital constraints and the high volume of business transactions operating inside permanent shops. However, CGs are associated with low to moderate physical stocks, capital constraints and variable low to the high volume of transactions that vary by time, mostly operating inside shops or own-allocated market stalls. Besides, the traditionalists are symbolised with business skills creating and offering local goods and services and providing informal financial services by operating inside temporary shops or workshops. Compared to all, survivalists portray very low transactions selling a handful of items and have meagre and unstable earnings and little or no financial literacy. They are mostly vending and offering services on streets or temporary allocated spaces.

IEEs businesses are generally one-person show or family businesses. Besides interviewing them, through the complement of daily observations exercise, then their financial resources usage was understood. In the course of observing, many questions were asked that provide rich insights. During the fieldwork exercise, this approach was utilised throughout to discuss other raised matters with subsequent IEEs. Including the relevant stakeholders, such as formal financial services providers (FFSPs), informal financial services providers (IFSPs) and non-entrepreneurs (NEs), for which discussion now focuses on specifically. Indeed, reporting

the financial services providers and financial services used by the IEEs is critical. More specifically, to understand how these entrepreneurs access and mobilise financial resources for business start-up, growth and survival.

4.3 Financial Services Providers

In the GCM, the financial resources available for IEEs business consist of those services provided by formal and informal providers. However, some non-entrepreneurs play an intermediating role occasionally in the acquisition and use of financial resources by IEEs. Consequently, to answer research question 5 (see section 3.1.2), this section discusses the role of these formal and informal providers in the processes of IEEs business start-up, growth and survival.

4.3.1 Formal Financial Services Providers

The researcher visited, made appropriate appointments, and then interviewed and observed two formal financial services providers (FFSPs) in their business premises. There are many such providers in the city, including the apex bank branch, Central Bank of Nigeria. They include commercial banks, specialised banks, and insurance companies. Whilst the FFSPs are busy developing new products and services for the IEEs businesses, the development of needed financial products and services are still in their infant stages.

As discovered, problems with individual identity, lack of residential addresses and local culture, among others have made the development of financial products and services for IEEs slow to emerge. On many occasions, the representatives of FFSPs going in and out of GCM with their marketing vehicles trying to identify potential business relationships were observed. Even though there are efforts to target the businesses of TPs, it appears that FFSPs are still struggling to develop productive relationships with the IEEs' businesses. Indeed, there is no cash-dispensing machine or an important unit for offering formal financial transactions inside and along the streets of the GCM.

4.3.2 Informal Financial Services Providers

To overcome various information problems, transaction costs, and individual behaviours, informal financial services providers (IFSPs) exist to cater to the financial need of the IEEs' business. There is a high preference for these informal financial services, particularly on credit and risk management services among all the categories of IEEs identified and approached, mostly due to Islamic religious belief. These services are principally provided by the deposit

collectors and moneylenders, fathers and mothers of *adashe*,⁵ currency and jewellery traders and trade creditors.

In addition, IFSPs were the most difficult participants to access in the entire research process. They moved around the market but later found they avoided coming to an IEE shop anytime interview exercise was in progress. It was difficult to reach some of them, particularly the deposit collectors and moneylenders citing regulatory concerns. However, with the help of other IEEs and gatekeepers, the study reached five such informants, and they provided rich and insightful information, especially the foreign currency and jewellery trader (this combination is possible in the research context as it is a gold producing area).

Furthermore, most of the IFSPs in the context are also IEEs (TPs, CGs, or Traditionalists, or Survivalists) selling or trading in one or more business items. To be viable informal financial services providers, they usually have permanent business locations, such as shops and workshops. Even some of the deposit collectors that move around tend to have business locations for ease of identification by IEEs when the need arises. Indeed, only one of the IFSPs is in the GCM, and the rest are in different places in Gusau city. However, the deposit collectors do come to the market daily irrespective of their business locations, mostly on a motorbike.

Compared to FFSPs, IFSPs are very small financial operations as some of them use the services of FFSPs, such as demand deposit accounts and transfers services, to serve IEEs' businesses. Indeed, operating very close to the informal entrepreneurs' businesses, this study found that the IFSPs' businesses continue to survive up to these days. Whilst IFSPs exist to provide financial services to IEEs; this study found that the internal finance, the use of personal savings and retained earnings with the help of IFSPs, constitute the important means of business financing. Broadly, in the GCM, deposit collection/moneylending, different ROSCA activities, seasonal farming, hoarding, livestock stocking and investment in properties serve as common ways of keeping internal earnings for present or future business financial needs.

⁵ The mother of *adashe* is a direct translation of the name given to a woman, not necessarily, an informal entrepreneur, '(Uwar *adashe*)' who organise and manage ROSCA for informal entrepreneurs as well as public and private sector workers.

4.3.3 Non-Entrepreneurs (NEs)

In this research, NEs are not direct providers of financial services to IEEs' businesses performance. Rather they serve as initiators and intermediaries between the financial services providers (FFSPs and IFSPs) and the IEEs. They also provide financial advisory services to the IEEs business start-up, growth and survival. In the field, seven relevant NEs were interviewed and observed. They are two leaders of enterprise associations, two state government officials, two federal government officials and a leader of non-governmental association (NGO).

Due to their closeness to the IEEs, they are well familiar with their challenges and have considerable ideas of how IEEs run their businesses. They commonly mentioned that the lack of political-will, inflexibilities in FFSPs' services, local culture and absence of proper linkages between the services of FFSPs and IFSPs among others, constitute the main problems in the development of financial resources and informal entrepreneurship. However, in their offices, it was observed that NEs too have constraints of resources and other office facilities to discharge their duties appropriately.

4.3.4 The Role of Financial Service Providers

There are numerous roles played by financial services providers in the context of the GCM. They could be from external sources, comprising formal and Informal finance or internal sources of finance involving the use of retained earnings. Informal sources and internal finance are the dominant financial resources accessed and used in the informal economy for business start-up, growth and survival in the GM (see Figure 4.11, below).

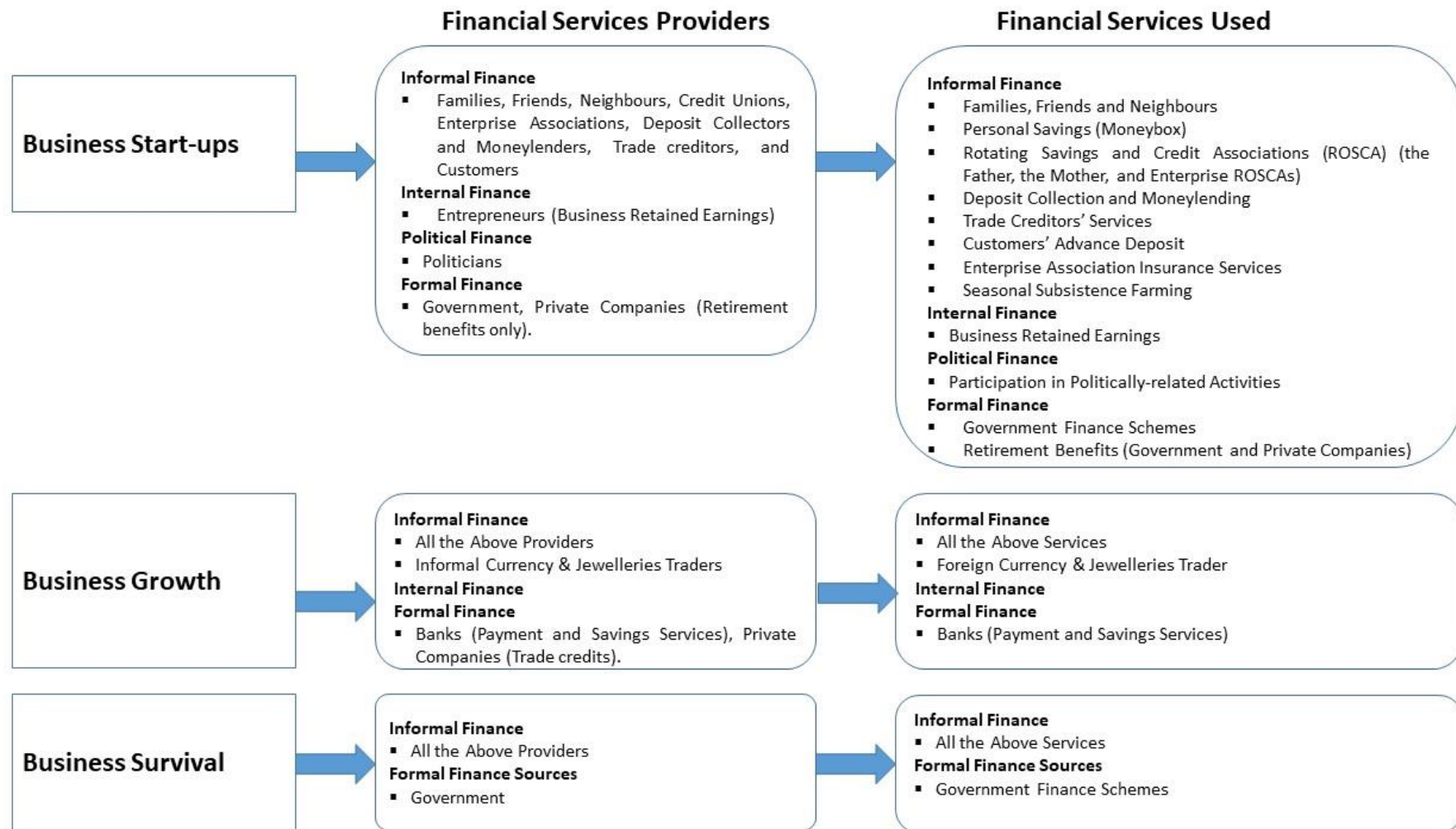


Figure 4. 11: A Typology of Financial Services Providers and Financial Services Used by Entrepreneurs in the Informal Economy in GCM

Generally, FFSPs, such as commercial and specialised banks, confirm that they do not finance start-ups in the informal economy, as they lack information about IEEs' businesses. They stressed that they need to see account turnovers and evidence of business registration or bank verification and tax identification numbers. Still, as IEEs constitute some of the major providers of bank deposits, FFSPs claim that they have developed new financial products and services exclusively for their business growth and survival (see subsequent interview quotes from FFSPs in section 4.4.1 below). However, this relationship is yet to emerge fully in GCM. Hence, the availability of IFSPs, such as ROSCAs, deposit collectors/moneylenders, informal currency traders and trade creditors for informal entrepreneurs use.

In agriculture, transport, trade and furniture business sectors, the use of government finance schemes for business start-up and survival was discovered. In a few cases, the government provides entrepreneurship training through payments of small incentives to informal entrepreneurs to train new start-ups (see IE32 quotes, below):

“A government agency called Npower provided me with about 12 youths to teach how to do painting work (in the informal economy). The Npower pay them NGN12,000 per month purposely to reduce poverty in the society including school leavers and non- school leavers. Sometimes, I pay the Npower labourer NGN500 per day just to have a meal whilst working for me on the site. However, my actual employees depending on the situation, I bargain or pay them daily. The daily pay is NGN2,500 per day whilst the bargained work tends to be better in terms of pay, as the employees will start work from 7 am and close at 6 pm. In this work, depending on the situation, they could earn between NGN3, 000 to 3,500 per day”. IE32

In the context of the GCM, other new start-ups claim that they have not received start-up funds from the government. Rather they rely on personal savings to start their businesses. This study found that start-ups' probability of accessing such government funding is slim as there are issues with nepotism. For business survival, the story is the same side of the coin except that this study found that some survivalists and traditionalists participate in political activities to increase start-up and working capitals. Besides government finance, IFSPs and internal finance dominate the financial provision landscape. Indeed, FFSPs from the banks are only relevant in facilitating funds transfers and provision of demand deposit services that aid IEEs business growth in the informal economy, mostly for TPs and CGs entrepreneurs in the GCM (see subsequent interview quotes in section 4.6.2).

Overall, TPs and CGs are found to be good patrons of FFSPs' services, such as payment, transfers and demand deposit services, particularly for domestic and international funds

transfers and keeping sales into current and savings accounts. However, traditionalists and survivalists rarely use these FFSPs' services. Rather cash sales generated are mostly used to reduce trade creditor debts, prompt goods restocking, daily payment to deposit collectors and ROSCAs as well as attending to household expenses. Indeed, IFSPs and internal finance dominate for business start-up, growth and survival of entrepreneurs in the informal economy. Nevertheless, in rare circumstances, FFSPs, mostly government schemes, as well as political finance, were found to be relevant for business start-up and survival. Based on the above results, it is apparent the empirical case is a setting where interrelationships between different types of informal entrepreneurs as well as different sources of financial resources subsist, especially to access and use financial resources for business start-up, growth and survival.

4.4 Interrelationships in the IEEs' Processes of Access and Mobilisation of Financial Resources

Fundamentally, the data structure (see Figure 4.12, below) advances the structure of the financial resources of entrepreneurs in the informal economy. Derived from the data structure, the process model diagram (see Figure 4.13, below), reveals the description and explanation of this phenomenon. It shows the interrelationships among the concepts, themes and dimensions via the use of arrows, circles, squares and boxes (Gioia et al., 2013). In order to answer research question number 4 (see section 3.1.2), the next section reports and explains these interrelationships.

As presented in Figure 4.13 below, for entrepreneurs in the informal economy to access financial resources for business start-up, growth and survival, they do so in challenging institutional environment comprising of political, social, behavioural and economic factors (Scott, 2013), which influence the different processes of *informal entrepreneurial financing strategies* (Sirmon et al., 2011). More specifically, the research findings unveil how the relationships between informal entrepreneurship and financial resources remain deeply influenced by policy discrepancies, sociocultural dispositions, individual financial behaviours, market uncertainties, and market complexities.

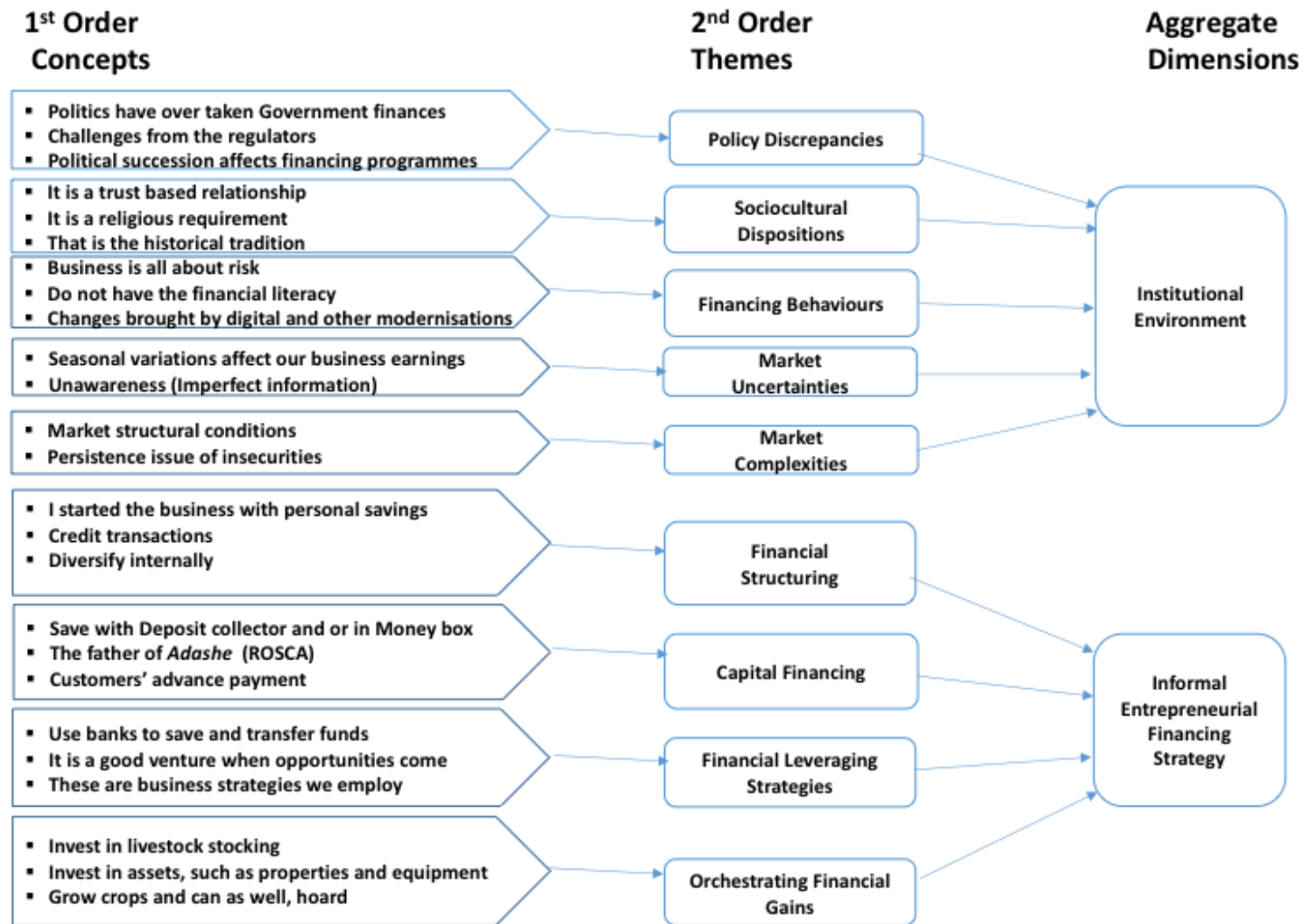


Figure 4. 12: Data Structure

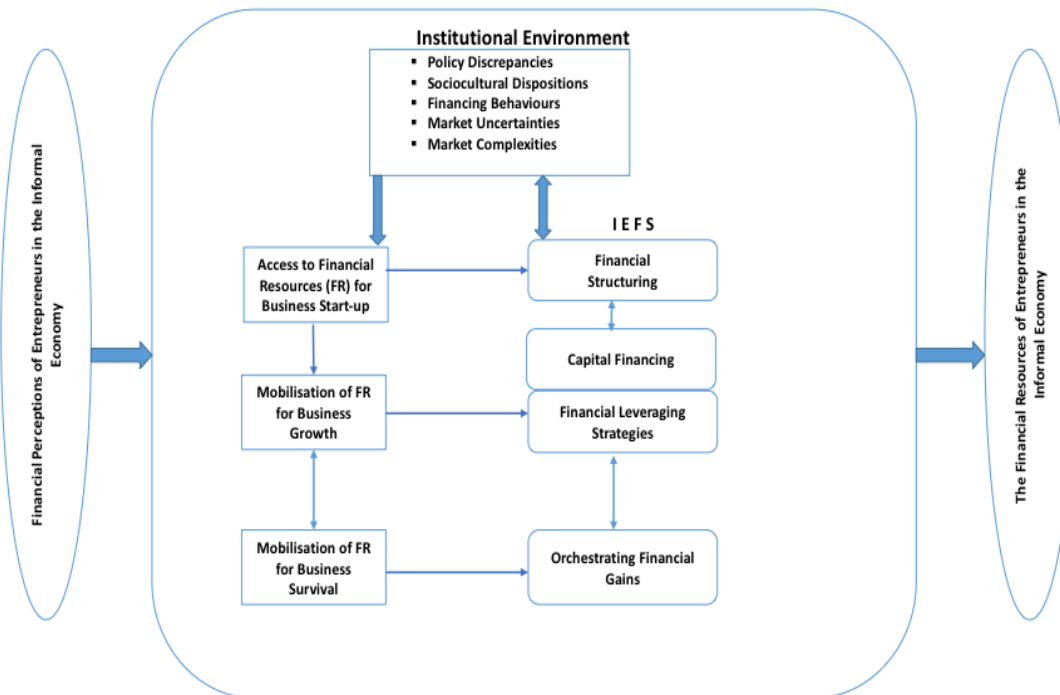


Figure 4. 13: Process Model of the Financial Resources of Entrepreneurs in the Informal Economy

Interestingly, under these influences, results indicate that informal entrepreneurs follow processes in financial structuring for their business start-up. To survive and grow in their businesses, the results also suggest they also follow processes from capital financing processes to adopting different financial leveraging strategies in direct response to changes in the institutional arrangements (see Sirmon et al., 2011). In order to survive and remain in the business, other processes in financial leveraging strategies and orchestrating financial gains intermingle.

Accordingly, this section uses interviews' quotes and observations data to narrate the research findings as practice in entrepreneurship studies in developing economies (Sutter et al., 2017; Sydow et al., 2020). It starts by describing and explaining the research findings from the aggregate theme of the institutional environment. The next part of this section focuses on reporting and describing the emergent concept of informal entrepreneurial financing strategy (IEFS). In general, this section demonstrates the connection of the *data structure* to theory. From right to left across the tables, this section shows the interviewees' quotes and

the researcher’s observation, number of respondents, first-order concepts and second-order themes (Gioia et al., 2013, Sutter et al., 2017).

4.4.1 The influence of Institutional Environment

Undoubtedly, policymakers all over the globe are abreast of the fact that SMEs, as an engine for economic development, are financially constrained (IFC, 2017). Designing policies to tackle these constraints often face institutional challenges (Meagher, 2018). Whilst in the developing economies, the main targets are the entrepreneurs in the informal economy, financial policies and other economic regulatory activities often struggle to align with the institutions of the society (Arestis and Stein, 2005, Ngwu, 2015), whilst informal practices fill the gap. Hence, resulting in the institutional environment theme found in the data referring to policy discrepancies, sociocultural dispositions and financing behaviours, as well as market uncertainties and market complexities influencing informal entrepreneurs’ access and mobilisation of financial resources to start, grow and survive in their businesses (Scott, 2013) (see the sociologist’s conception of institutions in the theoretical context section 2.3.1).

Table 4. 2: Institutional Environment

2 nd Order Themes	1 st Order Concepts	Number of Respondents	Interviewee Quotes & Researcher’s Observations
Policy Discrepancies	<i>Politics have overtaken government finance schemes</i>	29	<p>As a leader of one of the informal enterprise association, the TP entrepreneur links politics with financing schemes. <i>“Ok, what is really happening is that politics have overtaken this kind of government financing programmes. Most of these funding is organised solely for entrepreneurs, but unfortunately, entrepreneurs end up not being the real beneficiaries. Politicians siege the funding programmes and collect whatever money earmarked for such exercise. Only very few entrepreneurs have access to the funding.” - IE11</i></p> <p>A survivalist entrepreneur narrates how he had to participate in political activities to have a chance of accessing government finance schemes. <i>“As a youth leader, a top politician invited me and pleaded with me that after re-election, the youth would get their own share”. IE27</i></p> <p>It was observed that they participate in political rallies to raise and increase a start-up and working capital.</p>
	<i>Face challenges from the regulators</i>	57	<p>A TP entrepreneur in the construction sector puts; <i>“The only thing that has an effect on our business is the regular currency devaluation (monetary policy) because most of the chemicals used in the manufacturing of paints are not produced indigenously. These items are being procured using the foreign currency exchange. This situation increases the chance of having more credit with the suppliers. I knew some of my colleagues in this situation, and their business performance has dropped</i></p>

			<p>drastically. If care is not taken, this situation may lead to subsequent business death". IE32</p> <p>Another TP trading charcoal & firewood describes; <i>"Another biggest challenge with the government is too much request for tax from different government officials (level). Any local areas I passed with the goods they request for tax. Honestly, this needs to be harmonised". IE49</i></p> <p>A street vender, survivalist inside the market bothered by the location of his business as he enjoys good cash sales inflows says, <i>"We used to face challenges from the regulators (relocation affects sales and causes debt losses) because sometimes they will complain that we are an obstruction to the streets inside the market". IE06</i></p> <p>I observed that revenue collection officials do tax (entrepreneurs) based on the availability of physical stocks in the shop as well based on observing customer's movements into and out of their shops.</p>
	Political succession affects financing programmes	58	<p>A survivalist retailing perishables lament on the effects of different regimes on their performance. <i>"There was a time the state government provided some form of financial support in the form of loans... From 1999 to 2007, we made more sales because there was so much money in circulation because the then state government (political regime) was generous (rolled out many financing schemes) and many people (entrepreneurs) made money during the period". IE27</i></p> <p>An informal property agent who is a survivalist also narrates his story. <i>"For over a month, I have not sold any property, and I have plenty of such houses, plots of lands and shops. No buyers and based on my own analysis, the current political terrain is unstable, and as such, there is no much money in circulation". IE35</i></p>
Sociocultural Dispositions	It is trust-based relationships	61	<p>A TP entrepreneur in furniture making and trading business describes, <i>"If I do not have money to finish the job, I meet the suppliers, and provide advance payment, and they give me the materials to conclude the job. It is a trust-based relationship and has been doing this kind of transaction for long". IE21</i></p> <p>Without making payments, I observed a situation whereby CGs picked up about ten items in TP's shop and said; add to the calculations. When I asked the TP about the transaction, he told me, possibly, the CG had identified a customer who wanted those ten items he picked. The CG will sell them, and at the end of day business, he will repay for goods taken from the TP's shop but at a discount price, which is different from the normal price given to customers.</p>
	It is a religious requirement	35	<p>A TP entrepreneur explains how he manages credit transactions under the guidance of his religious teachings. <i>"For me, I do provide goods to some customers in credit. In fact, there was a time I swore that I will not give out credit to customers, but I changed my mind and gave out charity</i></p>

			<p>to supplement my action, which <u>is a religious requirement</u>". IE31</p> <p>A representative of Federal Agency explains, "Northern Nigeria has a religious inclination, Islamic religion. This religion said a lot regarding interest charges. Majority of people in this region have been brought up under the Islamic principles and teachings. Therefore, people generally would like to have good endings such that they avoid what is forbidden in the religion. Interest remains their main concerns and prefers dealings where it does not exist due to their Islamic mind-sets". NE01</p> <p>I observed that the local culture and religion, among others, work against the development of the needed financial interactions with IEEs.</p>
	That is the historical traditions	29	<p>A woman entrepreneur (TP) and a general merchant describes, "Fortunately, when I conceived and delivered a baby, people brought some little cash to me individually as a birth gift ranging from NGN20 to NGN50. <u>It is a tradition</u> also here when a woman delivers. I was able to consolidate this money to form a business capital". IE36</p> <p>Traditionalist entrepreneurs tend to command the respect of traditional institutions. I observed that many of the fathers of adashe originated from these traditional businesses.</p>
Financing Behaviours	Business is all about risk	39	<p>A traditionalist entrepreneur selling traditional medicines said, "Despite that, they charge interest rate (Banks), I would not mind if I can get the finance from them because I can repay back considering the available opportunities on the ground. <u>Business is all about risk</u>, and if formal finance is available, personally, I will seek for it with one mind". IE04</p> <p>I observed to remain akin to local beliefs as well overcome various information problems, transaction costs and individual behavioural tendencies (including uncertain positive and negative behaviours); informal financial services providers (IFSPs) exist to cater for the IEEs' business needs.</p>
	Do not have the financial literacy	69	<p>A survivalist entrepreneur into poultry business explains: "Even though I schooled up to diploma level; however, as at the time I started the business, I <u>do not have the financial literacy to relate with banks</u>. You see, I was brought up in a poor, extended family. I have to survive, and so I have to engage in some form of entrepreneurial activities to take care of myself". IE15</p> <p>An FFSP also says: "The first major challenge (relating with banks) is lack of knowledge of financial services" FFSP01</p> <p>Indeed, a traditionalist entrepreneur also says: "Despite the risks with the ... business, I do not have insurance covers. I do not know how insurance services are provided. I heard of it, but I have never used such services". IE56</p>

	<i>Changes brought by digital and other modernisations</i>	24	<p>A TP entrepreneur selling construction materials comments, <i>"You see, the advent of mobile banking technology is helping to achieve a lot in this business. Because I have gone to school, I understand how to use this platform very well. My colleagues, they have challenges in understanding it, but for me, I hardly go to the bank now for transactions. I do most of them online with this technology. Besides, even for payment of school fees and other household activities, I used the platform". IE07.</i></p> <p>Also, a specialised bank manager comment, <i>"You see, we have introduced mobile banking and its acceptance is extremely encouraging. Before we have to request customers to use the application, now customers including non-literate on their own ask for such services. Now, no credit facility is extended to business via the mobile platform". FFSP02</i></p>
Market Uncertainties	Seasonal variations do affect our business earnings	51	<p>A CG entrepreneur describes: <i>"In fact, seasonal variations do affect our business earnings but tend to be high in the rainy season when the commodity is scarce". IE51</i></p> <p>A survivalist entrepreneur also says; <i>"I was also told to be patient that when the period passed, sales would pick up. Now, I cooked the food in large quantities. It is a harvest period". IE34</i></p> <p>I observed that most of the informal entrepreneurs supplement their businesses with farming activities to reduce the effect of seasonal variations (on their income) and promote the continued survival of their business. Also, festive religious seasons such as Ramadan and Eid periods may influence sales positively or negatively depending on the business sector.</p>
	Unawareness (imperfect information)	16	<p>A TP, current leader of the informal entrepreneurs' union, retailer and wholesaler explains: <i>"There is a lack of awareness of how these products (formal financial products and services and their availability) operate. Entrepreneurs have assumptions that if NGN100,000 is advanced before the turn of the year, that loan amount will double. Up to now, I am not aware of any entrepreneur in the market that have so far collected bank loans". NE07</i></p> <p>Even though informal entrepreneurs constitute major providers of bank deposits, I observed that there are gaps in understanding between the banks and informal entrepreneurs' businesses performance of start-up, growth and survival.</p>
Market Complexities	Market structural conditions	67	<p>A CG entrepreneur and a stakeholder narrating the structural fragmentation of the financial market, <i>"We rely more on the informal finance (informal credits) sources such as families, colleagues, bosses, trade creditors, retained earnings and are more confident of this medium than seeking for loan facilities from formal finance providers. These providers are closer, considerate and respond promptly to our request". IE05</i></p>

			<p>A representative of SMEDAN highlighting the inadequacy of the financial market structure to deliver Islamic financial products and services to informal entrepreneurs: <i>“When Jaiz Bank was established, I thought that it would be a public-private company. Such an establishment requires huge resources investment for it to reach grassroots. Therefore, private investors do not have that kind of resources required to make the needed penetrations. The simple analogy is that public resources are very essentials in the promotion of Islamic financial services. For example, in the entire Zamfara state, there is only one branch of Jaiz Bank to reach the informal sector. No way and that is the stage where we are”.</i> NE01</p> <p>This study observed that due to irregularities in the way GCM is physically designed and structured, the business transactions activities of TPs are higher outside the market, especially on non-market days. However, on Monday and Friday, exchanges seem equitably distributed.</p>
	Persistence issue of insecurities	32	<p>A cosmetic trader who is a survivalist gave an account of his story about insecurities, <i>“The persistence issue of insecurities in the state equally has affected the growth of our business. These days few villagers patronise the market, and as such, we are struggling to survive”.</i> IE50</p> <p>I observed insecurities (kidnappings, cattle rustlers, armed banditries and robberies), more predominant in the rural areas as threats to IEEs business survival in terms of income generation whilst this can be a rare opportunity to very few entrepreneurs. Because of these activities, they are experiencing low rural customers patronage.</p>

4.4.1.1 Policy Discrepancies

For entrepreneurs in the informal economy to access and use finance for their business, they need to respond appropriately to policy discrepancies in their operating domain. Herein, the concept of policy discrepancies refers to the inharmoniousness of economic and financial policies across different levels of government to improve small business access and use of finance for business start-up, growth and survival. These policy decisions typically pertain to reforms on monetary policy, such as interest rates adjustment, inflation and sectoral flows of saving, as well as regulations on business, employment, taxations and subsidies (see McKinnon, 1973).

Initially, the study found that many informal entrepreneurs do not understand how and why these formal institutional reforms affect their businesses. Although they are susceptible to policy effects on price changes, they only come to term with reality commonly when the national currency is devalued as well as changes in subsidies and taxations. Secondly, having

realised the influence of politics and political succession on businesses financing, informal entrepreneurs engage actively in political activities. Fundamentally, the results show how policymakers usually promulgate new business financing initiatives in each political term. These initiatives occur with little considerations of previous government financing schemes and their effect on informal entrepreneurs' businesses. Consequently, the three conceptual categories, which constitute the theme of policy discrepancies, are described and explained below with additional interviewees' quotes where relevant.

“Politics have overtaken this kind of government financing programmes.”

In the first place, there is the conceptual category of politics rules in government financing schemes. This category encompasses the use of politics to access or provide start-up or working capital to informal entrepreneurs. The researcher came across many governments financing schemes associated with these entrepreneurs' businesses in the trading, transport, manufacturing and agricultural business sectors. Whilst they improve liquidity availability in the market, access to such financing is more likely if an entrepreneur has a political connection. For example, the federal government finance programmes in existence, and with broader spread are the Trader Monies and N-Power programmes as one of the bankers elucidated:

“Yes, there are (financing programmes). And they relate with us very well as a bank. As well, we are enjoying them because we are meeting our account opening targets. In fact, because of the programmes, we have many accounts now with us. These programmes are social investment programmes in which money can only be disbursed into the beneficiary bank account. Moreover, there are trader monies for very small entrepreneurs in which a certain amount is disbursed between NGN10, 000 to NGN100,000. Also, there are N-Power programmes which are bigger than the trader monies because the minimum amount is NGN30, 000”. FFSP01

Additionally, the state government, which oversees the local government administration, also design and execute their financing programmes to create new small businesses as well as improve the performances of existing ones. Widely, a few informal entrepreneurs access both federal and state financing schemes. Indeed, the funding programmes are characterised with nepotism, fraud and corrupt practices, mostly the politicians and their stooges as one survivalist entrepreneur explained:

“Anytime, there is a financial provision programme, and the politicians will crowd and block others from benefiting apart from themselves and their stooges. These stooges are not real entrepreneurs; rather, they are people that assist politicians to achieve their mission”. IE34

Indeed, a stakeholder also narrates:

“Well, another tactic is that some of them (the informal entrepreneurs) do join politics with the aim to get start-up or additional working capital. If they are successful from the political side, they abandon it and continue with their businesses. They organise themselves into groups to look for money from the politicians in the form of an association selling a particular product or providing a particular service. It is a common practice here since both the politicians and the entrepreneurs consider the political game as deceit”. NE05

Furthermore, an entrepreneur and leader of the informal enterprise union also said:

“We do participate in politics (to raise start-up capital or increase working capital). When the politicians won the election, there was a problem with government officials during the fund’s disbursement processes. These problems include the inclusion of people that are neither traders nor entrepreneurs in the GCM”. NE06

The consequence of these politics to informal entrepreneurs’ access and use of finance is apparent in finance for entrepreneurship. One obvious implication of these activities is the absence of organised and sustainable means of financing informal entrepreneurs’ businesses. Without a doubt, many of these actors also face numerous challenges from the regulators in relation to finance as narrated in the next category.

“Face Challenges from the Regulators”

This conceptual category consists of challenges pertaining issues on business location, payment of tax, business registration, the use of enforcement agents on financial transactions and monetary policies, such as exchange rate, inflation, currency devaluation and liquidity availability. Different practices to overcome regulatory challenges by informal entrepreneurs were noticed in this category. First, many uncertainties surround informal entrepreneurs’ place of business, especially the inside and outside business locations divide in the GCM, free allocations of spaces, and shops allocation on loan from the regulators. Secondly, start-ups and struggling informal entrepreneurs hardly pay tax because of teething problems but make illicit payments to revenues officials. However, regulators charge tax arbitrarily, as one TP explained:

“I pay tax, and even when the government invited us regarding payment of tax, I told them we pay tax every day. If I go to the animal market to buy cows, I pay tax for the local government; I will also pay tax to the traditional leader in the market. Secondly, I pay tax at the slaughterhouse that is NGN800 per head of the cow I slaughtered. Lastly, and in the shops here, I pay tax annually to the local and state government officials, and they provide a receipt for that. Although the federal revenue service does come to collect tax, but we told them that what we are paying is too much. I argued that we provide jobs to the community and why will we be disturbed so much for tax”. IE40.

Thirdly, the results also indicate that there are business registration challenges face by these persons as described by a stakeholder:

“The reason why these actors choose to remain informal is the hard constraints involved in the formalisation (registration) process. The cost of formalisation is likely to consume almost half of the start-up investment”. **NE01**

Fourthly, a CG entrepreneur also recounts very little use of enforcement agents on financial contracts and transactions:

“In the event of non-repayment of debt by the customers, I have gone to the enforcement agents on three occasions, but all the recovery attempts were unsuccessful. If I cannot recover my money amicably, I prefer not to go to any agent. We are always at faults in the eyes of these agents”. **IE47**

Lastly, monetary policies could be challenging or beneficial to informal entrepreneurs access and mobilisation of financial resources depending on the time of policies introduction or modification, and sector of operations:

“Well, inflation and currency devaluation have effects on the business, but we translate whatever increase in price to the customers”. **IE08**

Overall, the key findings are that whilst informal entrepreneurs made irregular tax payments, it tends to end at the hand of corrupt officials. Besides, these entrepreneurs also face similar challenges on business premises and relationships with enforcement agents. Whilst the cost of business registrations remains a challenge for business start-up, monetary policies may present opportunities or threats to business growth and survival.

“Political succession affects financing programmes.”

This category focuses on regime changes’ effect on disbursement and repayment of government loans guarantee schemes (LGS), as they affect the financing of informal entrepreneurs’ business. This study discovered that since Nigeria’s independence to date, various government agencies were established to cater for the finance requirement of small entrepreneurs in the informal economy as explained in the work of Ngwu (2015). Each successive administration rolled out its schemes to provide start-up or working capital. Without comprehensive evaluating the performance of previous programmes, the new political administration abandons them and introduces newer ones. As a result, the previous loan facilities are usually characterised by abysmal loan repayment records. In fact, informal entrepreneurs considered them as if they are sharing a windfall. This research found that many of these actors in the transport, trading and agricultural sector benefited from such

programmes without making any repayment, or only make minimal loan repayments. For example, a CG entrepreneur and a stakeholder explained:

“Later, when the GCM was constructed and after the relocation exercise, we press for more funding from the state government (previous political administration) to boost our start-up capital. Luckily, as a secretary to the market association then, I recall that the governor approved NGN30, 000,000 for sharing among those businesses inside the GCM. Unfortunately, only N19, 000,000 reached us. We divided the money among the market associations that sell particular products or render particular services. Each person got about N60, 000, and the amount I can say has helped our businesses. Well, up to now, we have not repaid the loan, and none of the government representatives has ever come for that loan recovery. You see..., we were happy with the funding advances by the government between the years 2007-2011”. IE05.

Moreover, a stakeholder also narrates on the issue of political succession:

“For example, in the YOU WIN! Programme, the current government did not pay attention to the continuity of the programme. Therefore ...no standard financing programme (sustainable financing programme exists in this country)”. NE05.

In summary, the data reveal that there were various failings in the financial support provided by the government to its entrepreneurs – formal and informal – as well as how institutional imperfections – including around enforcement – constrain their activity and potentially their access and use of finance. Indeed, government financing schemes are characterised with many discrepancies, which made them unsuccessful (Quartey et al., 2017). In GCM, political meddling, corruption, inefficient regulatory activities as well as political regime changes affect how entrepreneurs in the informal economy access and mobilise financial resources for their business start-up, growth and survival. Besides, the study also found sociocultural dispositions as an important theme in understanding these relationships with financial resources.

4.4.1.2 Sociocultural Dispositions

For entrepreneurs in the informal economy to access finance and use it to start, grow or survive, this study discovers the existence of strong influence of their social context. Accordingly, in this study, sociocultural dispositions refer to the influence of informal structures, such as norms, values and beliefs in the processes of financial resource management (Scott, 2013). This theme consists of the concepts of trust-based relationships, religious requirements and historical traditions.

“It Is a Trust-Based Relationship”.

This conceptual category consists of financial relationships in families, friends, kinships and neighbours’ relationships. It also covers such relationships with business colleagues, philanthropies and leadership of enterprise associations. The study found that this kind of interaction substantially accounts for acquiring start-up capital to start a business among informal entrepreneurs. It is also very relevant in mobilising financial resources for business growth and survival. For instance, once the informal business community recognises an entrepreneur’s line of business, they help each other, for example, in the form of provision of free trade credits with varying flexibilities, depending on time and types of business. A survivalist entrepreneur described the role of families and friend in the provision of start-up and working capital:

“Just as I said, if you have social connections such as families and friends, they might decide to help you, give you goods to put into a shop or be patronising the local, periodic markets. Gradually, as you make sales, you repay and take your profit up to a stage when the business is established” IE14.

Also, a TP entrepreneur expressed how friends with venture capital, invest in their grains selling businesses:

“Well, I am an old entrepreneur here, and so there are people (friends and kinship) who have huge capital but do not know how to do the business. They invest their money with me and based on an agreed sharing formula; we share the profit-realised equally”. IE12

This research, moreover, found that the informal enterprise associations to be influencing the financial performance of its members’ businesses. In one example, these associations serve as an intermediary between the formal regulators and informal entrepreneurs, in which their intermediating role is used in the disbursement of state government financing programmes. In addition, the enterprise leaders also collect union dues and orchestrate some form of informal financial arrangements among their members. This practice enables them to provide some forms of informal insurance services by ameliorating the negative consequences of business and personal risks. Two survivalists and a CG entrepreneur explained:

“... in the event of an accident, and a driver has a serious fracture, the union takes full responsibility to pay for medical expenses of the injured driver. Not only that, but we also have social cohesion. If one driver has no vehicle to drive for reasonable reasons, fellow active drivers provide financial support every day to that driver who comes to the garage pending the time when he gets another bus to drive”. IE20

“There were times when our association extended financial assistance to a member who witnessed serious businesses challenges, serious sickness, catastrophe or even disaster. The essence is for whoever is affected to remain in business so that he can take care of himself”. IE02

“The union helps the members financially regarding marriage, business death, sickness, legal services and other undesirable behaviours. For those entrepreneurs that witnessed business death, we fund the business; tell them to repay the money we lent from the union purse with varying flexible repayment terms depending on the entrepreneurs’ circumstances. It is important to understand that we do not charge them any interest or fees on the money we lend to our members”. IE27

However, participation in union activities is mandatory and beneficial to all four groups of informal entrepreneurs. Indeed, non-participation comes with financial downsides, such as the lack of access to informal insurance services and business survival capital, challenges with revenue officials, low customer patronage and possible expulsion from the market premises because of improper conduct. Additionally, this study found that enterprise associations do not control good prices directly, except on services related business. As they have experience in demand and supply effects on the prices of goods and services, they also tend to inform their members appropriately to exploit possible opportunities in the market. A CG in the transport business explains:

“The road transport workers union does this (regulate prices). For example, when the price of petrol is high because of scarcity, the union regulates the increase in transport fare prices. The union also reduces the amount of union dues they charge on each driver. Therefore, when the inflows of passengers drop, the union reduces the price to encourage travels. If otherwise, they also increase the prices”. IE19

“It Is a Religious Requirement”

In this context, religion is interlinked to informal entrepreneurs access and mobilisation of finance. This conceptual category, therefore, focuses on a discussion that relates to entrepreneurs’ perceptions of interest rates, insurance, payment of Zakat, education and women entrepreneurial activities in relations to their religions. Particularly, due to the Islam prohibition of interest rates, findings indicate that interest rate element on whatever form it is; informal entrepreneurs do not like to be associated with it. For example, besides the interest in credit, even interest on savings is being frowned at and considered forbidden, whilst a few tend to be inconsiderate of interest rate if access to the formal loan is possible.

These beliefs influence both the performance of formal and informal credit markets. Indeed, only non-indigenes moneylenders could charge interest on credit facilities besides the formal systems. The few informal credit transactions bearing interest element usually, are conducted

undercover, as it is mostly between such fund's providers and the receivers. On the use of insurance services, this study also found that there are general beliefs that risks are from God among informal entrepreneurs. They see an acceptance of insurance services as if they have no trust in God. Three interviewees, CG, survivalist and a banker, responded on insurance and interest rates issues as follows:

In the Hausa community, the descendants of Sokoto caliphate, people believed that risks are from God and using insurance is like a counter to their beliefs. I think this could be the reason insurance is not popular here. IE15

"Our religion is against the interest charged by banks as there is the belief that interest destroys wealth and makes it devoid of God's blessings". IE43

"Honestly, it depends on which business sectors the entrepreneurs are operating. Some of them are afraid of the interest rate, even if we are to propose a single-digit rate because of their cultural beliefs. These beliefs are against sourcing for a loan facility that charges interest. Other entrepreneurs regardless of the interest rate, they are ready to accept the facility". FFSP01.

This research also found that most of these entrepreneurs are uneducated formally, but they have attended Koranic School – local Islamic education training using the Arabic letters. This education, which helps them to communicate using the Arabic language, is also influential on how they access and manage their business capital. Take for instance; if the working capital exceeds a certain limit, the informal actors pay 2.5 per cent annual Zakat from it. These practices are common among TPs, CGs and few traditionalist entrepreneurs. However, surprisingly, the findings uncover that some informal entrepreneurs' working capital is dually owned with other women entrepreneurs. For example, a TP, woman entrepreneur explained how they deduct Zakat from business stock:

"The only way I understand if I make a profit is through the payment of Zakat. Annually, I do count the stocks in the shop to ascertain the total value. From this stocktaking, I will know how much profit I make for a year". IE36

Women entrepreneurs, fundamentally, most often can only operate at home due to a patriarchal system, where the man is the head of the family. They use third parties to operate in the market on their behalf because of Islamic religious restrictions. In fact, there are many male representative entrepreneurs of women entrepreneurs in the GCM. An NGO representative explains:

"Married women operating indoors are the producers whilst those little women you see outside are the marketers, that is they are the traders. Because of their religion, they are not allowed to go out and conduct commercial activities. That is why the outside traders mostly constitute non-indigenes and the old-aged women". NE03

“That Is a Historical Tradition”

In this conceptual category, historical tradition refers to the influence of history and traditional institutions on access and use of financial resources for business start-up, growth and survival by informal entrepreneurs. In this society, for example, it is considered a norm to raise an apprentice by providing a start-up capital at the point of discharging him. A CG gives an account of this practice:

“You see, in this society, there are social implications if you raise a boy without releasing him properly. Indeed, we exploit various ways to make sure if the boy reaches a certain age, he can be independent. For example, there are situations whereby we buy livestock, feed the animals from the money paid to the boy. When it is time for being independent, we sell (the animals) and give the boy to raise start-up capital”. IE05

Indeed, this study also found other acceptable ways to provide start-up capitals, such as giving money as gifts, and during wedding and birth ceremonies. For business growth and survival, some other practices have been in existence since before the British colonisation of Nigeria. They can be traced to the initial stage of the development of society. These local financial practices include ROSCA, use of moneybox and daily commercial movements to periodic markets.

Although traditional institutions do not provide start-up capital, however, they too regulate some financial transactions among informal entrepreneurs. These institutions mostly resolve financial disputes among informal entrepreneurs through their appointed representatives. An example is they play a role in debt recovery between entrepreneurs and their customers. Some of the traditional representatives, particularly in the animal market, receive daily commissions from the informal entrepreneurs for such administrative services. For example, a property agent classified as CG entrepreneur, as well as a bank manager explained the role of traditional leaders in the use of financial resources in the informal economy:

“There is also an identity card provided by the emirate council. I am well-known in the town and relate with the emirate council that advises on whom to sell and rent a property. Particularly, due to the present security challenges, we face in the state”. IE37

“As at now, there is what we call “Agency Banking through Emirate Strategy (ABES)”. Because the traditional institutions are in a better position to know where the financial services are needed most, we do visit the Emirs and seek their support. In fact, some of the agency banking outlets were established based on the information provided by Emirs, District heads, and Village heads. These traditional leaders know spots where viable economic activities are taking place, and they lack banking services”. FFSP01

To sum up, sociocultural dispositions involve drawing upon informal institutions, such as norms and values, to shape the financial resources of entrepreneurs in the informal economy. History, religion and social relations act upon each other to determine the extent of these relationships. The conceptual categories that are made up of sociocultural themes determine what is seen as a typical form of behaviour in the context of the study. Indeed, this research also found that policies do not adequately accommodate such factors in the distribution of financial resources for informal entrepreneurs' business start-up, growth and survival. Besides sociocultural dispositions, the next theme – the financing behaviours, exert another influence in the entire relationships with financial resources.

4.4.1.3 Financing Behaviours

For entrepreneurs in the informal economy to access and mobilise finance for their businesses, the data revealed individual-level financial decisions mostly occur according to policy discrepancies, social contexts and other economic circumstances (Welter and Smallbone, 2011). In this study, the concept of financing behaviours refers to the informal entrepreneurs' ability to make financial decisions on which financial resources to access and mobilise for business start-up, growth and survival. This second-order theme comprises business risks, financial literacy and changes brought by digital and other modernisations.

“Business is all about risks”

Components constituting this category relates to informal entrepreneurs' behavioural response to business risks whilst accessing and using financial resources for venture creation, growth and survival. The findings indicate evidence of strong behavioural responses to shocks, crises, and disasters. There is also evidence of risk-aversion as well as loss aversion in employing risk mitigating strategies regarding which financial resources to access and use.

Firstly, despite the lack of use of formal insurance services, informal entrepreneurs exhibit a range of financial behaviours, as they experience shocks such as financial shocks, policy shocks and as well, supply and demand shocks. They do adjust their financial management practices. For example, most informal entrepreneurs do not like to keep cash. Rather, they prefer to keep stock of inventories for fear of sudden currency devaluation. Most of them also resort to using ROSCA and participate in other union activities as a risk mitigation strategy for accidents, insecurities, health crises and disasters. A survivalist entrepreneur selling phones, accessories and offering repairing and charging services narrates;

*“It is really a very risky business. Regarding insurance, I have little orientation about it. Besides the theoretical aspect, I only understand it during my school days. Definitely, we do not manage our risk through insurance, but sometimes we rely on the trust with our big suppliers (**financing behaviours as influenced by social context**). Because in the event of risks, if the suppliers trust your behaviour, they will come to your assistance. They can even provide you with goods to put in the shops. You see, we do not have a union of communication dealers or traders here. When there are risks (big business risks), there is no union to offer financial support like other entrepreneurs in the GCM. However, in difficult times, I do buy laptops as assets to keep such that in the event I need to beef my capital, I sell the laptops and inject the capital back into the business” (**financing behaviours as influenced by economic circumstances**). IE30*

Regarding risk mitigation, a traditionalist entrepreneur selling herbs and offering local health services says;

“Well, we have our local risk management practices (risk mitigation strategies), which we tackle via the association. Any member who pays his union dues will get appropriate financial assistance when something bad happens to him such as accidents, fire, health problems and so on. The money might not be adequate depending on the problems and hazards, but at least it provides a relief to the sufferer”. IE04.

Secondly, in terms of credit transactions with customers and suppliers, these entrepreneurs exhibit a range of other entrepreneurial financing behaviours. Different risk aversions and loss aversions strategies feature prominently. The following CG entrepreneur illustrates an example of risks perceptions in furniture making, which tends to vary by business size and operating sectors:

*“Informal arrangements (customer advance payment) remain the most important ways of sourcing finance. They are far easier to access, serve as a means for risk protection, and as well, risks reduction in furniture-making business” (**risk aversion and loss aversion practices**). IE09*

“Do not have Financial Literacy”.

This category pertains to financial literacy and its other associated components. Indeed, this study discovered that the level of financial literacy of informal entrepreneurs significantly determines which sources of finance to access for business start-up and as well, for growth and survival. Especially literacy level on interest rates, insurance and financial transactions. A CG narrated that understanding how interest rates are being calculated is the most important to know:

*“For me, the interest rate is not an issue to me (**positive attitude to interest**). The problem is knowing (being uneducated) how much interest I will pay. For example, giving me NGN10, 000 and says I will repay by paying NGN20, 000 in a year is too much. This is difficult as the business profit margin is small”. IE44*

Also, peer effect, positive and negative attitudes on borrowings and lending, and sharp practices and frauds combine with literacy level to affect financial decisions. Broadly, business age, business types, financial markets and services, gender and sector of operation intermingle with the level of financial education to shape business start-up, growth and survival business performance tasks. Taking the following quote as an exemplary, another CG entrepreneur in trading business narrates:

*“We are not used to always being in debt (**negative attitude to borrowing**). We prefer to crawl and grow. To say that banks will help in financing our business, we least like this. Although they visit us, seeking for our cooperation to open a bank account, but still we have our reservations. These reservations include our banking literacy level is not enough to understand their services. There is this issue to do with erratic networks whereby you wait for a long time before you are being served. Sometimes, it is a lack of availability of cash as at the time of our request. The issue with the bank’s collapse is another crisis that worries us. For example, I lost money in a bank that collapsed, and up to now, I cannot tell you where I can find it. **IE05**”*

“Changes Brought by Digital and Other Modernisations”

This category involves the influence of changes brought by digital and other modernisations as they affect the financial decisions of informal entrepreneurs, particularly mobile banking, which is seen as an avenue to improved financial inclusion strategies (World Bank, 2014). Besides transaction facilitation, the data revealed that the use of financial technologies (Fintech) for credit transactions is limited to government financing schemes and remains in its infant stage. However, the results unveil that mobile banking has significantly reduced transaction cost but in relation to money transfer services only. Indeed, it is relevant for informal actors’ business growth and survival. A CG entrepreneur and SMEDAN representative explained changes brought in by digital mobile money transfers:

*“I also use mobile banking mostly during the times when banks are officially closed. As well, it is convenient, as I do not need to go to the bank to conduct a transaction with a customer or a supplier”. **IE46**”*

*“However, with the introduction of mobile technology and financial products for the informal sectors, the situations may likely change. Anyway, these modernisations are still in its infant stage.”**NE01**”*

In addition, other modernisations such as the extensive use of plastic materials and introductions of generators that consume less petrol were found to be a challenge to business survival of informal entrepreneurs. Such entrepreneurs do struggle to maintain a steady cash inflow due to these changes. A survivalist entrepreneur elucidates:

“In fact, even modernisation catches up with the business. Then, many people use kerosene lanterns, but today, the majority of people use generators and other means more frequently for light and electricity. As such, I left that business and resort to the current business (toilet and bathroom services)”. IESO

In summary, business risks perceptions, financial knowledge in combination with rational and irrational behaviours, and as well, financial technology and other modernisations are critical components affecting the financial decisions of informal entrepreneurs. The integration of these concepts termed financing behaviours, determines which financial resources to access and use for business start-up, growth and survival in the informal economy. Whilst the previous sections advance the research findings from the institutional themes of regulatory, sociocultural and behavioural perspectives (Scott, 2013), the next section describes and explains the findings from the market standpoints (Mair and Marti, 2009, Sirmon et al., 2007).

4.4.1.4 Market Uncertainties

For entrepreneurs in the informal economy to access finance and use for their business, this study found that these persons predict, plan and response properly to market uncertainties, such as seasonal variations and imperfect information in the market. These market elements affect the availability of financial resources in the context. Generally, the operating environment is characterised with different prices for all the factors of production: land, labour, capital and entrepreneurship (McKinnon, 1973). It is an island for the opportunists, yet difficult business terrain, as financial information tends to be shared among similar groups of informal entrepreneurs or those operating in the same industry. Indeed, the two conceptual categories constituting this theme are described and explained with the relevant interviewees' quotes below.

“Seasonal variations affect our business earnings”.

This category explicitly focuses on the influence of climatic conditions that leads to the seasonal formation of rainy and dry seasons as well as other local seasonal festive activities, such as Eid and Ramadan. This study found that these seasons, whether good or bad, affect the production and distribution of goods and services. These variations influence the available financial resources informal entrepreneurs can generate for their business start-up, growth and survival. In fact, agriculture remains the predominant productive activity and the primary source of incomes besides oil revenues in Nigeria (World Bank, 2017). A CG entrepreneur in

the welding business gave accounts of how oil revenues influence awarding government contracts, whilst rainy seasons affect other businesses in the GCM:

“My business has no peak or low period of transactions. All depend on the situation. For my business, generally, the peak period is when the government awarded many building/constructions contracts. However, when there are no contracts, the volume of the business (sales) tends to be low generally. I am less affected by the rainy or dry season variations that affect other businesses (sales)”. IE32

Moreover, the findings show that even with capital at hand, informal start-up waits until the dry season – the harvest period, to start a new venture. In addition, in this dry season period, search for start-up capital is intensified, particularly among survivalist entrepreneurs. Mobilisation of finance for growth too is common around this time of the year, which starts from late September to March. Although this varies by business sectors and types, generally, all informal entrepreneurs acknowledge fall in sales, experience credit constraints as well as eating deep into their working capital during the rainy season (April to September). For example, the following two survivalist entrepreneurs explained:

“However, we tend to have tough times (period characterised with uncertainties) every year at the beginning and middle of the rainy season particularly during the month of August, a peak period of the rainy season. ... You see, here, economic activities boom from 1st to 10th of every month after salary payment (mostly from volatile oil revenues used to pay government workers and contractors), but immediately after 15th to 25th of every month, we have to wait until the arrival of another month for sales to pick up”. IE15

“I act strategically depending on the season. If it is the rainy season, I know what quantity to cook as well as the type of food. In fact, the same approach applies to the dry season, which is the booming period, just like now. I am familiar with the pattern of daily food consumption, so I cook based on that demand”. IE25

“Unawareness” (Imperfect Information)

Entrepreneurs in the informal economy operating in an environment full of uncertainties also face problems of imperfect information. In this research, imperfect information refers to a situation whereby the informal entrepreneur is unaware of the financial products and services provided by the formal financial institutions such as a bank. Where such entrepreneurs became aware, the bank is unwilling to lend because of lack of proper information about his business. Resultantly, informal entrepreneurs can only have access to credits from informal finance providers intimately closer to their businesses. Interestingly, it

was evident that these entrepreneurs constitute the significant provider of bank deposit liabilities as narrated by a bank representative:

“Of course, we relate with informal entrepreneurs very well, and going by the nature of our business; they are important to the banking business. We need them as customers because they are good sources of our savings deposit liabilities. In fact, they are the backbone of the bank deposit such that even a roadside women entrepreneur that sells bean’s cake is relevant to our business”.

FFSP01

However, many informal entrepreneurs are entirely unaware of formal financial institutions’ credit products and services. For example, most of them are not even aware of the mode of operation of a simple form of bank overdraft. Indeed, a CG entrepreneur who is a union leader shed light on current situations:

“In short, there is a lack of proper orientation from the bank’s official regarding products and services such as an overdraft. Bank officials do come here but only tell us to open an account, but they do not explain to us how their credit products and services operate”. **IE26**

Consequently, this suggests that there exists a serious disconnect between the formal financial systems and business performance of informal entrepreneurs. For example, an Islamic bank representative illuminates:

“Because if we rely on the account turnover, some of the IEEs at all do not like to deposit sales into their accounts. Rather they prefer to pay directly to the supplier of goods. If you visit an entrepreneur’s shop to ascertain the business performance, he hardly has any logbook or record book, but there are people movements in and out of the shop. Whilst the bank needs documentary evidence to prove ongoing business transactions, most IEEs do not have such papers. If you will go in the morning to the shop, observe the shop, you see that real and good business transactions are taking place. If we tell the IEEs to register but if they realise there is no incentive, some of them will not register. The incentive I mean here is they will only make an attempt to register when they are certain they will get a loan facility from the bank. Otherwise, if the bank insists on registration based on the volume of account transactions, they will abandon the bank and go elsewhere”.

FFSP02

Overall, the findings indicate many information gaps in this context. From the informal entrepreneur perspective, they are not aware of the support available through the banks. From the bank’s perspective, they need to know more about the businesses of informal entrepreneurs. More specifically, before the banks can provide support and perhaps also to better understand the needs of these types of entrepreneurs.

4.4.1.5 Market Complexities

The theme of market complexities consists of the concepts of market structural conditions and persistence insecurities. Herein, for entrepreneurs in the informal economy to access

finance and use for their business, there is evidence that they do so in the financial market divided into the formal and informal segments. In addition, this study found that there is an effect of variations in demands, supplies, and issues related to the lack of basic infrastructures. Furthermore, persistence security concerns, such as petty stealing, armed robberies, burglaries, kidnappings and terrorism were found to be other compounding issues affecting the relationship between these social actors and financial resources for their business.

Market structural conditions

Components constituting this category relate to different informal entrepreneurs' response to market structures, as they affect the availability of finance for venture creation, growth and survival. They include formal and informal financial markets and other market infrastructures. Herein, market infrastructures refer to the basic structures needed to ensure the performance of informal entrepreneurs businesses in relation to access and use of finance (McKinnon, 1973). A TP entrepreneur narrating preference of informal financial market over a formal one:

"We prefer to use informal means to source for finance. About formal finance, we only take money to the bank as a savings deposit, but we are not used to borrowing from formal financial institutions. We are not that encouraged to engage in such borrowings in this society". IE07

Indeed, market periodicity, product price, business premises, rents, competitions, capital availability, collaterals and guarantors are found to shape the way financial resources are accessed and used by the informal entrepreneur. For example, GCM functions as a periodic market location on Monday and Friday that increases commercial activities. This weekly increase in commerce has a significant influence on most of the informal entrepreneurs' access and mobilisation of financial resources for business start-up, growth and survival. In the first example, a survivalist describes this happening:

"We make more sales on the market day such as Monday and Friday, as visitors come from surrounding towns and villages for weekly commercial activities". IE30

Second, a CG tells how they manage price increase in the market due to demand and supplies issues:

"In the event of serious market or price fluctuations, I also buy a few quantities and observe the reaction of my customers when I notify them. In such instances, I do hold on to my capital until the news of the price increase circulated the market. Then I will normalise my supplies". IE45.

Moreover, another CG describes how competition affect their business growth and survival:

“Physically, I have grown but not like previously. The influx of Chinese goods has made the situation worse. For instance, that door we used to sell at NGN9, 000. But with the arrival of the substandard goods from China, we now sell them at NGN4, 000. It is unfair competition, and the market is not regulated. These doors have flooded the market, such that there are more supplies than demands”.

IE47_ the influence of competition

Furthermore, the location of business premises on either inside the market or surrounding streets influence the financial resources of these entrepreneurs. As a result, informal entrepreneurs located on the four surrounding streets tend to generate more cash inflows, as they enjoy better patronage than those insides because of ease of access caused by lack of physical infrastructures. This occurrence is common only on days that are not the periodic market days. Consequently, many TPs are found to be located on the surrounding streets of the GCM. For example, the head of the GCM narrates infrastructural challenge and why other informal entrepreneurs inside the market do not pay rent:

“The lack of needed infrastructures such as roads, electricity, streetlights and water supply are the main challenges inside the market. All the unoccupied shops were allocated, and they have owners, so if the infrastructures are put in place, people will definitely occupy the shops”. **NE02**

“The blacksmiths, herbalists and furniture makers and others are not paying any money for premises they occupied. It was part of the initial plans to motivate the public and entrepreneurs to relocate to the GCM”. **NE02**

“Persistence Issue of Insecurities”

For entrepreneurs to access and use finance for business start-up, growth and survival, the findings indicate they do so under conditions bedevilled with constant security concerns. In general, financial investments are under threat from robbery to banditry, rustling, kidnapping, terrorism and other related criminal activities. The findings show that rural customers constitute a major chunk of customers that facilitates cash exchanges at the GCM. At least twice a week, rural customers, as the primary producers in the community, bring goods from the rural towns and villages, which they sell and use the cash proceeds to acquire other goods and services. Nevertheless, these rural customers are the main targets of criminals. A CG and informal finance provider narrate how these criminal activities affect their financial resources for business growth and survival:

“One of the biggest challenges is the security challenges in rural areas such as kidnappings and armed banditry. We do move with lesser goods and collect fewer goods on credits from suppliers even though they are willing to give us more. The danger in this business now is that when any time these rural areas were attacked, the thieves went away with the goods we provided on credits to

our business partners. Moreover, the constant robberies on rural roads are other problems. Recently, I gave one of my business partner goods worth NGN 85,000.00, and the goods were snatched by thieves. I incurred the losses as the partner also lost all other goods with him to the thieves. I cannot tell him to pay me back because he is now struggling to survive". IE44

"However, due to insecurities in the rural areas, trading on raw gold has dropped drastically to about 80 per cent. Initially, the armed bandits stormed the gold mines and shared the windfall with the illegal miners. Still, later they killed the miners or kidnapped them and took over some of the gold mines in the state. These activities have forced some of the miners to migrate to as far as Niger republic". IFSP02

For this reason, some of these social actors look for other customers in other places in NW Nigeria. Other informal entrepreneurs still rely on the few patronising rural customers and do more business with urban customers whilst others migrate to other far places. Indeed, the research findings reveal that other such entrepreneurs limit the number of times they patronise bank services. The following government representative of the GCM also explained:

"You see, even the current insecurities remain a threat to the entrepreneurs. If you are spotted going to the bank on a regular basis, it portrays a sign that you have money and are a subject of potential attacks by armed robbers". NE02

In summary, it is obvious that despite regulatory reforms, social context and behaviours, the market activities still play a part in driving the process of access and mobilisation of financial resources in the informal economy. Indeed, the data revealed that the market context comprising market uncertainties and complexities influences these processes. More specifically, the effect of seasonal variations, imperfect information about buyers and sellers, market structural conditions and security concerns. In fact, the research findings have depicted a high density of responses in the market aspect themes, except in the concept of unawareness. Herein, the researcher's observation data found the concept of unawareness as a significant construct. However, these market uncertainties and complexities remain a serious concern to handle not only to informal entrepreneurs but to formal regulators as well.

Thus far, the research findings suggest that the institutional environment, more specifically, institutional asymmetry, shapes informal entrepreneurial activity with financial resources in GCM in NW Nigeria. In order to fully answer the remaining research questions **1**, **2** and **3**, the next section describes the processes found in the data that interact with these institutional structures. Fundamentally, derived from the data structure, the following section describes and explains how the different types of informal entrepreneurs access financial resources for

business start-up, as well as mobilise such resources for growth and survival. Hence, the development of the aggregated theme of “informal entrepreneurial financing strategy”.

4.4.2 Informal Entrepreneurial Financing Strategies (IEFS)

This aggregated theme, IEFS (henceforth), comprises four-second order themes: financial structuring, capital financing, financial leveraging strategies and orchestrating financial gains. In this research, this IEFS refers to the essential and necessary financing strategies adopted by informal entrepreneurs to plan, organise and manage financial resources. More specifically, access to financial resources for a business start-up as well as mobilisation of financial resources for business growth and survival. It entails the process of structuring, building, leveraging and orchestrating financial gains to attract customers and or increase wealth, thereby sourcing for the money needed for the informal ventures creation, growth and survival (see Sirmon et al., 2011).

Whilst the theme of financial structuring set the initial stage of informal entrepreneurs’ business start-up, the findings also show that the remaining three themes regularly intermingle with each other on the course of business survival and growth. Indeed, these interactions occur more between financial leveraging strategies and orchestrating financial gains that mostly account for business growth and survival. Table 4.4 below, shows the movement from the raw data to the first-order concepts to the second-order themes.

Table 4. 3: Informal Entrepreneurial Financing Strategies

2 nd Order Themes	1 st Order Concepts	Number of Respondents	Interviewee Quotes & Researcher’s Observations
Financial Structuring	I started the business with personal savings	70	<p>A top-performing produce merchant explains, “I started the business with personal savings, not credit. From the school allowances provided to us by the government, I used to save something from the allowances. As then that is over 35 years ago, I was able to save NGN600 to NGN1000. Then, the price of a bag of millet is about NGN40. I did not request a bank loan because of the lack of collateral such as a certificate of ownership of a land, house or even a farm”. IE12</p> <p>I saw that most informal entrepreneurs save through ROSCA and moneybox to start a venture depending on business types and social class.</p>
	Credit transactions	42	<p>A trader of construction materials, who is a CG explains, how they use the advance deposit for credit transactions at the start-up stage, where trust exists, “Advance payment customers are favoured in relation to taking goods on credit than others, as they trusted me and left their deposits with me. I usually provide goods on credit for 2-3 weeks. Also, we have trusted and reliable customers</p>

			<p><i>that repay promptly and as and when due. These kinds of credit transactions are not hitch-free. IE08</i></p> <p>Goods exchange on credit between these entrepreneurs (at the start-up stage) is very high and difficult to understand. I noticed an extensive amount of credit relationships from goods exchanges to cash exchanges to promote the growth of their entrepreneurial activities. The credit relationship is interest-free, but they mostly settle themselves through extending favours to one another when the need arises or when one entrepreneur experiences serious business risk(s).</p>
	Diversify internally	15	<p>A traditionalist entrepreneur gave an account of how they diversify internally to increase their start-up capital, <i>“However, depending on the situation and the fact that this business entails a lot of handworks, we usually diversify internally. That is from making bigger tools to smaller tools, which normally did not cost much to produce. It is just like a farmer who is into cattle rearing business but decided to switch to rearing sheep and goats because they are easy to feed and can reproduce faster”. IE01</i></p> <p>One important thing with survivalists (I observed) is that they can sell any item inasmuch there is the opportunity to make money from it (to increase start-up capital). They can easily switch from one business to another business. I also saw one survivalist selling groundnuts, and within a week, I spotted him selling rice. The old survivalists tend to have better market knowledge than the newer ones.</p>
Capital Financing	Save with deposit collectors and or in a moneybox.	42	<p>A CG in trading business narrates, <i>We have two types of adashe (ROSCA) here. There is the deposit collector, and the one organised by a group of entrepreneurs under the head of the father of adashe. Deposit collector does come on a bike to collect and record the daily contributions inside a register. Generally, all entrepreneurs in the GCM does adashe with a deposit collector. IE53</i></p> <p>A top-performing informal entrepreneur describes the use of asusu (moneybox), <i>You see, asusu is like a traditional form of banking whereby people save money inside a created wooden box or rounded-clay material. Money is saved inside asusu for a long period through a tiny hole created on top of it. When the need for that savings arises, the Asusu would be broken, and then the saved cash will be utilised for either household or entrepreneurial activities. IE21</i></p> <p>I saw some of them (deposit collectors/moneylenders) inside the market, but generally, I later realised they avoided coming to an IEE shop anytime my interview exercise is in progress, as they help entrepreneurs to improve their business capital.</p>
	“The father” of Adashe (ROSCA)	37	<p>A CG who is a mobile entrepreneur in the trading business cosmetics described his experience, <i>The father of adashe, who is a mobile entrepreneur, also takes number 1. Why? He is the mobiliser and collector of the funds, and if there is a problem of non-payment, he takes care of that without the knowledge of the participating entrepreneurs. He is chosen based on his experience, wealth and leadership qualities. Because of his</i></p>

			<p>experience, the father of <i>adashe</i> is considerate of the economic forces that affect the market, whether positively or negatively. As such, he may increase or decrease the amount of entrepreneurs' contributions into the savings pool. Therefore, through the appropriate use of my earnings and incomes, the business is growing. IE44</p> <p>I found that many of the fathers of <i>adashe</i> originated from traditional businesses or are TP entrepreneurs.</p>
	Customer's advance payment	60	<p>The traditional king of the blacksmith in the GCM shed light on this practice, <i>As I said earlier, we rely so much on advance payments from customers for our business growth. Despite the technical skills we possess, trust plays a major role in the growth of our businesses. IE01</i></p>
Financial leveraging Strategies	Use banks to save & transfer funds	31	<p>A TP in butchering business explains, <i>We only use the bank for transaction purposes only as we do not borrow from the bank. That is for savings and funds transfer purposes. IE17</i></p> <p>I observed that most of the TPs and CGs entrepreneurs have bank accounts, which is used to receive payment from customers and transfer the received funds to the suppliers.</p>
	It is a good venture when opportunities come	17	<p>A CG in property business describes what is happening, <i>"There are investors with good capital that we relate regularly. They ask us to identify properties with potential opportunities to make gains in the near future. If we see such properties, we call them, they see the properties, they pay, and we get our commission. Also, when another interested customer comes for the property, we inform the investor, and if the deal is good, it will be concluded. We then get our commission from both buyer and seller". IE37</i></p> <p>I observed that the TPs mostly have permanent shops full of stock and are engaged in other businesses (using existing financial resources) in other locations where opportunities exist.</p>
	These are business strategies we employ	67	<p>A survivalist entrepreneur in IT business explained: <i>"Anyway, we give customers goods on credit, as it is part of the business. Even if they did not repay the debts, we manage the situation carefully. We do not take them to any enforcement agency. In case they refuse to repay, we follow some ways to recover the money. Like talking to their relatives, boss or someone, they listen to very well. This kind of effort pays better than going to the court or other enforcement agents". IE33</i></p>
Orchestrating Financial Gains	Invest in livestock stocking	12	<p>A traditionalist entrepreneur, a processor and trader of traditional medicines explained: <i>"You see here, those in this type of business used to invest in livestock stocking. A boy I released from this business, does that too". IE03</i></p> <p>I observed that most of them invest in livestock farming with the hope that at any time their businesses require additional capital for survival or for growth opportunities,</p>

			they sell the livestock and inject the proceeds into the business.
	Invest in assets such as land and property buying and selling	15	A top-performing timber trader explains, <i>"I have told you that I invest in assets such as land and property buying and selling. During difficult times, we eat from our working capital. When the peak period returns, we dispose of the assets and improve the capital to survive in the business, possibly growth will follow it". IE08</i> If they have excess cash, they told me (the researcher) they deposit the money into a savings account, take investment decisions, and later invest it mostly into buying properties and other yielding assets for keep or for use when the need arises.
	Grow crops and can as well, hoard	14	The Managing Director of the GCM explained, <i>In fact, commercial activities fall between 15 – 20 per cent during the rainy season. Therefore, many of the IEEs will switch to the farm and cultivate cash crops, which will be sold during the harvest season to supplement their working capital. NE02</i>

4.5 IEEs Access to Financial Resources for Business Start-up

At the start-up stage, the findings unveil the themes of financial structuring. This study discovers that most informal entrepreneurs' business kickstarts with small capital from informal sources, retirement benefits or government financing schemes occasionally. Consequently, using additional interview quotes and observation data, how this practice unfolds from TPs to survivalist entrepreneurs in different businesses under the influence of the institutional environment is presented below.

4.5.1 Financial Structuring

The findings show that informal entrepreneurs raise start-up capital from informal sources, mostly in the form of personal savings, ROSCA, crops farming, livestock keeping, trade credit, families, friends and neighbours. In occasional circumstances, the use of government finance and money realised from participating in political activities are used to start a business. In this study, financial structuring refers to the processes whereby informal entrepreneurs acquire, accumulate and divest financial resources from different available sources (see Sirmon et al., 2007). Herein, financial structuring consists of the concepts of starting a business with personal savings, credit transactions and internal diversification.

“Started the business with personal savings”

This category focuses on the use of personal savings to start an informal venture. This finding shows that informal entrepreneurs mostly utilise their personal savings to start a new venture. Indeed, these savings, in the case of survivalists, are mostly sourced from incomes paid whilst working for their bosses, apprenticeship, manual labouring jobs, and business retained earnings. However, for TPs and CGs, they rely on internal finance, mostly retained earnings to start a new business whilst most traditionalists inherited the business as a family business. Largely, informal entrepreneurs save via the use of moneybox (*asusu*), ROSCA, or use trade creditor to acquire and accumulate start-up capital. For example, a TP entrepreneur, who started as a survivalist in the trading business, narrates this story:

“Since when I was a young person, I used to stay with our bosses who sell meat. Then I washed the bench and table, and at the end of the day, my boss pays me NGN100 -200 per day. Gradually, I started to carry the meat inside a pan and vend around. At the end of the day, I was paid about NGN300-500 as these sums mean a lot to us in those days. From there on, I started to save and subsequently, I was able to raise my capital to start this business”. IE17

The findings also uncover that if the savings is not enough to start a business, informal entrepreneurs may use it to rent land, and then grow crops during the raining season with the aim of increasing the amount of the start-up capital prior to starting a business, as explained by another TP in the produce business.

“Originally, even though I inherited the business, I generated start-up capital through farming since what I am selling is sourced from the farm. When I sold my farm harvest, I raised the capital. Honestly, I did not go to any formal financial institutions to access finance to start the business”. IE11

Similarly, they might buy livestock to fatten, and then sell when it is considered a good capital for starting a business. Furthermore, having personal savings with the intention to start a business can help in generating gifts or credits without interest from individuals with social ties, especially if close friends and family members are notified. In general, this study found that working or business-oriented family members, neighbours, and friends, and on a few occasions, philanthropists, politicians, and retirement benefits constitute other sources of finance for business start-up. Results indicate that retirees use paid retirement savings to join the informal sector for business start-up, as one CG entrepreneur selling building materials narrates:

"I got my start-up capital from the retirement benefits. I did not go or even intend to have loans from the bank. Because based on my understanding, bank loans come with an interest and my religion kick against the collection of loans that are associated with interest rate". IE08

Also, a retired government worker in the intercity taxi business elucidates:

"I am a driver whilst I was working with the Nigerian army. After retirement, I got into this transport business. Instead of buying a house with my retirement proceeds, I bought this car (saloon)". IE18

Interestingly, to assist start-ups in stabilising during the start-up stage, the findings show that relatives, friends and neighbours do serve as free employees to informal entrepreneurs, thereby paying for only breakfast and lunch meals expenses to such employees. A traditionalist entrepreneur explains this practice of giving free meals to his employees:

"At present, I have about ten workers working for me, consisting of those that are from relatives, friends and neighbours. However, we eat breakfast, lunch and dinner from daily sales. Well, you know this business is small, and we are not making much from it". IE03

Perhaps more common among existing businesses is informal entrepreneurs use retained earnings, save and then start a new venture either for themselves or for grown-up family members, as narrated by two CG entrepreneurs in manufacturing and agricultural businesses, respectively:

"I did not get any start-up capital from anybody; rather, it is my savings from the labouring work that I used to raise the money to start the business". IE51

"Yes, I can explain to you the way I got my capital to start my business. Since when I started to learn this business from my boss, he used to pay me on a daily basis. For example, if he gives me NGN5, I will spend NGN3 and save NGN2, or NGN1. I saved the money in two ways either through adashe (ROSCA) or through using asusu (Moneybox) or a combination of both asusu and adashe. That is, continuously keeping the money inside the asusu, which is located in my house. As they reach a certain amount, I will hand the money over to adashe manager". IE02

In fact, almost all informal entrepreneurs use ROSCA widely, moneybox to save as well as deposit collector services, as described by a survivalist entrepreneur in furniture making business as well as an FFSP:

"There are different types of adashe to start a business. Besides the one conducted by the deposit collector, there is adashe conducted by the entrepreneurs themselves normally with one person as the leader. In this local environment, through this arrangement, people accumulate capital to start or grow their business". IE10

"The practice (savings via ROSCA & Moneybox) still pays those (informal entrepreneurs) that do it. Because they have the discipline to save money". FFSP01

Overall, results suggest informal entrepreneurs do not have access to commercial banks finance at a start-up stage, except retirement savings. However, the findings indicate the use

of personal savings to start a business from survival to top-performing entrepreneurial activities are affected by the institutional environment, especially more from the sociocultural context in all the business activities. As such, informal entrepreneurs rely mostly on informal finance arrangements, such as ROSCA, moneybox and deposit collector to structure personal savings and retained earnings for business start-up. The next section reports and explains credit transactions for business start-ups.

Credit Transactions

This category relates to the availability of credit in both the formal and informal credit markets for informal entrepreneur's business start-up. The findings show that there is no availability of credits from the formal providers except the government loans schemes. In the transport business, the data captured the use of government finance to start a new business, such as the provision of motorcycles, tricycles, taxicabs and buses on loans to informal entrepreneurs. Whilst some of the entrepreneurs successfully repaid the loans, many refused to repay, and some are involved in motor accidents. They cannot repay the loans due to the lack of comprehensive insurance coverage. Other government finance schemes that provided start-up packages include National Directorate of Employment (NDE), trader monies, State Poverty Alleviation Programmes and Zamfara Comprehensive Agricultural Revolution Programme. For example, the NDE representative explains:

"The (NDE) has been established since 1987. The essence of the organisation's establishment is to reduce employment to a minimal level. Our target is on unemployed youths, school dropout and school leavers. In terms of women, we look at them also to see how we can help them too. Majority of the women have trade doing in-house to assist themselves, husband and the children as the load is getting too much on the man. We have been using the informal sector and discovered that it is cheap. When we started the programmes, actually the government-assisted with funding (start-up package). But the population of unemployed was massive and enormous. We ask ourselves how we address this system?" **NE04**

Start-ups, even in the informal economy, are also left out by banks because they are unregistered, and little is known about their businesses (Cassar, 2004). However, the findings reveal they are not in the informal credit market. Through ROSCA, it was uncovered that most start-ups enjoy tremendous credit considerations from this group intermediation. They are normally given the first slot in ROSCA intermediation and slots bidding arrangement. For example, a TP – the overall leader of the enterprise associations in GCM narrates:

“We do it (ROSCA) every week here whereby NGN5, 000 is gathered from 15 entrepreneurs and is given to one of us who need it most. We do adashe purposely to help entrepreneurs build and stabilise their start-up capital. The strongest entrepreneurs are left last to collect their share. In the event of undesirable situations, if it is confirmed that entrepreneurs face problems or disasters genuinely, we usually write off the debt”. IE38

“Adashe has no interest element. That is whatever you contributed is what you will collect. It is about helping each other”. NE07

Moreover, CGs, traditionalists and survivalists tend to benefit from many trade credits and loan concessions. Particularly, the elongation of repayment period in case of trade credit default, fees waiving, and in general, a flexible, informal loan contract that varies by business size, business types and entrepreneurs’ behaviours. Indeed, these credit transactions are conducted under the auspices that prohibit the charging of interest rates by Sharia law. CG and survivalist entrepreneurs below narrated how they enjoy flexible credit contracts in business start-up, survival and growth:

“The suppliers or trade creditors elongate the repayment period from one week to two weeks, some even more than a month. Sometimes they visit us to see for themselves and realise the goods supplied are still unsold”. IE05

“Credit relationships are common where there are trusts among the business parties. Therefore, we buy and sell on credits, and as well, do collect advance payment from both directions, which normally kick up the transactions to buy or sell cattle. Normally, debts do not last for more than one week, and in most cases, customers and sellers keep their promises in making repayments. IE55

On the other hand, the banks claim to have developed credit products and services, specifically for informal economy entrepreneurs’ business start-up. However, in the empirical context, the study found that none of such entrepreneurs has an existing credit relationship with a bank except one TP in the start-up stage that accessed microfinance. Indeed, the informal credit market is awash with different credit transactions in the form of trade credits, advance payments and other group credits. Although these credit transactions are still conducted with no interest charges, the study found that, not in all cases. There are additives on prices for trading on credits, mostly ranging from five to ten per cent, as explained by a trade creditor, who is also an informal entrepreneur trading in textile materials:

“Honestly, we do not charge them (informal entrepreneurs). We sell on credit exactly as we sell to those traders that pay cash and carry. However, there are those that we give higher prices compared to those customers that pay cash instantly”. IFSP05

However, if reputations and business skills were established with trade creditors and other suppliers, explicitly credit transactions are generally free of any charges, price increase and

interest rates. In short, the availability of flexible credit contract arrangements has made the formal credit market unattractive to the informal actors, even if possible, to access and use for a business start-up as explained by a survivalist entrepreneur:

“We can operate cash and carry with suppliers, and we can transact calabash business via a credit relationship. Lack of adequate working capital makes some of the entrepreneurs pay NGN50, 000 and collect calabash worth NGN100, 000 from the farmers with a promise to repay after a week. It is a very common form of transaction in the calabash processing business. Regarding customers, the same form of credit relationship exists as the suppliers treated us. Customers can pay cash, make a part payment or even collect on credit but repay within 3 to 7 days. Some can collect at Gusau but repay at a different market such as in Talatar Mafara market”. IE55

Overall, whilst credit transactions at the start-up stage with commercial banks hardly exist, a significant number of informal entrepreneurs have witnessed credit transactions with a short-term duration on the course of starting their business regardless of the operating business sector. This practice, for example, mostly occurs through accessing LGS, the first slot in ROSCA’s bidding activity and trade creditors with short duration – where trusts exist. Indeed, the findings indicate that requests for credit at start-up stage features commonly among survivalist entrepreneurs, but not without loan repayment challenges. The next section reports and explains the concepts of diversifying internally at the business start-up stage.

“Diversify Internally”

As informal entrepreneurs acquired and accumulated start-up capital, the need to stabilise these capitals whilst operating in an uncertain and imperfect context arises. Most commonly, the results unveil how they diversify their financial resources internally to remain in business. They appear to be watchful of their operating context in terms of market performance since the little start-up capital may be easily eroded without quick, good sales turnover and profit. For example, a TP, that graduated from survival to top-performing business activity described diversifying financial resources internally in selling different products for business survival at the start-up stage:

“My business, though I have been doing other businesses, I started in Ghana before I relocated back to the old market – Gusau, Nigeria. That is, I have been a general merchant selling anything. We were relocated to GCM because of the fire incident. Well, it has not been easy as on many occasions our business capital was eroded due to newness as well as low sales in the new location, GCM. Initially, I sold ceramic materials and steel plates for domestic use because I was located in a place where there is no customers’ traffic. Most of the items then I sold them on credit. However, as I was able to secure this shop, I diversify. I now generally sell plastic materials such as plates, cups, buckets, food flasks, bins, mats, baskets and so on”. IE36

The findings show that changing or modifications of products and services to avoid depletion of start-up capital is common among survivalists and CGs entrepreneurs that are aggressive and eyeing to be top-performing informal entrepreneurs. Overall, they develop various internal diversification techniques to conserve their start-up capital, such as immediate switching to another business and trying to buy and sell any items to generate stable cash inflows. For example, a CG narrates this internal divesting of financial resources at start-up, to survive in the market:

“Although I did not start with this business, I started with selling tiger nuts. I used to buy the tiger nuts from Jibiya in Katsina State and dispense them via both retailing and wholesaling. Gradually, I added the buying and selling of cowpeas, as it is more profitable to do so. After I attended the annual pilgrimage, I completely switched to selling cowpeas (than selling nuts). Therefore, I had spent about 25 to 30 years doing the businesses”. IE45

In summary, the data suggest that market activities interact with behaviours to influence internal divesting of financial resources sources at the business start-up stage. These practices occur in all groups of informal entrepreneurs examined. However, this study discovered that divesting financial resources internally at the start-up stage is prominent among survivalists, mostly youth entrepreneurs in the trading businesses.

Thus far, the financial structuring theme indicates that despite credit rationing by banks, informal entrepreneurs access formal finance from government financing schemes for business start-up. Indeed, the data suggested the relevance of entrepreneurs’ types, ventures types and industry as affecting the acquisition of financial resources for business start-up. Besides, norms, values, beliefs and unregistered status significantly constitute what make informal finance sources to dominate the provision of financial resources at this initial business development, especially using personal savings and credits transactions in all the business sectors examined. However, the findings indicate market activities more influence internal divesting of financial resources at start-up stage to survive, which is common in survivalist entrepreneurs in the trading businesses. Having answered research question **1**, the next section critically examines research questions **2**.

4.6 IEEs Mobilisation of Financial Resources for Business Growth

Once the processes of financial structuring are accomplished, entrepreneurs in the informal economy continue to encounter the constant needs to increase working capital to increase

the value of their investment and as well, withstand competitions in the market. More specifically, to survive and grow. At the business growth stage, the findings unveil two themes, namely the capital financing and financial leveraging strategies. Consequently, using additional interview quotes and observation data, how this practice unfolds from TPs to survivalist entrepreneurs under the influence of the institutional environment is presented below.

4.6.1 Capital Financing

In this study, the theme of capital financing refers to the processes whereby informal entrepreneurs majorly use the services of deposit collectors, moneybox, ROSCA of the father and customer's advance payment for their business survival and growth. It involves the combination of existing financial resources with new such resources acquired from both external and internal sources of finance to overcome challenges of the operating environment. Hence, setting the stage for the development of the capital structure of informal firms that do not necessarily include equities. Rather, it consists of short-term and long-term debts (local credit arrangements) as well as internal finance reminiscent of the pecking order theory (Myers, 1984). Indeed, these practices are found to vary by business size, age and industry.

“Save using Deposit Collectors and or Moneybox”.

In this conceptual category, the findings show that informal entrepreneurs in the study context discipline themselves to accumulate working capital, thereby using the local saving services of deposit collectors as well as the traditional and historical form of savings termed locally as *asusu* (moneybox). First, unlike collecting deposits only, the deposit collectors in this context play a full role of financial intermediations; funds collection, from the surplus units and channelling them to the demand sides, as one interviewee explained:

*“Yes, entrepreneurs do drop at the middle or at any point of the payment of daily contributions. We have cards that have 30 to 31 days columns. Each day you pay, I record on the card. The day an entrepreneur did not pay, that portion of the day will be blank meaning that no contribution has been made. Regardless of the number of days an entrepreneur contributes, my one-day commission is static and unchangeable. ...Bank does not give me interest. I lodge the money into a current account such that I can demand and withdraw my money on the request of any of my customers. ...Well, the entrepreneurs that benefit from the loans are many in a month. Depending on the time and other circumstances, I lend to about 10 to 20 entrepreneurs. ...Yes, entrepreneurs do use deposit collector's *adashe* as collateral. Even if it is a health problem, I am familiar with pharmacy because some of them are my customers. I do instruct them to give drugs on credit to my customers, and I will repay them by month end”. IFSP04.*

Moreover, deposit collectors render services by combining moneylending and deposit collection services, where funds withdrawal is at the will of the informal entrepreneur. Indeed, through maintenance of daily financial records, and going shop to shop every day to collect deposits, these intermediations happen without interest charges as prohibited by the Sharia law. In this transaction, the informal entrepreneur pays a single commission for depositing or double commissions for depositing and enjoying a credit line for 30 days. A TP entrepreneur, once a survivalist, narrated how the deposit collectors' services are being used in his property painting business:

"Indeed, I am doing this saving with one of the deposit collectors whereby I pay into the pool NGN2,000 daily. Therefore, every month I pay the shopkeeper salary and other shop expenses from adashe (from deposit collection services) and the remaining balance will be taken to my bank account. This is what is happening every month, subsequently and continuously. The deposit collector charges the first payment as his commission. For example, in the NGN2,000 I deposit daily, he deducts NGN2,000 and pays me NGN58,000 after 30 days. ... However, when I wanted to raise the capital of NGN400,000 I told you, I did not use adashe rather I used asusu. I kept the asusu at home and disciplined myself to put some cash from NGN500 to 2,000 in it and for a certain period. In this way, that was how I raised my capital. I remember very well when I broke the asusu box; I got about NGN411,000 from it". IE32

Furthermore, the beneficiaries of credit lines, mostly informal entrepreneurs, actively participate in advertising the financial services, skills and trust of a deposit collector they patronise. The higher the deposit pool, the more credit funds they can access. Besides keeping their collections in the bank savings or current account, deposit collectors also serve as insurance for informal entrepreneurs' access to health services as well as guarantors to trade creditors and credit unions. Overall, deposit collection services have been in existence for decades if not centuries, as the services have ties with the traditional ruling class. However, occasionally, such services can be problematic whereby the deposit collection manager runs away with people's money. Despite this problem, the wide acceptance of these intermediations is massive even with its problems. Even bank managers are aware of these collection services, as one of them says:

"There is adashe of deposit collectors, which we generally frown at in view of the way they conduct it. That is going shop-by-shop every day to collect deposits from informal entrepreneurs and enjoying commission. However, we are less concerned because sometimes it is full of conflicts. ... Yes, some of the deposit collectors do keep the people deposit into their bank accounts whilst some do not". FFSP01

Surprisingly, the study found that almost all informal entrepreneurs increase their working capital by savings inside the moneybox. This savings practice could be for business start-up,

survival, or growth. Indeed, a moneybox could be an iron box, aluminium box, clay-made pot or even a constructed wooden box (see Figure 4.6). The social actors normally keep it out of sight in a safe place to facilitate his business growth ambitions. Yet, retained earnings in the form of internal finance constitute the money used for savings with deposit collectors or in a locally constructed moneybox. For example, the following survivalist entrepreneur operating a barbing saloon gave an account of how and why these happened in his business:

“Despite the presence of banks, the incomes I generate daily are too small to be taken to the bank daily considering time and transport cost. As such, I use the asusu as it is better, safer and more economical for a business like mine (Survivalist). I do have an account in the bank, but the services are not always reliable as they may claim there is no network. However, anytime I need the money from the asusu, it is closer to me, as I will not join a queue because I need to withdraw my savings or wait for the network to be restored”. IE43

In summary, in order to facilitate their business survival and growth ambitions, informal entrepreneurs massively utilise deposit collection services and save money into the moneybox to increase their business working capital. These practices are greatly influenced by institutional asymmetries, more specifically, social, psychological and economic factors. The findings suggest that all the groups use these informal arrangements for capital financing. However, survivalists tend to use more of a moneybox than other entrepreneurs because their business incomes are small, transport cost to the bank and inefficient formal services, as well as closeness and convenience of using informal financial services. Hence, suggesting the relevance of business size and venture types. The next section describes and explains the concept of the father of ROSCA.

“The Father of ROSCA”

The data also reveals extensive use of the father of ROSCA financial services to increase business capital among almost all categories of informal entrepreneurs. This custom practice usually occurs mostly for business survival and growth. As such, a conceptual category because of the density of linkages with all the entrepreneurs and stakeholder interviewed. In this study, the so-called father of ROSCA is an informal entrepreneur, chosen by a group of say 10 - 20 informal entrepreneurs or more. Specifically, because of his experience, wealth, and leadership qualities to conduct a continuous cycle driven financial intermediations among themselves. Mostly, they are TPs, but traditionalist informal entrepreneurs feature prominently from the manufacturing sector, such as blacksmiths and leaders of enterprise associations. This kind of person explained so much during our field encounter.

“The father of adashe is a person described as the one that set up the rotating savings arrangement by mobilising about 10 to 20 entrepreneurs to pay a certain amount of money whether daily, weekly or monthly in which the total savings gathered as at the agreed date is given to one person (informal entrepreneur). ...Mostly, the father of adashe collects the first slot. He does that because in the event that one of the entrepreneurs is unable to provide his contribution because of travelling or other understandable reasons, the father uses his money to complete it. ...The father does that to keep the adashe moving and free of any troubles. In this system (via ballot papers), none of the entrepreneurs is aware of which slot belongs to him. ...Well, sometimes when the remaining slots reach 3 or 2, the entrepreneurs normally make a consensus arrangement between them such that no more balloting takes place. ...people choose me as the father based on trust and integrity as well as subject to certification from the community elders”. IFSP01

The father of *adashe* (ROSCA) further added:

“We do not include street vendors; rather, we include those (informal entrepreneurs) that have a verifiable business, close to us and the physical goods in their shop. Yes, there are times we do stop, suspend or modify the adashe. For example, if the contribution is NGN1, 000, we do reduce it to NGN500 per day. Depending on how tough the time is, we might elongate the contribution period. Instead of paying NGN1, 000 per day, we change it to paying NGN1,000 in four days. ...Yes, the entrepreneurs pay something in Hausa land we consider as a reward for performance (commission). ...It is the ballot system that determines when to collect your savings except there is a unanimous agreement of the members. ...my members do reach up to 40 entrepreneurs (informal)”. IFSP01

Unpacking these quotations, the findings strongly suggest ROSCA of the father is reserved for TPs, CGs and traditionalists. However, survivalist entrepreneurs with verifiable business and income may be included. Indeed, different sociocultural dispositions and market uncertainties shape the use of this group ROSCA in the form of trust, experience, location (proximity) and uncertainties in the market for capital financing. Given these points, the data suggest the importance of business size, types and age in this financial intermediation. The next section describes and explains the concept of customers’ advance payment.

“Customers’ advance payment”

This conceptual category relates to the informal entrepreneurs’ receipt of advance deposits from customers as well as making a payment of advance deposits to the suppliers. This study discovers that when business skills are acquired, and reputation is established in the line of business; informal entrepreneurs tend to receive a high volume of advance deposit payments from customers for goods and services. This payment inflow was found to be common in the manufacturing business, such as blacksmith, furniture making, real estate and construction businesses. In fact, business age, size and other entrepreneurs’ characteristics determine how

much advance deposit the business can attract. For example, a CG entrepreneur in furniture making describes the relevance of advance payments, which vary by seasons:

“First, advance payments, customers provide about 80 per cent of the money needed to complete a particular job he wanted. There are times when I have too much work, but the customers will insist that I have to collect the advance payment. In this case, I will collect it and deposit it into my bank account. Then I look for a trusted colleague to do the job. The customers sometimes provide full payments, but we do not like this scenario. It appears to us at the end of the job as if you have done something free. For example, recently, there was a woman that provided me NGN600, 000 being the agreed full cost of the bed and chairs she wanted me to make for her. I insisted that she should reduce it to NGN400, 000 and she agreed finally. You see trust and capability to perform are the yardsticks in this contract. In addition, time plays a crucial role in this kind of transactions because you build trust with customers and suppliers, overtime”. IE09

Furthermore, evidence also shows the higher the amount of advance payment to suppliers, the larger the quantity of raw materials as trade goods the business will receive. A TP selling construction materials highlight these practices, which take place based on trust and fair business dealings:

“My colleagues borrow and pay later after-sales. As I said earlier, they could send NGN500, 000 (advance deposit to the suppliers), and they have goods worth NGN2, 000,000 million supply to them. As they sell, they repay back in bits until fully paid. For me, I keep my deposit with them, and when it reaches the level to order a trailer of timbers, I will ask them to supply. It is important to say that honesty and fairness remain the yardstick of our business growth and development”. IE07

Indeed, an appreciable number of informal entrepreneurs rely so much on advance payments from customers as well as advance deposits to suppliers to increase their working capital for their business survival and growth. Pieces of evidence from the following survivalist entrepreneur suggested how and why such payment is common practice because of manufacturing skills possessed:

“Generally, the advance deposit is the start-up capital. For example, for a work that costs NGN100, 000, I will be able to get advance of NGN70, 000 to start. If the money is not enough to finish the work, I will top up about NGN10, 000 from my savings to finish such work. If I do not have money, I can borrow NGN10, 000 from friends to finish the job and wait for my profit when the customer pays for the work finally”. IE10

In the final analysis, trust, seasonal variations, skills and fair business dealings are important elements influencing the development of business capital of informal entrepreneurs for business growth. Indeed, regardless of informal entrepreneur types, the sector of business operations, business skills and reputations are the key components in generating advance

payments from customers as well as the provision of raw material with little payment of advance deposit to suppliers.

Thus far, the research findings suggest that to survive and grow informal entrepreneurs need to pass through the process of capital financing, which is more influenced by social norms, beliefs and economic interactions in the market. Indeed, the data analysis also reveals that these processes tend to vary by entrepreneur types, experience and operating industry, in which TPs and CGs remain the dominant groups. Fundamentally, using more of the services of informal savings arrangement, such as moneybox, deposit collectors, the father of ROSCA and customers' advance payment; they develop their business capital structure. Mostly this occurs in the form of short-term and long-term debts, and internal finance. However, not through equities due to their legal status. Once capital is bundled, the next growth process is financial leveraging strategy for business growth and survival as being affected by the institutional environment.

4.6.2 Financial Leveraging Strategies

To most informal entrepreneurs, survival and growth is predominately a function of the accumulation of high volume of business revenues through appropriate adoption of relevant financial leveraging strategies. In this research, financial leveraging is defined as the process of using available financial resources to exploit and maximise advantages in the market to attract customers and increase business revenues (Sirmon et al., 2007). This thematic category consists of the use of FFSPs' payment facilities, the exploitation of business opportunities as well as the adoption of business strategies to leverage their available financial resources.

“Use banks to save and transfer funds”

This conceptual category focuses on the informal entrepreneurs' ability to utilise the formal financial services providers with unregistered status. Results show that some of these social actors have demand deposit accounts in their personal names, mostly TPs and CGs entrepreneurs, which they extensively use to receive and transfer funds to customers and suppliers if there is a need for that. Besides, other entrepreneurs in the manufacturing sector that frequently receive advance payment deposits, also use the bank savings account to keep and withdraw the money bit by bit, as they execute work contracts from customers. For

example, a TP entrepreneur, who is a stakeholder, expresses the use of banks to facilitate their business growth:

“Because as business owners generate sales, they are immediately sent to suppliers to replenish the stocks sold. Well, we have entrepreneurs that take sales to the bank but need to transfer the money immediately to the suppliers”. NE07

Likewise, a good number of them patronises mobile banking services and is mostly for money transfer services. However, in recent times, this research observes that the proceeds of trader monies, a government loan scheme, was disbursed via the mobile banking platform to some survivalists. Even informal entrepreneurs that do not have an account with banks, results indicate that they use their suppliers, friends and family members’ accounts for domestic and international funds transfers to facilitate the survival and growth of their ventures. For example, a CG entrepreneur narrating the application of mobile banking:

“I do relate with banks, and I have business partners in Benin (Republic). We transfer funds to each other through the banks. These days we use mobile banking so much because people do not like to take cash around. I think there are many procedures and processes before accessing banks’ finance. I heard from colleagues that even if you paid your loans, the charges continue to apply and accumulate. In short, it is a lack of proper orientation from the bank’s official regarding products and services such as overdraft”. IE26

Overall, whilst TPs and CGs patronise bank services for business growth in all operating sectors, survivalists and traditionalists exploit these services mostly to receive and save advance deposit from customers, particularly more in the manufacturing and construction business sectors. The results also suggest that to improve financial inclusion strategies, the Nigerian government is now disbursing trader monies through mobile banking. Indeed, the available market opportunity, financial literacy and the lack of financial orientations still influence the usage of formal financial services for business growth. The next section describes and explains the concept of a good venture when opportunities come to survive and grow.

“A good venture when opportunities come”

The research findings show informal entrepreneurs using their existing financial resources to take advantage of new market opportunities around the GCM and other locations to survive and grow in their businesses. This conceptual category consists of market opportunities, such as arising need, want or demands for goods and services in the market. Indeed, market opportunities may include unexpected high demands or acute shortage of a particular

product and services not dealt with by the formal providers or other competitors. TP and CG entrepreneurs because of their entrepreneurial skills and past experiences, they tend to combine their financial resources and customers' advance money to exploit these market opportunities. A TP entrepreneur explains the exploitation of opportunity in sudden demands of labourers and drivers in the transport services business:

"I developed this reputation (honesty and keeping promises) when I started to be an intermediary between commercial agriculturalists and labourers. The daily cost of a labourer is NGN2, 000. I have the skills and abilities to mobilise plenty of the farm and construction labourers on NGN1, 500 per day. Because of the ability to mobilise the labourers, my opportunities grow wider. Customers interlinked my business with other people who are in demand for labouring services. As such, people start to bring their vehicles to me and look for trusted drivers for transport services. I exploit the opportunities, and the business is now growing well. IE48

Even survivalists capitalise on market opportunities if they arise; thereby combining their existing financial resources with friends, families and any interested capital investor. A perishable goods trader and a provider of intermediary transport services tell this kind of stories:

"It is a good venture when opportunities come because I will make money as if I am gambling, but the loss can be high unexpectedly. Whilst farmers can help to give me credit for the perishable goods; I usually repay when I sell the goods. In this way, the business can be resuscitated back." IE27.

Taken as a whole, a sudden demand or shortage of particular goods and services create market opportunities for informal entrepreneurs' ventures growth. They use their existing financial resources and other informal sources to exploit these opportunities for business growth whilst sociocultural dispositions and market performances shape the exploitation of opportunities in the market. Whilst these practices are common to TP and CG entrepreneurs due to experience in the market; the results also suggest that survivalists and traditionalists do tap on opportunities; thereby congregating financial resources from available informal sources (Livingstone, 1991). Hence, suggesting the importance of informal entrepreneurs' business age and types. The next section describes and explains the concept of business strategies informal entrepreneurs employ for survival and growth.

"Business strategies we employ"

This conceptual category is one of the broadest in terms of mobilisation of financial resources for business growth. Herein, it refers to the use of different entrepreneurial strategies to leverage financial resources. Indeed, contrary to the belief that informal entrepreneurs lack

organisational and management abilities of formal firms, this study discovers otherwise in terms of using finance relative to their impoverished context. Without modern financial knowledge, some informal entrepreneurs have the experience to use available finance reminiscent of some formal management functions to survive and grow. These functions, though influenced by institutional asymmetries, include cost management, customer service and debt management, subcontracting, human resource management and international business management.

In the first place, cost management entails the ability of informal entrepreneurs to manage the cost of running his business to achieve profit. The results indicate this is common to TPs and CGs, as one narrates how they conduct a cost-benefit analysis to survive and grow:

“Look at that vehicle, which is loading animals. The rams will be taken to another market because some of the animals have been here for long. And the longer a ram stays with us, the less profitable it becomes because we must feed it and provide drinking water. We struggle immediately after the festive period as I said earlier. You see, now I have ram that stays for over a month and this kind of situation erodes my working capital. This business is generally seasonal”. IE26

A TP entrepreneur also reveals it is the outcome of a cost-benefit analysis on interest charge by banks that make them reject formal loan facilities:

“You see, the bank interest rate ranges between 25-27 per cent, and that is high for produce trading. If the interest rate is a bit low, we will perform benefit analysis and see whether it is profitable or not”. IE12

Secondly, the research results suggest that customer service and debt management move hand in hand simultaneously in order to survive and grow. A mobile, CG entrepreneur in trading business explained that rather than quarrel with a defaulting survivalist, who is a customer, giving additional credit with careful monitoring does help in making debt recoveries.

“... in each market (periodic market) we go, we have many customers who collect the goods from us on credit and pay the following week, on a market day. For example, that woman repaid NGN2,000 for the items she collected a week ago, but now, she took other goods for nearly the same amount. In fact, I do give her goods worth NGN70, 000 to NGN80, 000 depending on the period. She might pay within a week, two weeks or even after a month. And this is how we operate with many of them. If they refused to repay, I told you we do agricultural activities. As such, we will bring out the stored farm produce like say 15 to bags of cereals sell and replenish the working capital. If the customers repay the debts, we re-stock the farm produce or buy more of the cosmetics goods. But if we cannot recover the debts, we write them off. In the event of refusal to repay debts, we follow up for serious debt recovery and even try to threaten the customer. If that yields nothing, we write the debt off. Why we do not go to enforcement agents in the case of recovery is because such decisions are not reliable and do send customers away. We prefer to

pursue more active customers, relate with them than waste time pursuing bad debts. In this community, people know each other very well; going to law enforcement agents is more likely to lead to losing many customers. However, with patience, we have experiences where other customers intervened and the outcome though slow, but successful was at the end". IE44

Thirdly, subcontracting relationships with government contractors were found to co-exist in construction and manufacturing business segments involving both TP and traditionalist entrepreneurs. Based on trust, skills and social connection, this relationship with formal firms improves financial revenues, which subsequently facilitates business growth. For example, a TP describes how this happens in the property construction business:

"If the job is for contractors (government), they usually provide advance payment based on what amount they were given. When the work reaches a certain stage, they take a picture of the paint, and then pursue payment. When they are paid, they also pay us". IE32

Moreover, in terms of employee expenses management, the findings show that many informal entrepreneurs pay their employees daily. Rather than monthly due to uncertainties in the market. They employ and shed human resources depending on increases or decreases in commercial activities that affect business revenues in the market. These practices of managing employee expenses are common to TP and CG entrepreneurs, as one of them narrates:

"They numbered about 10 (employees). There are about five workers in the slaughterhouse. That is a place where we kill the cow, remove the skin and cut the meat into pieces. Moreover, I have five workers here where we sell meat. I do not pay them monthly; rather, I pay them on a daily basis based on the income I earn for a particular day. ...I saved my earnings, and with these earnings, I was able to grow the business. ...I plan strategically because when the market is booming, I slaughter many cows, but when there is little money in circulation, I slaughter one cow. ... I tend to slaughter more during salary payment and slaughter less before salary payment. ... I always try to be extra careful when buying the cows. Over the years, I have developed skills on knowing healthy cows and those cows that have the potential to make big profit margins from them". IE17

However, some TPs can pay a monthly pension to an employee because of serving for many years:

"In fact, we have an old person whom we pay pensions (N5,000 monthly) because he is over 80 years old". IE40

Lastly, in order to expand and grow, the results show that informal entrepreneurs mobilise existing financial resources to participate in international business across national borders. Whilst this occurrence is common to TP and CG entrepreneurs, the results show they use money transfer services of banks in combination with services of informal currency traders to

facilitate their business expansion and growth. The following interviewees' quotes from a TP and currency traders highlight how this occurs:

"In regards to border produce trading, we may use the bank to transfer the money to my account in Nigeria via the local foreign currency exchange traders' account. Sometimes we exchange the CFA and carry cash across the border to Nigeria from Niger up to NGN8, 000,000. Today, due to security challenges, we have reduced the amount of cash we carry across borders and now use the banks to transfer money from our international trading activities. Some of my colleagues also take produce to far places such as Ghana. Another way we transact with friends and colleagues here is through what I can be called a local arrangement. If I trust a friend, I could give him money to conduct business and share the net profit into three. However, because situations have changed due to individual behaviours, we now share equally the net profit". IE12

"Yes, we are competing with banks in offering foreign exchange services. Particularly, in Nigeria, where issues are not moving in straightforward ways, even in the banks. ...Well, I do not do that business, but rich currency traders do that for these travellers. You see, these are the customers with hidden intentions. They like exchange within banks' accounts. They are also ready to pay a higher exchange rate than the usual rate of the market. These customers mostly request these transfers to Saudi Arabia, other parts of Asia, China and India. We do that transfer for customers in Europe including England, America and other parts of Africa. Yet transacting with the first-mentioned countries remains the easiest of all the international money transfers". IFSP02

In summary, despite the financial constraints of informal entrepreneurs operating in an impoverished context, this study discovered that informal entrepreneurs leverage their available financial resources for business growth. However, these practices are more common to TPs and CGs entrepreneurs and tend to vary by operating sector. Despite the influence of the institutional environment, they utilise the services of banks to their business advantage, mostly for saving deposit and funds transfer services. Also, such entrepreneurs are always watchful of any arising market opportunities to tap, using either their working capital or business skills and past experiences (business age) with other sources of informal financial resources to generate good turnovers. Furthermore, they combine business skills with many financial leveraging techniques, such as cost, customer service, employee expenses and debt management as well as subcontracting and border trading to expand and grow. The next section completes the answering of research question 3 on informal entrepreneurs' usage of financial resources to survive in business.

4.7 IEEs Mobilisation of Financial Resources for Business Survival

This study discovered that once informal entrepreneurs' business survives and grows using different sources of financial resources, they also need to mobilise financial resources for continued business survival constantly. Indeed, even if business growth did not occur, they equally need to employ financial strategies to remain in business. Hence, the emergence of

the theme label as orchestrating financial gains, which involve external diversification practices. Accordingly, using additional interview quotes and observation data, how this practice unfolds from TPs to survivalist entrepreneurs under the influence of the institutional environment is presented below:

4.7.1 Orchestrating Financial Gains

In this study, orchestrating financial gains refer to the processes whereby informal entrepreneurs mobilise business profits, which are business revenues after expenses as well as part of business capital for business survival in a challenging context. The context of the study is predominantly an agrarian economy. As such, the results indicate that most of the informal entrepreneurs use their profits to invest in livestock stocking, invest their profits in other assets as well as grow crops and hoard grains seasonally for business survival.

“Invest in Livestock Stocking”

This conceptual category focuses on the use of financial gains to buy, feed, fatten and sell livestock for business survival because of uncertainties that can create difficult, unforeseen circumstances. These uncertainties could be seasonal variation, fluctuation in demand and supply, business risks and sudden currency devaluation. For example, an informal entrepreneur and a leader of the GCM enterprise association tell their stories:

“I strive to acquire assets during the booming periods like buying lands and stocking livestock. Therefore, in difficult circumstances, I fall back to these assets to make sure the business remains ongoing”. IE14

“Majority of entrepreneurs are farmers whilst other entrepreneurs buy and hoard agricultural produce. Some of them farm to consume half of what they produce, sell the remaining and use the proceeds as additional working capital for business or for next season farming. In fact, the majority of entrepreneurs do buy farm produce during the harvest time, keep for about three months, sell and return the money back into their businesses. There is livestock stocking, but farming remains the main activity practice by these entrepreneurs”. NE07

“Invest in physical Assets”

Besides investing in livestock as assets, the research findings also indicate that entrepreneurs in the informal economy use their profits to invest in real estate businesses, which they can fall back on when the need for business survival arises. They might buy a plot of lands to keep and sell later when the value appreciates. In fact, they might also buy or build a property, and when they get little on top of the purchase price, they sell. On top, the findings unveil that some of them do buy a property and rent it out. These practices are most common

among TP and few CG entrepreneurs. However, the results show that even some survivalist and traditionalist entrepreneurs might be involved in using profits to buy a plot of lands. A women entrepreneur, who is a top-performer explained how to accumulate business profits whilst investing in physical assets to ensure business survival:

“... I rented my property via the influence of my husband to a textile company for seven years. The seven years rent lump sum provided at a blow significantly helped my business to the present stage. ... You see, I do not leave much money in the bank. By the time I accumulate a substantial amount, I do buy plots of land as an investment or even build a house”. IE36

“Grow crops and hoard”

Due to weather variations, specifically rainfall, an appreciable number of informal entrepreneurs are found to be participating in seasonal farming activities. They use their profits to grow crops for household consumption as well as to increase working capital to survive. The harvest season is a period characterised with an increase in commercial activities. There is also an increase in liquidity in the market brought about by the presence of trade merchants from neighbouring countries, such as cereals and grains buyers, cotton merchants and entertainers. As such, informal entrepreneurs tend to capitalise on this period to generate good cash inflows for their business survival. For example, a TP entrepreneur in butchering business and a deposit collector described their experiences below:

“However, I do buy farm produce, hoard and sell when it is profitable to sell. Although there are times the price of the assets or the farm produce crashes; still, I sell when the need to beef up working capital arises”. IE17

“Mostly, the farming is conducted during the rainy season cultivating crops such as maize, guinea corn and millet. I also keep livestock; which I think I have told you earlier. I rear cows, sheep and goats, including small poultry farming. Rearing of goats remains the most profitable venture. Because the goats freely graze...”. ISPO4

In another example, a TP entrepreneur exposes how orchestration of financial gains occur by engaging in farming, and how the orchestration is affected by individual behaviours, seasons and urban location to survive in business:

“We judiciously utilise our working capital to survive in difficult times. Because there is a situation if you did not manage it strategically, the business will die. We have numerous examples of businesses that died, especially in the situation where money fell into the hand of a bad person. In fact, one of the most difficult periods is the peak of the rainy season. Beside problems to do with supplies because of lack of accessibility to tropical rainforests, most customers now focus their attention on the farms. This period is characterised by low to poor sales that it is even difficult to sustain livelihood if you do not have savings to fall back on. You see, it was during this period that I lost over NGN1, 100, 000. I raised another NGN500, 000 to pursue the lost money, but all efforts

ended in vain. Imagine if I am not that careful how I can survive this. Other colleagues engage in farming, whilst I do not farm, but others involve in some assets buying and selling. That is why we advised business starters of this business (Timber trading) to start during the rainy season. For me, in this period, I exercise a high degree of cautions when giving goods on credit because it is not even feasible to pursue old debts during this period. We deal with fewer customers from rural areas; rather, we focus on those closer to us located in the city (business location)". IE07

Taken as a whole, the results suggest the mobilisation of financial resources for business survival tend to begin from business start-up stage up to growth stage in an urban location. Currency devaluations, social context, market uncertainties, market complexities and individual financial behaviours affect the orchestration of financial gains. Whilst investing in physical assets is a common practice by TP and CG entrepreneurs, rarely; survivalists and traditionalists also invest in landed property. These investment practices are common in trading and agricultural activities as well as the estate and construction business sectors. However, the practice of livestock stocking, growing crops or grains hoarding was found to be common to all these groups of informal entrepreneurs except in the communication sector, whereby they invest profits in electronic items. Hence, suggesting the relevance of business size, entrepreneurs' types, business location and operating sector in the process of orchestrating financial gains to remain in business.

Furthermore, the data analysis suggests that this process of orchestrating financial gains is interlinked with financial leveraging strategies as well. Therefore, this study found informal entrepreneurs integrate their existing working capital and profits with their entrepreneurial skills not only for financial leveraging strategies but also for orchestrating financial gains. More specifically, for business start-up, survival and growth.

Thus far, this study has revealed IEFS as a whole process of access and mobilisation of financial resources for informal entrepreneurs' business start-up, growth and survival. Through financial structuring, capital financing, financial leveraging strategies and orchestrating financing gains processes, these social actors' businesses thrive, persist and establish relationships using savings, credits and other financial resources. Yet, these processes have been found to vary depending on business size, entrepreneur types and business operating sectors. However, in traditionalists' entrepreneurs, the findings found weak financial leveraging strategies, as the main concern is oriented toward starting another similar business or survival in the existing business to promote a sociocultural image.

The following table 4.5 shows a summary of how the processes of access and mobilisation vary between different types of informal economy entrepreneurs and ventures. First, the findings show that most informal entrepreneurs' ventures operate as sole proprietors or family businesses, whilst most survivalists operate as sole proprietors or business partners. Besides, the use of financial resources for business growth is found to be common to TPs and CGs, business start-up and survival is common to all the entrepreneur types. Accessing and mobilising LGS tend to be opportunistic to any informal entrepreneur types. Yet, survivalist entrepreneurs are more involved in seeking for political finance as start-up capital or increase working capital.

Equally important, the results show that informal finance and internal finance remain the predominant sources accessed and used, mostly because of customers attractions, closeness, ease of access, reliability and flexibility. If relevant business skills are acquired, informal entrepreneurs operating in the manufacturing and estate/construction sectors tend to predominately benefit more from customers' deposits as capital for business start-up, growth and survival. Nevertheless, TPs and CGs are found to use bank services, mostly for payments and savings purposes to facilitate growth aspirations; as the other two groups rarely use these formal financial services.

Fundamentally, the aggregate theme of the institutional environment influences all the groups of informal entrepreneurs' access and use of financial resources. However, in the IEFS aggregated theme, the results indicate that the themes of financial leveraging strategies and orchestrating financial gains are less significant to the traditionalist and survivalist entrepreneurs to start a new business or grow. Rather, it is the financial structuring and capital financing themes that are significant to them in business start-up and survival. Indeed, the research results suggest that the aggregated theme of IEFS is more significant to TP and CG entrepreneurs than other entrepreneurs' types, as they access and mobilise financial resources for their business start-up, growth and survival.

Table 4. 4: Access and Mobilisation of Financial Resources (FR) in the 4 Categories of Informal Economy Entrepreneurs

IEEs Types	Venture Types	Access and Use of Financial Resources	Sources of Financial Services	Perceptions & Experiences	Summaries (Themes)
Top-Performers	Sole Proprietorship, Family Business	Start-up, Survival & Growth	Informal finance, internal finance, formal financial services (payments & savings services)	Attract customers, competition, closeness, accessibility, reliability, flexibility	Institutional environment & IEFS
Constrained Gazelles	Sole Proprietorship, Family Business	Start-up, Survival & Growth	Informal finance, internal finance, formal financial services (payments & savings services)	Attract customers, competition, closeness, accessibility, reliability, flexibility	Institutional environment & IEFS
Traditionalists	Sole Proprietorship, Family Business	Start-up, Survival	Informal finance, internal finance, formal finance (Rare use of payments & savings services)	Attract customers, cultural identity, closeness, accessibility, reliability, flexibility	Institutional environment, financial structuring, Capital financing
Survivalists	Sole Proprietorship, Partnership	Start-up, Survival	Informal finance, internal finance, political finance, formal finance (Very rare use of payments & savings services)	Attract customers, livelihood, closeness, accessibility, reliability, flexibility	Institutional environment, financial structuring, Capital financing

Nevertheless, studies have argued that women and youth entrepreneurs constitute the major players in the study of entrepreneurship in the informal economy (ILO, 2018; Meagher, 2016b), whilst mobile entrepreneurs receive little attention in terms of financial resources management (Evers and Mehmet, 1994). Therefore, to increase the richness of the research findings on access and mobilisation of financial resources in the informal economy, this section concludes with describing and explaining the practice among youth, women and mobile entrepreneurs in the informal economy in GCM.

4.8 Youth, Women & Mobile Entrepreneurs.

From the appendix 7, interviewees' data descriptions – there are youth entrepreneurs, few women entrepreneurs and mobile entrepreneurs among the four categories of informal entrepreneurs in the GCM. Therefore, from the interview and observation data, the findings below give an overview of access and use of financial resources for start-up, growth and survival of these groups.

4.8.1 Youth Entrepreneurs

This group constituted 16 youth entrepreneurs using the youth definition of the African Youth Charter as persons between the age of 15 -35 (African Union, 2006). They are spread across all the categories of informal entrepreneurs, but more can be found as a survivalist. However, three TPs, three CGs and two traditionalists were discovered and examined in the research setting. Most of these entrepreneurs cite the theme of the institutional environment as influencing their business performances of start-up, growth and survival. They also mentioned passing the processes in IEFS as they organise and manage their financial resources. For example, a youth, TP entrepreneur selling phones describes the use of personal savings to start a business as well as grow and survive in the business using retained earnings via the ROSCAs in a challenging institutional environment:

"I only used savings (personal savings) as I said to you. I did not use any loan facility, but I faced challenges with thieves and armed robbers breaking into the shop and taking away the stocks severally. ... Using the business earnings and other incomes from other businesses with a friend, which I cannot tell you, the business is in the current stage. Presently, I do it (ROSCA) in three places. There is ROSCA that I created, and I am the father of it. ... In fact, there was a time I swore that I will not give out credit to customers, but I changed my mind and gave out charity to supplement my action, which is a religious requirement. Currency devaluation is a serious problem for the business (survival)".IE31

Although many youth entrepreneurs operate as survivalists, instances were unveiled, particularly in the information technology, trading and construction businesses; where an

informal entrepreneur graduated from survivalists to TP entrepreneur. This situation occurred using informal sources, such as friends, deposit collectors and ROSCAs, despite the influence of the institutional context. Hence, in some industries, financing youth entrepreneurs can promote the entrepreneurship process of start-up, growth and survival.

4.8.2 Women Entrepreneurs

For women entrepreneurs, only six were interviewed and observed. They are one traditionalist, one CG entrepreneur, two TP entrepreneurs, and two survivalists. As earlier mentioned, the research results indicate a religious restriction for women to come out to the GCM to conduct commercial activities due to the practice of patriarchal systems in northern Nigeria. A few of those encountered are older women with only one young woman entrepreneur in food selling, tailoring, and (trading of domestic goods. Observationally, most of the women entrepreneurs are non-indigenes and came from southern Nigeria. However, surprisingly, the research found that whilst women operate domestically, they have a very good presence in the GCM using proxies.

These proxies could be relations, neighbours and friends. They normally reconcile and balance transactions with proxies at the end of each market day. Interestingly, whilst living at their matrimonial homes, instances were discovered where many of these TP women entrepreneurs finance start-ups in the GCM. For example, this story from a CG entrepreneur, who is a dealer of groundnut oil and cake, elucidates how financial relationships with a woman entrepreneur evolved:

“A women entrepreneur taught me the business. She was a neighbour that liked me and advised me to start a business rather than doing manual labouring work. Then she gave me start-up capital about NGN600, which I used to open a provision store. From there, she included her groundnut cake and oil as part of the items I should be selling. As the business progressed, I was able to buy a shop for her from the business earnings”. IE53

Moreover, despite discovering how these financial relationships are conducted with proxies, it is not that visible to understand fully. There is also a mother of ROSCA that could be a woman entrepreneur or a civil servant. There are many of them in the city. This mother provides financial intermediations mostly among the women entrepreneurs in the GCM and those operating at home. Male entrepreneurs indeed in the GCM get involved in this type of ROSCAs (see IFSP01). The mother being a woman can conduct business interaction freely without religious restrictions with female entrepreneurs. However, their ROSCAs tend to be

more of conflicts than that of the father of ROSCA. Due to this, TP women entrepreneurs rarely use the service of the mother of ROSCA.

Concerning the aggregated themes, they are common in all women entrepreneurs. The themes of sociocultural dispositions more influenced women entrepreneurs' access and use of financial resources. For example, to overcome this system, the study found how NDE officials finance women entrepreneurs to start a new business at their various indoor locations. As a result, the affected women entrepreneurs prepare or process goods and send to GCM via the use of proxies for sale:

*"We have a branch that is called a women empowerment branch that targets women. If you look at our cultural background, our women are not allowed to go out unnecessarily except, if it is really important to go out. Again, they are not allowed to interact with somebody that is not their direct relations. Even their own children, when they reach a certain age, they have to be secluded. Therefore, we started orientations using clerics. Therefore, we use our own women staff to inspect and supervise them at their various indoor locations. If we are to enter the houses, our women staff will tell the husband that we are coming. **NE04***

In the event of loan default, the official further explained:

Hmm! Hmm! It is a very, very difficult task. We met their husbands, the guarantors. We call their husbands because we have access to women through their husbands. As well, women's fathers or uncles are accepted as a guarantor. We have less problem with this repayment collection. However, the general problem is loan recovery because it is a very big task. In fact, some of them even if they have the money they will not like to repay as they see it as their share of the national government I cake. Before disbursement, we orient that this loan is a revolving loan. The beneficiary must provide a very good address, and the guarantor must be there to supervise and guard against diversion (loan).

Overall, despite that most women entrepreneurs are secluded by their religion and tradition, they have devised means to access and use financial resources, more specifically, informal sources via the use of proxies for business start-up, growth and survival. Indeed, whilst the Nigerian government recognised their predicaments by assisting with LGS, challenges with such loan repayment persists.

4.8.3 Mobile Entrepreneurs (MEs)

A critical finding of the fieldwork activity was the discovery of mobile entrepreneurs. They can either be urban or rural entrepreneurs, and six were found in agricultural, trade and manufacturing businesses. They mostly inherited this kind of daily commercial movements to periodic markets in different rural and urban places, for decades if not centuries. They sell agricultural produce, cosmetics, jewellery, textile materials, and livestock. Most MEs come to GCM only on Monday or Friday, or both. On other weekdays, they are busy patronising other

towns and rural areas periodic markets, travelling between distances of 1,000 to 2,000 kilometres weekly to conduct commercial activities. On non-market days, their stalls or business premises in GCM tend to be mostly empty. Depending on their business strength, as earlier mentioned, they move around with their employees or can have employees in each location they usually go. They normally rest in their chosen one day of the week.

The data revealed that all the themes are common among this group of entrepreneurs. Except that, policy discrepancies have a less significant influence on their business start-up, growth and survival. For example, these kinds of informal entrepreneurial activities have been in existence since before the British colonisation of Nigeria (see NE01). In another example, MEs combine the role of urban and rural informal entrepreneurs and visit places where there are significant market opportunities, especially high demands for their products or services. They are greatly involved in the father of ROSCAs intermediations, and financial settlements can take place in any of the periodic market locations:

“I am a mobile entrepreneur and move around depending on the situation. For example, I will go to Talata Mafara market tomorrow (Tuesday) to buy and may even sell there. On Thursday, I will go to Shinkafi market, and on Saturday, I go to Kasuwar Daji. On Sunday, I go to Dauran Market whilst on Monday and Friday I am here at the GCM. ... I grew up under my brother who used to sell tiger nuts to me on credit. ... I used my internal earnings to grow my start-up capital. ... We the buyers (for our business growth), do give partners in the rural areas credit to buy on our behalf. For our customers, in fact, it is a must to give them goods on credit; otherwise, the business will not move. ... When the market is not moving, as usual, we buy a few bags of cereals and cowpeas (for business survival). That is, we reduce the quantity of our supplies. Otherwise, without doing that the business working capital will disappear”. IE45

Thus far, from the research findings, the ideas and subjects in the data tally with the scholarly calls to understand access and mobilisation of finance in the informal economy of sub-Saharan Africa (Beck and Cull, 2013). In particular, informal entrepreneurs access and use for business start-up, growth and survival in GCM in NW Nigeria. With what we have seen and heard, the lack of full and continuous understanding of the relationships between the influencing institutional structures and processes of financial resources management; informality will continue to expand and persist (Webb et al., 2013), if left unknown and unchecked (ILO, 2018). Consequently, topics such as *institutions, imperfect information, credit rationing, insecurities, imperfect markets, customer attractions, competitive advantage, livelihood, financial management and capital management* appear significant in such informal

entrepreneurs' business start-up, growth and survival. More specifically, in relation to access and use of financial resources.

Besides the influence of local norms, values, beliefs, security concerns, and other elements of financial and capital management in the informal economy; the themes in the data correspond with the literature of finance and the informal economy (Arestis and Stein, 2005; Beck and Demirguc-Kunt, 2006; Godfrey, 2015; McKinnon, 1973). Indeed, they correspond to ideas of the institutional theorist (Scott, 2013), as well as the theoretical literature of resources management and assets orchestration (see Sirmon et al., 2007, Sirmon et al., 2011). For example, all these authors emphasise the relevance of the institutional environment in understanding both formal and informal firms' resources, including financial resources. In particular, the recent studies of the informal entrepreneurial activities (Fredström et al., 2020; Sutter et al., 2017) suggest the need to combine the three pillars of institutions – regulative, normative and cognitive components to understand informal entrepreneurship better.

In addition to regulations, the findings highlight how local norms and cognitive behaviours shape the processes of the management of informal entrepreneurs' financial resources, as against the macroeconomic interactions focused on by the institutional economists (Sutter et al., 2017). Importantly, the data reveals both the economist's perspective (North, 1990) and sociologist's perspective (Scott, 2013) are relevant in explaining this phenomenon. Nonetheless, in a context where the cognitive pillar interacts with regulative and normative elements to shape the IEFS processes of financial resources management, the sociological perspective was embraced in this research. Consequently, the research findings advance some inimitable needs and diversities of the informal entrepreneurs in GCM in North West Nigeria in relation to finance access and usage within different institutional arrangements.

4.9 Chapter Summary

In summary, this Chapter discusses the research findings from the developed *data structure* that enable the formulation of the process model of financial resources in the informal economy. All the aggregated themes were discussed for all the categories of informal entrepreneurs' access to financial resources for business start-ups; including mobilisation for business growth and survival in GCM located in North West Nigeria. Indeed, to add rigour and richness to the findings, these themes were also explicated for youth, women and mobile entrepreneurs. The outcome of the empirical data analysis shows how the institutional

environment, particularly institutional asymmetries in policy reforms, sociocultural contexts, financing behaviours and market interactions shape the financial resources of different entrepreneurs' types and their ventures in the informal economy. It reflects the need to focus on the influence of institutional arrangements and the processes involved in financial resources management in the informal economy.

Chapter 5 Discussion

5.1 Introduction

The preceding Chapter presented the research findings through the convergence of the empirical evidence. This Chapter discusses the findings with regard to the body of knowledge in the extant literature. As this study focuses on exploring the financial resources of entrepreneurs in the informal economy, the findings reveal how the institutional environment in GCM, especially the institutional asymmetries, strongly influence informal entrepreneurs' access and mobilisation of financial resources for their business start-up, growth and survival. With reference to the research questions and research objectives, this Chapter discusses the significance of the research findings to existing ideas and theories.

This Chapter starts by recapping the research objectives and research findings – highlighting the two fundamental themes, *institutional environment* and *Informal Entrepreneurial Financing Strategy (IEFS)* derived from the grounded data analysis. In order to understand and address the interconnected formal institutional imperfections and institutional asymmetries concerning financial resources acquisition and usage in the informal economy, subsequent sections focus explicitly on discussing the institutional environment and asymmetries, as well as financing tactics and informal entrepreneurship with the extant literature. These sections are followed by the theoretical discussions, as well as examining the improvement of the financial constraints of informal entrepreneurs. This Chapter concludes with the development of Institutional Asymmetry and Financing Tactics (IAFT) guidance for academicians and practitioners as well as the Chapter summary.

5.1.1 Research Objectives Review

From the perspective of entrepreneurship in the informal economy, this research focuses on exploring the financial resources of entrepreneurs in the informal economy in a developing country context. In particular, this research does so with the view to understanding and addressing the start-up, growth and survival of informal entrepreneurs' businesses via access and mobilisation of financial resources. Hence, setting the research objectives as follows:

1. Identify and develop a typology of financial services and service providers used by entrepreneurs operating in the informal economy.
2. Critically analyse how entrepreneurs in the informal economy access and use financial resources to start their businesses.

3. Examine how entrepreneurs in the informal economy access and utilise existing financial resources in the course of their business activities.
4. Critically analyse how entrepreneurs in the informal economy mobilise financial resources for growth.
5. Critically analyse how entrepreneurs in the informal economy mobilise financial resources for the survival of their businesses.

Accordingly, the above research objectives correspond with the knowledge gaps identified in the literature review, Chapter two. They also guide in describing and explaining the research findings discussed in the preceding Chapter. Therefore, the next section presents a summary of the research findings.

5.1.2 Research Findings Review

Fundamentally, this research focuses on how entrepreneurs in the informal economy access and mobilise financial resources for their business start-up, growth and survival. The findings highlight the interrelationships between these entrepreneurs and financial resources deeply embedded inside institutional contexts. Indeed, they also highlight the processes involved as informal entrepreneurs try to achieve their business performance tasks. Consequently, in the rich empirical case in NW Nigeria, the grounded theory analysis reveals two aggregated dimensions: the *institutional environment* and IEFS.

5.1.2.1 Institutional Environment

The *institutional environment* consists of *policy discrepancies, sociocultural dispositions, financing behaviours, market uncertainties* and *market complexities* that affect how finance is acquired and used by informal entrepreneurs. These themes are consistent in the regulatory, normative and cultural-cognitive elements following the work of Scott (2013), where regulations interact with norms and shared understandings to affect financial resources management. Indeed, the research findings are also consistent with the literature in that asymmetries in political, social, behavioural and economic structures shape the persistence and expansion of informal economic activities in developing economies (Webb et al., 2013).

5.1.2.2 Informal Entrepreneurial Financing Strategy (IEFS)

The data analysis unveils the process of *IEFS*, which intermingles with the institutional arrangements to account for the financial strategies of different informal entrepreneurs

within the empirical case. These processes comprise the themes of *financial structuring*, *capital financing*, *financial leveraging* and *orchestrating financial gains*. These processes have been found to vary in scope, category of entrepreneurs and business stage development consistent with the works of Sirmon et al. (2011). Whilst the results suggest that the theme of *financial structuring* is significant at the business start-up stage, *capital financing* and *financing leveraging* themes are significant in the business survival and growth stages; the theme of *orchestrating financial gains* is more significant for business survival. However, *financial structuring* and *capital financing* are common to survivalist and traditionalist entrepreneurs, whilst the entire process of *IEFS* is common to top-performing (TP) and constrained gazelle (CG) entrepreneurs.

Thus, despite the influences of the *institutional environment*, the results indicate the importance of the category of informal entrepreneurs, their financial strategies and stage of venture development in *IEFS*'s process. In one example, the use of ROSCA services, advance deposit, moneybox, and deposit collectors and moneylenders' services in the management of financial resources appear common to all entrepreneurs and the seven business sectors examined for venture creation, growth and survival. However, the manufacturing and construction sectors tend to attract larger inflows of advance deposits than the other business sectors.

Additionally, despite operating in an impoverished context, the research found how survivalist and traditionalist entrepreneurs access and use financial resources for their business start-up and survival. Using informal means, they save money to start a new business as well as for the survival of their businesses, which appears opportunistic depending on market performance. Nevertheless, minimal business competitions in search of finance were also observed among survivalist entrepreneurs, mostly youth entrepreneurs. Social identity promotions – that are allegiance to roots and history in using financial resources for business survival, are equally prominent among traditionalist entrepreneurs, particularly more for blacksmiths and traditional medicine sellers.

Besides, the zeal to achieve a definite competitive advantage with finance is common to TP and CG entrepreneurs for business survival and growth. Whilst TP entrepreneurs remain credit rationed, they still patronise and extensively use bank services, such as payments, transfers and savings services. They enjoy trade credits from formal firms, as their goods

suppliers. However, even the stages of the business life cycle show a variation in financial strategy. For example, new business start-ups, mostly survivalists, enjoy an enormous amount of financial support than old TPs and CGs in the ROSCA bidding processes and services, as well as other group lending activities, such as the automatic allocation of the first slot to new starters in the ROSCAs bidding process to overcome financial challenges at the start-up stage.

Consequently, the research results indicate that whilst the two aggregated themes, *institutional environment* and *IEFS*, are common to all types of informal entrepreneurs, the themes of *financial leveraging* and *orchestrating financial gains* are more significant to TPs and CGs than other informal entrepreneurs for business survival and growth. Largely, variations exist in terms of types of entrepreneurs, their individual financial strategies and operating ventures in financial resources acquisition and usage in the informal economy.

The above section recapped the research findings. The next section discusses these findings by evaluating and differentiating them with existing ideas in the extant literature. It adopts one of the best practices in management research by contrasting explanations to aid theory building (Tsang and Ellsaesser, 2011). It thus shows the contributions of the empirical research through finely grained analysis of the institutional environment and asymmetries, as well as financing tactics and informal entrepreneurship with the existing literature.

5.2 Institutional Environment and Asymmetries

Despite years of financial reforms in developing economies, the institutional environment, and specifically asymmetries in institutional contexts, continue to hinder the development of entrepreneurship (Ngwu, 2015; Webb et al., 2019). This is particularly so in terms of access and use of financial resources for business formation, growth and expansion (Webb et al., 2013). Institutional asymmetry constitutes one of the dominant discussions in the literature of entrepreneurship in the informal economy as affecting the expansion and persistence of informal economic activity in developing nations (Littlewood et al., 2018; Williams et al., 2015; Williams and Kedir, 2018b). Indeed, scholars have drawn the lens of institutional theory (IT) (Scott, 2013) to advance rich insights about the influence of institutional asymmetry on entrepreneurial activity in impoverished market contexts (Mair and Marti, 2009; Sutter et al., 2017).

This research from GCM in NW Nigeria complements these works in developing countries, as well as complementing the concept of institutional asymmetries (Webb et al., 2009; Webb et al., 2013), in respect of access and mobilisation of financial resources in the informal economy. Herein, as earlier defined in section 2.2.3, institutional asymmetry refers to the differences between formal and informal institutions, in which each side supports informal entrepreneurial activities with financial resources. Recent empirical studies in developing economies argue the higher the asymmetry between formal institutions (rules and regulations) and informal institutions (norms, values and shared beliefs), the greater the increase in informal entrepreneurship (Sutter et al., 2017; Sydow et al., 2020).

Consequently, this study argues that to better understand the financial resources of entrepreneurs in the informal economy, the grounded analysis reveals entrepreneurs as social actors; they draw on a variety of social resources to navigate their regulatory environment. Importantly, the results suggest the following: if formal rules and regulations are misaligned with the expectations (values, norms and shared beliefs) of informal entrepreneurs in GCM, it leads to institutional asymmetry. Herein, the concept is broadened and defined as the misalignment between regulatory institutions (formal and informal) and normative and cognitive institutions, given that both formal and informal institutions are involved in shaping the rules of the game (North, 1990; Scott, 2013).

In the research setting, institutional asymmetry significantly influences informal entrepreneurs' access and mobilisation of financial resources to start, grow, and survive their businesses. In order to address asymmetry in these institutional arrangements, and drawing from the lens of IT (Scott, 2013), this research results unveil five interacting institutional structures. These structures intermingle to reveal interesting findings relevant to the context of informal entrepreneurs' business operations. They are *policy discrepancies*, *sociocultural dispositions* and *financing behaviours*, including *market uncertainties* and *complexities*. How each of these asymmetric structures resonates with the entrepreneurship literature from an institutional perspective is discussed below.

5.2.1 Implications for the Entrepreneurship Literature

This empirical research in NW Nigeria advances the entrepreneurship literature on formal and informal institutional imperfections, particularly institutional voids in a developing country context (Mair and Marti, 2009; Mair et al., 2012; Sydow et al., 2020). Whilst extant research

has focused on formal and informal institutional voids from an economic perspective (Mair et al., 2012; Webb et al., 2019), this research supplements the entrepreneurship and institutional asymmetry work that promotes insights from a sociological perspective (Mair and Marti, 2009; Sutter et al., 2017). It incorporates insights from informal economy entrepreneurs embedded in tradition-based norms, values and shared understandings regarding access and use finance.

This research, consequently, suggests that various imperfections exist in the formal institutions related to entrepreneurial activity in NW Nigeria. These imperfections contribute to the creation of an institutional environment characterised by conditions of institutional asymmetry. All of these things – the formal institutional imperfections, prominent informal institutions, and asymmetries – inform how informal entrepreneurs in NW Nigeria access and mobilise finance for their businesses. As such, this research has a number of implications for entrepreneurship literature.

First, imperfections in the formal institution result in *policy discrepancies* that affect how informal entrepreneurs access and mobilise financial resources in GCM. This research in NW Nigeria is consistent with the literature that shows the relevance of politics and political instability in promoting informal entrepreneurship in the developed economy (Venkatesh, 2006), and developing nations (Elbahnasawy et al., 2016; Tong et al., 2020). It also shows how imperfections in government financing schemes, formal financial services providers (FFSPs) and other regulatory activities (Meagher, 2015; Ngwu, 2015; World Bank, 2014) interact with political finance to affect access and mobilisation of financial resources for business start-up and survival. For example, survivalist entrepreneurs accessing and using more political finance for business start-up and survival, as traditionalists and CGs rarely access such financing sources. This, then, suggests that illuminating formal institutional imperfections, such as the interaction of financing schemes and political activities to generate political finance, tend to reveal insights on the relationships between financial resources and entrepreneurship in both developed and developing economies.

Second, this research promotes the recognition of cognitive elements in the study of entrepreneurship in the informal economy, in addition to regulative and normative elements. Existing research has argued that by focusing on the three components of institutions, our understandings of entrepreneurship in the informal economy tends to improve significantly

(Fredström et al., 2020; Sutter et al., 2017). This research expands the idea of financial decisions and behaviours (Bruton et al., 2011; Karlan and Morduch, 2009), a cognitive component, by explaining the theme of *financing behaviours* comprising risk and price perceptions as well as modernisation and financial literacy as they affect financial choices in the informal economy.

It indeed unveils fundamental insights on the cognitive pillar in the form of financial choices and how they constrain behaviours in accessing and mobilising financial resources in the informal economy. A classic example is the informal entrepreneurs' decision to patronise deposit collector services based on trust, despite known cases of fraud. Thus, this suggests research that captures the rules of the game as influenced by individual financial choices is paramount in understanding financial resources in the informal economy. This is consistent with the institutional entrepreneurship literature (Greenwood and Suddaby, 2006), in which informal actors' decisions can alter structures influencing their business performance with financial resources.

Third, this research has broadened the concept of institutional asymmetry in the study of the financial resources of entrepreneurship in the informal economy in another context (Webb et al., 2009; Webb et al., 2013). Existing research considers such asymmetry to be a result of misalignment between formal and informal institutions (Williams et al., 2015) and a passing phenomenon (see Fredström et al., 2020). However, this study contends that beyond misalignment, both informal and formal institutional environments make institutional asymmetry a continuous phenomenon rather than a passing activity since each side plays a supportive role in facilitating informal entrepreneurial activities in GCM.

Consistent with the concept of informal adjustment (Webb and Ireland, 2015; Webb et al., 2019), the results endorse the importance of *sociocultural dispositions* as alternative pathways influencing informal entrepreneurship and the access and use of financial resources. Such informal pathways possess imperfections and do not completely alleviate the financial constraints of informal entrepreneurs' business performances. Nevertheless, this research argues that if the formal reforms align with the perceptions of informal enterprises on financial resources accessibility, reliability and flexibility, it can then reduce the level of institutional asymmetry.

It is pertinent also to note that empirical evidence aligning with the research findings strongly suggests, for example, that credit transactions are deeply rooted in history and culture in northern Nigeria (Udry, 1990). The results indicate that no matter the financial incentives, and if they are associated with an interest rate element, they will be rejected. Therefore, this study argues that a deep understanding of the informal environment will result in a continuous minimisation of the institutional asymmetries but not its total eradication. In other words, if the lack of symmetry is clearly understood and formal institutional reforms align with informal entrepreneurs' perceptions on finance access and use for business start-up, growth and survival. With this situation, it is critical to continuously incorporate institutional asymmetry in explaining and understanding informal entrepreneurship and financial resources in NW Nigeria.

Fourth, this study contributes to the literature that examines the relationships between enterprises and institutions in financial development (Arestis and Stein, 2005; Beck and Demirguc-Kunt, 2006). It enlarges the idea that informal and formal entrepreneurial activities exist along a continuum by advancing insights on how different groups of entrepreneurs interact with their informal and formal financial institutions. The research results strongly suggest that financial interactions with informal financial services providers (IFSP) tend to be significant among survivalist and traditionalist entrepreneurs, whilst TPs and CGs intermingle with informal and formal providers in the pursuit of their business start-up, growth and survival. Therefore, it can be argued that a better understanding of how TPs and CGs utilise formal financial services providers is critical to the development of sound institutional reforms, such as the formalisation and financial inclusion of informal entrepreneurship in accessing formal finance.

Perhaps more importantly, this research extends the idea of market interactions amidst institutional asymmetry in another entrepreneurial context with a high level of poverty and resource-constraints (Mair et al., 2012), focusing explicitly on the access and use of financial resources. Primarily, the influence of *market uncertainties* resonate with the prior insights on weather pattern variations as they create market uncertainties (Aryeetey and Udry, 1997), and on market characteristics in the informal economy, such as the influence of demand and supply as well as information asymmetries (Guirkinger, 2008; Stiglitz and Weiss, 1981). It also supports the literature discussion, for example, that the concepts of moral hazard and

adverse selection are relevant in formal financial markets whilst irrelevant in informal markets in explaining informal entrepreneurs' access and mobilisation of financial resources.

Similarly, *market complexities* in the form of financial market segmentation into formal and informal markets, as well as infrastructural constraints amid institutional asymmetry, resonate with work on sub-Saharan Africa (McKinnon, 1973; Nisanke, 2001). In contrast, some practices in the market have an important bearing to entrepreneurship and finance literature. For example, fees-based dealings, trusts and favours are the predominant practices between informal entrepreneurs and informal lenders that comply with Sharia law. Hence, this study extends the literature by revealing how the informal financial market dominates the formal market in the provision of financial services in another context amidst formal and informal institutional asymmetry (Beck et al., 2015; Turkson et al., 2020).

Finally, this study contributes uniquely to the empirical literature of entrepreneurship in the condition of extreme insecurities in an institutionally challenging location, which saliently presents opportunities to the venture performance of entrepreneurs (Branzei and Abdelnour, 2010). In contrast, in NW Nigeria, terrorist and kidnapping activities are targeting and killing those rural customers patronising GCM twice a week. As a result, many informal entrepreneurs experience a decline in business incomes. However, the results indicate strong enterprise resilience in the form of local risk management and informal saving practices, which is consistent with research focused on Bangladesh (Branzei and Abdelnour, 2010).

In GCM, the findings indeed suggest that extreme insecurities mostly favour IFSPs, as informal entrepreneurs fear patronising FFSPs regularly, preferring to use the moneybox or deposit collector services to save. Moreover, severe insecurities also favour TP entrepreneurs in operating in a trading business sector that sees taking risks as a means of exploiting business opportunities. Thus, the analysis suggests that whilst security concerns favour IFSPs, they also aid TPs operating in trading business to take financial risks and exploit opportunities in the market for business growth and survival. As such, understanding and addressing extreme insecurities to minimise institutional asymmetry become urgent.

Overall, besides an explicit focus on financial resources, this study offers deep insights into how the institutional environment, particularly institutional asymmetry consisting of the political, social, cultural, behavioural and market realms (see Mair and Marti, 2009), shapes

informal entrepreneurs' business start-ups, growth and survival in another context. Evidence shows that the extant literature offers limited and fragmented insights on the ability of informal operators to plan, transact and operate with resources (Darbi et al., 2018; Webb & Ireland, 2015), particularly financial resources (Godfrey, 2015). This study has offered nuanced and more fine-grained descriptions of the influence of institutional asymmetry on informal entrepreneurs' financial resources in an integrative and consistent manner by incorporating an interdisciplinary approach. That is, incorporating literature from the field of economics, sociology, political science and management. Whilst most of the institutional asymmetry research adopted a quantitative approach, this research responds to call for more qualitative studies (Beck and Demirguc-Kunt, 2006; Ketchen et al., 2014) and offers a finer-grained delineation of the financial resources of small entrepreneurs in the informal economy (Webb et al., 2013). In short, a recent review on entrepreneurship in the context of poverty highlights that such work remains fragmented (Sutter et al., 2019).

Fundamentally, the influence of institutional asymmetry is consistent with empirical work in developing countries, such as Bangladesh (Mair and Marti, 2009), the Dominican Republic (De Castro et al., 2014), Kenya (Sydow et al., 2020), Nicaragua (Sutter et al., 2017), and South-East Europe (Littlewood et al., 2018); where prominent informal institutions, imperfect formal institutions and asymmetry in between, affect finance in the informal economy. Yet, the influence of institutional structures tends to advance only the anatomy of the relationships between informal entrepreneurs and financial resources. Without advancing the processes, only a limited empirical understanding of these relationships is advanced. Consequently, the grounded data analysis develops the concept of *IEFS* in the informal economy to explain the processes of financial resources. The next section evaluates this with the existing literature.

5.3 Financing Tactics and Informal Entrepreneurship

Despite decades of thorough examination of survey data, debates still exist in the literature on what sources of finance alleviate the financial constraints of microenterprises in developing nations (Beck et al., 2015). In particular, informal entrepreneurs that have devised a number of financing tactics to acquire and leverage financial resources for business formation, survival and growth (Webb et al., 2013; IFC, 2017). In order to address the fragmentation of knowledge, management scholars increasingly recommend the lens of resource-based perspective to enhance understanding regarding the financial strategies of

informal entrepreneurs with financial resources (Godfrey, 2015), particularly to complement institutional asymmetry discussions (Sirmon et al., 2011) in an impoverished context of emerging economies (Ketchen et al., 2014).

Through a grounded analysis of the data, this study promotes these empirical works and reviews, through unveiling the processes and sub-processes of how informal entrepreneurs access and mobilise financial resources, as they are being affected by the institutional asymmetry. Drawing from the framework of resource orchestration (Sirmon et al., 2011), the results uncover four processes of financial tactics. These tactics interactively, from businesses start-up to their survival and growth, reveal interesting outcomes relevant to the operating context. They include *financial structuring*, *capital financing*, *financial leveraging* and *orchestrating financial gains*.

Thus, the next section first discusses and contrasts with the literature on how formal and informal financing sources relate with informal entrepreneurs, and the need to develop the financial products and services that meet their requirements. The chapter then discusses and contrasts the financing patterns of the different types of informal entrepreneurs interviewed with the existing literature. This section highlights the need to focus on each group according to their unique characteristics, financial strategies and ventures types, more explicitly, on access and use of financial resources for business start-up, growth and survival.

5.3.1 Financing Sources

The research findings conform to the literature discussion and classification of the providers of financial services accessed and used by informal entrepreneurs; particularly informal sources and internal finance as the predominantly available financial resources (Collins et al., 2009; Rutherford, 2009; Turkson et al., 2020). However, as the study focuses on the empirical setting of GCM, the analysis shows some modest differences. The financial service types used by informal entrepreneurs in GCM include money lending and deposit collection services, personal savings and ROSCAs, local risk management and insurance practices, informal currency and jewellery services, political financing, and formal retirement benefits. How they resonate with entrepreneurship literature is highlighted in at least four ways.

First, whilst there are Money Lenders Regulations in other developing economies to regulate informal financial activities (Dlabay, 2015), no formal regulations exist in the empirical case

except unionised enterprise regulations, as consistently shown in the study of the Nigerian informal economy and unionisation (Fajana, 2008). This practice interacted with the norms, values and shared understandings in regulating the informal financing sources. Clearly, it suggests that through unionism, wide financial orientation and literacy can be improved as well as the formalisation and knowledge of informal entrepreneurship and financial resources.

Second, the use of different types of moneybox for savings as well as deposit collectors' services, who combine their business with moneylending, appears unique in the GCM context. These practices are mostly influenced by history, traditions and Islamic religious restriction on interest rates (Udry, 1990). Further, such restrictions discourage the existence of other local financial intermediations, such as loan sharks (Rutherford, 2009) who typically charge exorbitant interest rates (Aryeetey, 2005).

Moreover, evidence suggests that ROSCA existed prior to modern banking in Europe (Rutherford, 2009). Consistently, the results expose that ROSCA also subsists in NW Nigeria right from the initial development of entrepreneurs in Hausa society. ROSCAs occur in the form of *asusu*, *the father*, *the mother* and *the enterprise* ROSCAs, like other forms explained in the literature; "merry-go-round" (Karlan and Morduch, 2009), "*susu*" and "*esusu*" in sub-Saharan Africa (Nissanke, 2001).

Consequently, it is apparent that understanding and developing formal financial products and services with near similar modalities of ROSCAs and other informal financial services can potentially quench the financial thirst of informal entrepreneurship. This can promote rapid innovations and enterprise development (Levine, 2005). Rather, than only economic liberalisation and inclusion initiatives that the research results reveal, which is consistent with the literature of the informal economy examining the underlying forces of economic inclusion (Meagher, 2018). Indeed, evidence conforms to the research findings suggesting that these reforms are mostly associated with political activities and corrupt practices in Nigeria (Meagher, 2015).

Third, the findings correspond with the insurance and risk management literature in rural areas (Fafchamps and Lund, 2003; Udry, 1994), informal currency and political financing. To date, formal risk management and insurance services are virtually absent for such urban informal entrepreneurs in most of the developing world (see World Bank, 2014). However,

the research found deposit collectors and enterprise associations that provided informal insurance services to informal entrepreneurs, including health, accident, market shock and other disaster insurance services, but only on a negligible scale.

Besides, as a gold producing area, informal currency traders exist (Dlabay and Reger, 2007), combining jewellery brokerage with foreign currency provision services. These services are used for border trading purposes by the informal entrepreneurs, mostly TPs for business growth, and in rare cases CGs. Furthermore, this finding unveils the relevance of political finance to informal entrepreneurs that participate in political campaigns for business start-up or survival. This finding increases knowledge in the literature that politics can ease the financial constraints of entrepreneurs over the short-term growth horizon (Tong et al., 2020), and as well, increase informality persistence (Elbahnasawy et al., 2016). Overall, there is a need for entrepreneurship scholars to better understand that these actors are not devoid of alternative means of financing, as they get involved in any activity possible to source financial resources. As such, it is important to continuously capture their local ways of sourcing finance, including local insurance practices and currency traders in understanding and addressing their financial resources challenges.

Lastly, the findings suggest that the application of retirement benefits by public and private sector retirees to form a business to exploit opportunities in the informal economy do not exist in the formal economy (Webb et al., 2013). This medium constitutes another source of finance used for new venture creation. This discovery is consistent with a study that shows the existence of linkages between formal employees and informal economic activities in developing countries (Meagher, 2013). Largely, the nature of financing sources seen here reflects the need in the extant literature for more contextual studies to understand the acquisition and use of what types of finance are available for the persistence and expansion of informal entrepreneurs' businesses (Aryeetey and Udry, 1997; Godfrey, 2015; Webb et al., 2013). The next section discusses the financing patterns in GCM.

5.3.2 Financing Patterns

In this research, the financing patterns comprise the dimensions of the financing tactics in terms of the depth (hierarchy of informal entrepreneurs), breadth (strategy of informal entrepreneurs) and business life cycle (Sirmon et al., 2011). Whilst some of the results correspond with the prior literature of MSMEs financial evolution (see Liedholm, 1989), the

research analysis reveals novel insights on variations in the category of entrepreneurial access and use of financial resources for business start-up, growth and survival in GCM. Indeed, consistent with the literature of formal firms (Freel et al., 2012), the results suggest that the acquisition and use of financial resources among informal entrepreneurial businesses vary depending on the characteristics of the informal ventures, types of informal entrepreneurs and financing strategies.

Consequently, the following critical discussions evaluate and differentiate the findings with the extant literature. It begins from finance access for a business start-up to utilisation, as well as for business growth and survival.

5.3.1 Business Start-up

Conforming to the literature explaining the finance sources available to informal entrepreneurs (Aterido et al., 2013; Cassar, 2004; Dlabay, 2015), the results suggest that most of the financial resources and financial services used as highlighted in the literature section 2.6 are relevant for business start-up. Although few differences exist on such sources, *financial structuring* reaffirms the finance-entrepreneurship relationship. For example, the use of individual providers such as families, friends and neighbours, trade creditors and deposit collectors as well as community-based providers such as ROSCAs, are common among informal entrepreneurs for business start-up.

However, the research findings suggest the significance of the retained earnings among TPs and CGs, as well as the loan guarantee scheme (LGS) and political financing in traditionalists and survivalists for business start-up. These practices correspond with discussions in the literature regarding access to finance by formal SMEs (Parker, 2002), the relevance of LGS to alleviate credit rationing (Cowling, 2010), and participation in politics (Venkatesh, 2006). Thus, the analysis suggests differences in practice due to the institutional asymmetry in the operating context in a minimum of three key ways.

First, the findings correspond to discussions in the literature on rationing by formal sources due to information asymmetry (Cassar, 2004). For example, moral hazard, collateral, interest rates and transaction costs all contribute to rationing-out informal entrepreneurs for a business start-up, not only because of their unregistered status but also due to the absence of business financial information, such as cash flows and collateral. This rationing occurs

despite informal entrepreneurs being a significant provider of the banks' deposit portfolios. Even political instability (Elbahnasawy et al., 2016) can influence finance access for a business start-up due to political succession. This analysis suggests new start-ups, mostly survivalists, enter the informal economy with proceeds realised from political campaigns; and in the absence of economic inclusion, entrepreneurship is seen as a continuous means of livelihood (Meagher, 2015). Indeed, this is a characteristic of the operating context, in which many interviewees explained that access to financing schemes and any inclusive programmes is tied to participation in politics.

Second, whilst various local savings, credit and insurance arrangements exist, as shown in the literature (Karlan and Morduch, 2009), the results indicate variations in financial practices compared to other contexts (Beck and Cull, 2013), mostly due to social and cultural norms. For example, the huge savings of small amounts of money into the moneybox over a long period of time and compulsory financial settlement of apprentices for new start-ups by TPs or CGs, as historical traditions of Hausa tribes. Whilst research shows that credits are rarely used for business start-up (Nissanke, 2001), in contrast the results here suggest that credits are found to be available to new start-ups in the form of government finance, as well as trade credits and customer advance payments, if the right business skills are acquired by informal entrepreneurs, especially in manufacturing and construction businesses.

Lastly, and consistent with the literature, the findings suggest variations in access to financial resources for business start-up according to firm and individual characteristics (Freel et al., 2012), including business size, age, gender, and location, as well as the age of the owner, family, experience, and education, coupled with the financial strategy. However, the results suggest venture size, categories of informal entrepreneurs and financial strategies intermingling with institutional asymmetry, account for the significant differences in finance access for start-ups – for example, women entrepreneurs as a one person business sourcing for start-up finance through gifts via wedding and baby naming ceremonies.

Overall, whilst *financial structuring* conforms with the literature of finance-entrepreneurship relationships for business start-ups, the results uniquely illustrate the relevance of ROSCAs and moneybox as a means of personal savings for business start-up. It is also consistent with work on trade credits and advance deposits in kick-starting entrepreneurship (Matin et al., 2002; Tsai, 2004), where financial strategies for business start-up vary among TPs and CGs

with other groups of entrepreneurs and their venture types. Through unveiling this engagement, this study promotes the role of informal entrepreneurial context in the initial development of the entrepreneurship-finance relationship in emerging economies (Welter et al., 2015).

5.3.2 Utilisation for Existing Business

Different *IEFS* interacts to determine the utilisation of financial resources for existing informal entrepreneurs' businesses, which correspond to the literature explaining *financial behaviours* and capability due to a variation in entrepreneurs' ventures and stage of business development (Beck et al., 2011; Karlan and Morduch, 2009). For example, the use of mobile banking, financial literacy, risk aversion, peer effects and interest rates affect the financial decisions of different types of informal entrepreneurs' utilisation of existing financial resources at different formation and growth stages. However, poor financial record keeping in the informal economy conforms to the extant literature (ILO, 2016; Grimm et al., 2012). In contrast, the research results show the practice of recording debts transactions features prominently among all groups of entrepreneurs. Such practice, as explained by many interviewees, is a religious requirement in handling credit transactions in the GCM context.

Besides, the long period of instability in sub-Saharan African financial systems (Beck et al., 2011), such as currency devaluations, shapes the utilisation of existing finance. This practice is consistent with the literature explaining the preference for keeping physical stock rather than liquid financial resources (Aryeetey and Udry, 1997). Also, business size and types of informal entrepreneurs influences the nature of utilisation. For example, TPs tend to use the financial services of banks as a means of record keeping. Whilst for other groups of informal entrepreneurs, cash sales are used to immediately restock goods or raw materials. Overall, consistent with the literature, institutional asymmetries, such as cultural-cognitive and financial systems intermingle with *IEFS* to influence how financial resources are utilised in the course of running informal entrepreneurs' businesses.

5.3.3 Business Growth

The research findings unveil the categories of informal entrepreneurs as an important consideration in the mobilisation of financial resources for business growth. It correlates with the literature explaining the intention of small firms to grow in size or grow in sales (see De Castro et al., 2014; Freel et al., 2012; Webb et al., 2013), as informal firms overcome financial

constraints to survive and grow. However, the results also show a connection between *capital financing* and *financial leveraging* concepts for business survival and growth that are common to TP and CG entrepreneurs, but less so among traditionalists and survivalists as they conform to the literature with moderate differences in two important ways.

First, conforming with the literature, survivalist entrepreneurs rely more on collaborations with colleagues (Livingstone, 1991), existing in the form of social networks (Nichter and Goldmark, 2009), and mobilising personal savings and other informal financing sources for *capital financing* for their business survival. In contrast, and consistent with capital structure literature (Myers, 1984), the results reveal how TPs and CGs rely more on retained earnings using both informal and formal financial services to increase their working capital structure for business survival and growth in the urban context of GCM. Indeed, by revealing how the micro-processes of bundling financial capital unfolds amidst asymmetry in the institutional environment, this study explicitly contributes to knowledge of the initial stage of the growth process of finance-informal entrepreneurship relationships.

Second, *financial leveraging strategy* conforms with the literature explaining the age of the business owner, business age, competition and their relevance for small business growth (see Berger and Udell, 1998), as well as the combination of entrepreneurial experiences, available financial resources and market opportunities (Shane and Venkataraman, 2000). Consistent with the literature, these practices are more common with TPs and CGs in the informal economy (Grimm et al., 2012) that finance new start-ups, and less common with traditionalist and survivalist entrepreneurs. The first two groups are found to use the payment and savings services of banks (Isern et al., 2005). They also exploit market opportunities by adopting a range of business strategies to expand and grow (Webb et al., 2014), enjoying trade credit facilities from formal firms as highlighted by Liedholm (1989), and the use of informal currency services for border trading (Dlabay and Reger, 2007) for business growth.

In contrast to the empirical literature explaining the availability of credit cards in the Dominican Republic for informal entrepreneur business performance (De Castro et al., 2014), the results suggest that *imperfect information* (Stiglitz and Weiss, 1981) in the market results in difficulties for high performing and unregistered entrepreneurs to access formal finance for business growth. In aggregate, this study builds the literature by portraying that a certain group of informal entrepreneurs, despite their lack of access to formal credit, structure capital

as well as leverage it for entrepreneurship development, specifically TPs and CGs business survival and growth in an emerging economy context.

5.3.4 Business Survival

In the research setting, to address the challenges of business survival in the informal economy, the results reveal the relevance of *financial structuring, capital financing and orchestrating financial gains*. Besides being significant to all entrepreneur types regardless of operating sector for business survival, these financing tactics are consistent with the literature that factors such as business size, location, sector, entrepreneur types and stage of business are also relevant (Gulyani and Talukdar, 2010; Mead and Liedholm, 1998; Sirmon et al., 2011). However, given the existence of institutional asymmetry, the research findings unveil the *orchestrating financial gains* theme that, depending on the type of entrepreneur and their operating venture, account significantly for business survival. How this theme resonates with the literature is discussed in at least four pathways.

First, this theme comprises the conceptualised *investment in livestock assets* as a store of value. This idea is consistent with literature explaining intertemporal choices on assets stocking (Aryeetey and Udry, 1997), as influenced by their operating context (Lempert and Phelps, 2016). This is where most survivalists and traditionalists convert their financial resources into buying livestock as assets to control spending, exploit free-grazing land opportunities and meet future financial needs for business survival in GCM. It is thus consistent with the motivation and cognitive ideas where entrepreneurs face financial resources constraints to perform a business task (Kanfer and Ackerman, 1989), combining available resources and financial resources for business survival (Gulyani and Talukdar, 2010; Webb et al., 2013).

Second, *investment in physical assets* conforms with the informal entrepreneurship literature in West Africa that highlights the ability of TPs and CGs to use financial resources for business survival and subsequent growth (Grimm et al., 2012). However, this study in the GCM setting, uniquely illuminates how even survivalists and traditionalists can invest their profits by buying landed property, as well as other physical assets readily convertible to cash. This practice, as explained by the informants, is mostly to overcome depreciation effects on their financial resources for business survival that depends on the operating venture.

Third, *growing crops and hoarding* due to seasonal variation in weather is consistent with the literature explaining the consideration of seasons and harvests in conducting financial transactions with informal entrepreneurs in rural areas (see Guirkinger, 2008). However significant differences exist due to social and cultural contexts, and this study shows that trusts, history, religion, financial resources advantage and family inheritance interact to influence the mobilisation of financial resources for crop farming and hoarding activities to survive in business. For example, the use of inherited lands and available financial resources for growing crops during the rainy season features prominently among traditionalist and survivalist entrepreneurs, whilst yearly hoarding of grains is common to TPs and CGs.

Perhaps more importantly, previous literature on the survival of microenterprises in developing countries indicates that death rates are common due to severe credit constraints among other factors (Nissanke, 2001). However, the research findings suggest that due to the existence of financial relationships with enterprise associations and other informal finance providers (Guirkinger, 2008), the survival of informal entrepreneurs' businesses is high. Indeed, the results unveil that there is a minimal or non-existence of business deaths among these entrepreneurs due to financial constraints in GCM, except where integrity issues are involved, such as deliberate refusal to honour credit repayments.

Whilst death rate because of credit constraints is insignificant in other developing nations (Mead and Liedholm, 1998), the result also suggests entrepreneurs *diversifying internally* or *orchestrating gains* to other higher income-generating businesses as a survival strategy. They tend to focus on one of the portfolios of their business using existing financial resources. Hence, this suggests the relevance of *survival strategy* in informal entrepreneurship–finance relationship, which requires a better understanding in order to be addressed. Overall, cognitive behaviours, regulations and social context interact with available opportunities and other physical resources to influence the process of *orchestrating financial gains* for business survival in the informal economy. Broadly, to increase the richness of this research discussion with the literature, the next section evaluates the financing patterns in women, youth and mobile entrepreneurs in the informal economy.

5.3.3 Financing Patterns (Women, Youth and Mobile Entrepreneurs)

Financing patterns among women, youth and mobile entrepreneurs correspond to the literature with modest differences, revealing some interesting practices relevant to their context. Therefore, this study contributes to the literature in the following ways.

Concerning women entrepreneurs, the results show the relevance of the patriarchal system in accessing and using finance for business start-up, growth and survival conforming to work in Bangladesh (Mair and Marti, 2009). They equally correspond to works in South West Nigeria (Olarenwaju and Olabisi, 2012), and even secluded women entrepreneurs in northern Nigeria (Zakaria, 2001), where institutional asymmetry influences their processes of financing tactics. However, the findings illuminate how women entrepreneurs use government finance for home production. They normally send finished goods to GCM for sale via a male entrepreneur, who acts as a representative entrepreneur for the women entrepreneurs at home. Whilst the results also unveil how women entrepreneurs utilise mother's ROSCA, they highlight how this savings intermediation is risky consistent with Ledgerwood et al. (2013).

Moreover, financing patterns correspond to the literature that youth entrepreneurs are excluded financially (Aro-Gordon, 2017), and the risk management practices of mobile entrepreneurs (Evers and Mehmet, 1994) in business start-up and survival. Whilst political finance features prominently among youth groups for business start-up, the analysis suggests that mobile entrepreneurs financing tactics are linked to historical roots and are less concerned with *policy discrepancies* to start, grow and survive. In sum, this study expands the extant literature by demonstrating how institutional asymmetry shapes the access and mobilisation of finance in the informal economy in NW Nigeria women, youth and mobile entrepreneurs. This research also points out how mobile entrepreneurs possess strong financial risk management skills and deep understanding of market conditions.

In summary, asymmetry in the institutional environment, specifically policy discrepancies, sociocultural dispositions, entrepreneurs' behaviours and market activities, influence the financing patterns of informal entrepreneurs' access and mobilisation of financial resources for business start-up, growth and survival. More specifically, it influences different types of informal entrepreneurs and their operating ventures. Indeed, some of the results on the processes and subprocesses of financing tactics corresponds with the literature. However,

and interestingly, this study shows how different informal entrepreneurs rely on informal finance and retained earnings, particularly utilising ROSCA services and trade credits for new ventures, business survival and growth, as advance deposit usage is more common in two business sectors.

As TPs and CGs focus on business growth using more internal finance and the services of formal providers than other groups, the patriarchal system and financial resource constraints force women and youth entrepreneurs, respectively, to invent financing tactics for business formation and survival. Consistent with the literature, the results also highlight the relevance of entrepreneurial context characterised with asymmetries in the institutional environment (Welter et al., 2015). Hence, this accounts for the persistence and expansion of informal economic activities in GCM in NW Nigeria, as well as the need for studies to understand the uniqueness of the interrelationship of each group of informal entrepreneurs with financial resources (Godfrey, 2015; Grimm et al., 2012). This idea is also in line with recent suggestions that understanding access and use of financial services in the informal economy is a promising avenue to addressing problems of informal economy entrepreneurship from a context (ILO, 2018; IMF, 2019; Webb et al., 2013).

The preceding section evaluated the findings on financing tactics of different informal entrepreneurs and their different ventures with existing literature, particularly for business start-up, growth and survival. The next section discusses how this research finding expands the theorisations of the informal economy, enlarges the reach of IT perspective, and contributes to resource orchestration framework.

5.4 Theoretical Discussion

In the literature review sections 2.2.3, 2.3 and 2.8, the theorisations of the informal economy, theoretical context and the conceptual framework highlight the framing of this research, respectively. Accordingly, this part of the thesis evaluates the research findings alongside the theorisations and the conceptual framework to extend theoretical insights. This is done with a particular focus to build theoretical explanations on the tactics that entrepreneurs in the informal economy used to access and mobilise financial resources for business start-up, growth and survival. Thus, this offers a critical analysis of how and why informal entrepreneurs access and mobilise financial resources in the informal economy in the GCM context, as recommended by scholars (Godfrey, 2015, Beck et al., 2015).

5.4.1 Theorisations of the Informal Economy: A Financial Perspective

Four competing theorisations of the informal economy exist (Godfrey, 2011), especially from the perspective of entrepreneurship in the informal economy (Williams and Nadin, 2010). In relation to access and mobilisation of finance, critical evaluation by empirical research of the relevance of these competing theories is lacking. To summarise from the literature reviewed previously in section 2.2.3, these theories include the dualist (modernisation theory), structuralist, poststructuralist and the legalist (the political economy theory, neo-liberal theory and IT) perspectives (Williams and Kedir, 2018b).

First, the dualist focus on arguments that informal economic activity largely occurs as a residual, dilapidated and traditional economic activity (Lewis, 1955). In contrast, the structuralist school stresses on the exploitative role of the formal economy to the subsistence and survival of informal entrepreneurial activity (Portes and Sensenbrenner, 1993). Furthermore, the poststructuralist focuses on sociocultural allegiance as encouraging informality not necessarily only for economic incentives (Biles, 2009). Perhaps more importantly, the legalist draws from the political, economic and sociological perspectives to place emphasis on the constraints of institutional environments as promoting the persistence of informal entrepreneurship (De Soto, 2000; Webb et al., 2009).

Consequently, and consistent with recent research, the integration of these four theoretical perspectives tends to offer broader understandings of informal economy entrepreneurship (Ladan and Williams, 2019) in a poverty-stricken context. Concerning finance, the results suggest that the finance-entrepreneurship relationship in the informal economy is highly intertwined and exists along a continuum, as explained in the literature (Arestis and Stein, 2005; Williams, 2016b). For example, this research analysis reveals that commercial and microfinance banks are harbouring the deposits of informal entrepreneurs, especially TPs and CGs, yet are unable to lend money to these enterprises due to information asymmetries, costs and risks. As a result, these actors draw upon norms, values and understandings to operate in the informal economy, whilst the government introduces financing schemes to ensure their business formation and survival as well as encouraging formalisation.

Yet, arguably, from the empirical analysis of the findings, an institutional perspective of the legalists school links with the sociological viewpoints of Scott (2013). Scott (2013) integrates the ideas of institutional economists and political scientists, as well as anthropologists'

standpoints to postulate the three pillars of institutions. Indeed, these viewpoints clearly appear visible in the competing theorisations of the phenomenon in terms of regulative, normative and cognitive pillars. For example, in the empirical site, the findings reveal finance-entrepreneurship interrelationships among formal regulatory institutions (laws and regulations), and normative and cultural-cognitive systems in relation to access and mobilisations of finance for business start-ups, growth and survival. Interestingly, such financial interrelationships appear visible in all four theorisations of the phenomenon that this study complements and extends in at least three key ways.

First, the research analysis suggests survivalists' operations with finance links *dualism* and *structuralism*, indicating that these are very marginal or marginalised entrepreneurs, typically constrained by their environments and structures and stuck in the informal economy. It indeed advances how such entrepreneurs access and use little financial resources from different informal sources as well as political finance in an urban setting that lacks modern business infrastructure and other formal employment opportunities for business start-up and survival. Second, traditionalists link with *poststructuralist* viewpoints, suggesting that traditionalist entrepreneurs draw on allegiance to historical roots, including social identity to structure finance and increase capital from many informal sources, but conduct financial intermediations among entrepreneurs as well as aggressively pursuing LGSs, mostly for venture survival.

Lastly, TPs and CGs, with other groups, link well with the *legalist's* discussions, suggesting that the absence of symmetry between the formal and informal institutional environments influence the processes of access and use of financial resources regardless of entrepreneur types and ventures (Webb et al., 2009). The results also suggest that despite these asymmetries, these two informal entrepreneurs access and mobilise more different informal finance and internal finance sources, whilst utilising the money transfer services of formal financial institutions than other groups of informal entrepreneurs. This is especially the case for financing business start-up as well as deploying different financial strategies to exploit opportunities for business growth and survival. Hence, this advances the theorisations of informality from the financial perspective. Therefore, the following theoretical discussions elaborate on the theoretical applicability of the research findings.

5.4.2 Access and Use of Finance & Institutional Asymmetry

Extant empirical research in developing economies, where entrepreneurship in the informal economy is a prevalent economic activity, actively focuses on the role of institutional context as influencing the performance of such business activities (Godfrey, 2011; Mair et al., 2012; Sutter et al., 2017), in particular the literature of institutional asymmetry, which suggests that such asymmetry influences the acquisition and leveraging of financial resources in emerging economies (Webb et al., 2013; Williams and Vorley, 2015). The findings of this study increase the reach of the entrepreneurship literature and IT, specifically institutional asymmetry theses in at least two key areas.

First, the literature reviewed indicates formal institutional imperfections leading to institutional asymmetry (see Webb & Ireland, 2015; Webb et al., 2009; Williams et al., 2015), hindering the effective access and uses of financial resources for informal entrepreneurs' business start-up, growth and survival. The research analysis suggests that inefficient institutional reforms make institutional asymmetry a continuous phenomenon. If formal reform is successful by aligning with informal institutions, it can thin the institutional asymmetry. Otherwise, the asymmetry expands. Yet, the literature is consistent with the research results, showing that little attention has been paid to the institutional asymmetry in the design of financial products and services for informal entrepreneurs' businesses in developing economies (Arestis and Stein, 2005; Ngwu, 2015).

Second, whilst institutional incongruence research focuses more on the macro-level perspective of informal economic activity (Fredström et al., 2020), in-depth insights from the micro-perspectives for access and uses financial resources in such economic activity is lacking (Webb et al., 2019). The results suggest that asymmetry exists in the institutional environment, explicitly, on *policy discrepancies, sociocultural dispositions, financing behaviours* and *market interactions*. For example, the existence of asymmetry in financial relationships between formal regulatory settings and financing behaviours brought by religious beliefs as well as financial literacy; where many informal entrepreneurs take risks, decline formal financial incentives and relate with informal financing sources. Consequently, the next section discusses these elements of institutional asymmetry.

5.4.2.1 Elements of Institutional Asymmetry

The influence of institutional arrangements is visible in the three pillars of institutions following the work of Scott (2003). Hence, scholars suggest that a better understanding of informal entrepreneurial activities could be generated if cultural-cognitive elements are incorporated to regulative and normative elements to capture market interactions (Sutter et al., 2017). The following evaluations highlight how this research in the GCM setting expands these elements of institutions, more specifically, institutional asymmetry (see Table 5.1, below).

From the regulative perspective of *policy discrepancies*, the analysis primarily illustrates how informal entrepreneurs act depending on their perceptions of existing regulatory policies and changes in market activities. Indeed, the results advance clarity as to the conceptualisation of institutions in another context by drawing on the ideas from sociological viewpoints (Scott, 2013). For example, rules and their enforcement mechanisms, such as the ineffectiveness of tax systems, regular currency devaluations, inflations, politics and political succession (see McKinnon, 1973; Meagher, 2015; Ngwu, 2015; Webb et al., 2019) presenting challenges to financial contracts and entrepreneurial activities in NW Nigeria.

Although evidence shows that politics possess a strong connection to enterprise finance (Meagher, 2015; Tong et al., 2020), this study illustrates how the politicians interact with regulators (Beck et al., 2006), more specifically, to develop financing schemes, which are intertwined with politics (Venkatesh, 2006) and nepotism that shapes the acquisition and usage of financial resources for business start-up, growth and survival in the informal economy. This study also unveils how and why changes in economic regulations cause uncontrolled inflation rates that affect the prices of goods and services in the market to influence informal actors' decisions (Beck et al., 2011; Hoff and Stiglitz, 1990; Karlan and Morduch, 2009) to convert sales proceeds promptly as a stock of inventories, as well as low patronage of the banking system. Due to these instances, informal actors are forced to draw on norms and shared written rules to access and use finance. As such, there is a need to further understand and address formal institutional imperfections and informal institutions as they affect the financing of small enterprise development in GCM.

Second, this research contributes to theoretical research on the role of norms and their interactions with shared understandings in multiple institutional settings (De Castro et al.,

2014; Mair et al., 2012). This is done through revealing why *sociocultural dispositions* in the form of trust-based collaborations, adherence to Islamic religious requirements (Baydas et al., 1995) and traditional historical practices of the context (Mair and Marti, 2009) act as informal enforcing mechanisms to informal entrepreneurs in terms of access and mobilisation of financial resources. For example, family, friends and cooperatives providing financial support for entrepreneurial activities. Further, the payment of zakat, financial settlements of apprentices, the Islamic religion position on interest rates (Udry, 1990), secluded women at home (Zakari, 2001), money gifts to married women and at childbirth, and the patriarchal system.

Furthermore, there is the historical tradition of saving money, as norms and shared understandings (Collins et al. 2009; Webb et al., 2013). These practices account for the significant use of moneybox, deposit collection, and ROSCA intermediations (Besley et al., 1993; Kedir et al., 2011) – segregated into ‘*Uban*’ (the father) and ‘*Uwar*’ (the mother) ROSCAs. Thus, understanding how and why informal enforcing modalities govern to influence financial transactions in the entrepreneurship process of start-up, growth and survival is desirable and needs full addressing and understanding.

Third, this study extends theoretical research that argues that focusing on regulative and normative elements only advances a limited understanding of informality (Littlewood et al., 2018; Sutter et al., 2017). This investigation suggests why *financing behaviours*, as a cognitive element, such as risks perceptions, financial literacy and perceptions on occurring digital and other modernisations intermingle with the rules of the game (Beck et al., 2011; Hussaini et al., 2018) and norms to affect the business performances of informal entrepreneurs. This is particularly with regard to the influence of formal and Koranic educational systems and financial decisions in keeping records of debt transactions (Tsai, 2004), as well as other such decisions, including risk aversion, peer effects and past entrepreneurial experiences (business age) affecting financial resources management in the informal economy.

Although the participation of union cooperatives helps to cushion the effect of business risks in the informal economy (Fajana, 2008) at both the start-up and survival stages, this research illuminates how and why enterprise associations engage in informal risk management practices, such as providing accident, health and disasters related insurances for business survival. Whilst the theoretical literature stress the influence of financial literacy (Beck et al.,

2011; Hussain et al., 2018), this study extends these theses through unveiling how and why such literacy significantly influences access and use of finance in GCM for informal entrepreneurial activities. For example, the negative perception of formal insurance services for business start-up, growth and survival. Therefore, when explaining finance-entrepreneurship relationships, there is a need to focus on and better understand financing behaviours, as it affects the financial decisions of informal entrepreneurs (Guirking, 2008), which leads to modifying the context influencing them (Greenwood and Suddaby, 2006).

Fourth, *market uncertainties* (Aryeetey and Udry, 1997; Stiglitz and Weiss, 1981) and *complexities in the market* (Beck et al., 2015; Branzei and Abdelnour, 2010) constrained individual behaviours in regulative, normative and cultural-cognitive terms. Therefore, this research extends theoretical research on institutional asymmetry by capturing market interactions in the understanding of institutions and finance (Arestis and Stein, 2005; Mair and Marti, 2009), and in rural context (Hoff and Stiglitz, 1991). For example, by revealing how and why informal entrepreneurs are taking market advantage on products price increases due to currency devaluations for growth. As well, supplies and demand factors (Guirking, 2008), such as shortage of products and services before the filtering of news of products shortage into the market for both business growth and survival. Indeed, recent evidence shows why uncertainties in the market, such as Covid-19, can create confusion and imbalances that affect the financial resources of informal entrepreneurs (Williams and Kayaoglu, 2020).

Overall, and by implication, this study enlarges the conception of an IT perspective in entrepreneurship from another emerging country context (Fredström et al., 2020; Webb et al., 2009). More specifically, how and why institutional asymmetry exists in relation to the financial resources of entrepreneurs in the informal economy, where imperfection in the formal regulations interact with the informal rules of the game. Indeed, by exploring GCM in NW Nigeria, this study advances finely grained delineations of financial resources amidst the institutional environment, especially the institutional asymmetry that captures the interactions of political and sociocultural structures in addition to financing behaviours and market performances influencing access and mobilisation of financial resources in the informal economy. Thus, answering the academicians and policymakers call in the theoretical literature for a better understanding of the financial resources of informal entrepreneurs (Godfrey, 2015; ILO, 2018; Webb et al., 2013; World Bank, 2014). Table 5.1 presents a

summary of the institutional elements influencing access and mobilisation of financial resources in GCM in NW Nigeria.

Table 5. 1: Institutional Elements Influencing IEEs Access and Mobilisation of Financial Resources in GCM in NW Nigeria

Elements of institutions			
Domain	Regulative	Normative	Cultural-Cognitive
Policy Discrepancies	<p>Existing Knowledge: Discuss the influence of regulative rules, laws and sanctions (Scott, 2013), and their imperfections in informal entrepreneurship (Webb et al., 2019; Venkatesh, 2006) and finance (McKinnon, 1973; Meagher, 2015; Ngwu, 2015).</p>	<p>Highlight investment in unproductive assets, such as livestock stocking to preserve the value of monetary assets against regular currency devaluation as well as control spending as norms (Aryeetey and Udry, 1997).</p>	<p>Examine the ineffectiveness of financial and other policies influencing informal entrepreneurs' financial decisions and behaviours in rural areas (Hoff and Stiglitz, 1990), and in general (Karlan and Morduch, 2009; Beck et al., 2011), as well as the influence of politics (Meagher, 2015; Tong et al., 2020).</p>
	<p>Contributions: Expand the influence of discrepancies in economic policy, monetary policy and fiscal policy, including political financing in the GCM context.</p>	<p>Broaden the idea of investment in stock inventories, livestock, farmland, and other unproductive assets to overcome policy discrepancies, including spending as norms for business start-up and survival.</p>	<p>Enlarge and uniquely reveal individual entrepreneurs' attitudes to participate in politics to access finance for business start-up or survival due to political succession and other policy discrepancies, including attitudes to tax payment due to corruption.</p>
Sociocultural Dispositions	<p>Existing Knowledge: Report the influence of Islamic law on interest and use of finance in Egypt (Baydas et al., 1995) and sermons by religious leaders in Bangladesh (Mair and Marti, 2009).</p>	<p>Examine the effect of patriarchal system on the use of resources by micro-entrepreneurs and the role informal finance embedded in social norms (Collins et al. 2009; Webb et al., 2013), especially ROSCAs (Besley et al., 1993; Kedir et al., 2011).</p>	<p>Literature discusses the effects of Islamic Sharia law regarding decisions to use finance (Udry, 1990) and behaviours of secluded women entrepreneurs (Zakari, 2001).</p>
	<p>Contributions: Extend the role of Islamic law position on interest rates in another context and reveal the influence of Cleric sermons on financial transactions.</p>	<p>Broaden and uniquely discusses the role of financial gifts, zakat payment, cooperatives insurance services, as well as provision of start-up capital to apprentice and patriarchal systems in GCM, including participation in ROSCAs as local norms having a local name; <i>Adashe</i>. Moreover, reveal the massive involvement in deposit collection intermediation and use of Moneybox for personal savings.</p>	<p>Uncover attitudes and willingness to accept formal finance, if available among TPs and CGs, and reveal attitudes to employ financial proxies by women entrepreneurs to overcome seclusion. However, reveal individual beliefs to write off bad debts to struggling entrepreneurs encouraged by culture and religion.</p>

Financing Behaviours	<p>Existing Knowledge: Examine the expediency of financial literacy on enterprise performance (Beck et al., 2011; Hussaini et al., 2018).</p> <p>Contributions: Expand the relevance of formal and Koranic educational systems as a basis of compliance.</p>	<p>Discuss poor, record keeping interacts with relational structures as norms (Tsai, 2004).</p> <p>Reveal how religion and trust interact with literacy level to influence behaviours in keeping debt transaction records as a norm.</p>	<p>Examine components of financial decisions in access to finance (Karlan and Morduch, 2009) and the informal economy (Guirking, 2008).</p> <p>Expand these components: risk aversion, loss aversion, dislike borrowing, peer effects, acceptance or rejection of financial modernisations, and past financial experiences in GCM.</p>
Market Uncertainties	<p>Existing Knowledge: Examine the mechanism of market uncertainties on demand, supply and information asymmetries (Aryeetey and Udry, 1997; Stiglitz and Weiss, 1981).</p> <p>Contributions: Enlarge the uncertain effects of weather and other seasonal activities and imperfection of formal and informal information systems on demand and supplies in the market.</p>	<p>Highlight local farming and information sharing as relational and tradition (Udry, 1990, Guirking, 2008).</p> <p>Uniquely uncover the dominance of sales via informal pricing and active hoarding of grains and broaden the role of subsistence farming and community information sharing as norms.</p>	<p>Examine behaviours on local risk management and entrepreneurs' behaviour due to imperfect information in the rural credit market (Hoff and Stiglitz, 1991).</p> <p>Increase comprehension of individual decisions making or indecisions on access and use of finance due to climatic changes and imperfect information in an urban context.</p>
Market Complexities	<p>Existing Knowledge: Discuss the effects of market structures (Beck et al., 2015) and insecurities (Branzei and Abdelnour, 2010).</p> <p>Contributions: Expand discussion on the effects of financial market duality and its infrastructures, including severe insecurity system.</p>	<p>Discuss the historical existence of the informal market before the formal market (McKinnon, 1973, Godfrey, 2015).</p> <p>Enlarge the role of history, religion and tradition on the informal financial system with local market periodicity, including cash exchanges and barter that can result in market complexities.</p>	<p>Examine the coexistence formal and informal markets complexities and their effects on individual behaviours (Guirking, 2008; De Castro, 2014).</p> <p>Broaden such influence on the exhibition of varied individual financing choices and strategies among different types of informal entrepreneurs in GCM.</p>

Thus far, whilst institutional theory (IT) recognises the role of institutional asymmetry in influencing entrepreneurship in the informal economy and financial resources, another theoretical perspective is required to complement the structural display of the entrepreneurial phenomenon in the emerging economy context (Mair and Marti, 2009; Webb et al., 2013), as informal entrepreneurs manage to acquire and mobilise financial resources in the midst of formal institutional discrepancies. Moreover, as noted earlier in the theoretical framework section 2.3, despite unresolved debates on the notion of institutions among economic, sociological and political science scholars (DiMaggio, 1998), this study focuses on the structures influencing agency, in which the agency is a product of the structures (Scott, 2013, p. 95). Hence, there is a need to better understand how individual informal entrepreneurs access and use finance for business start-up, growth and survival.

Given that entrepreneurial processes vary across contexts due to the existence of diverse institutions and individual behaviours (Welter et al., 2015), and unresolved debates on the concept of institutions (Greenwood and Suddaby, 2006), considerations of resource orchestration in a context full of the influence of institutional environments is valuable (Sirmon et al., 2011). For example, in examining entrepreneurship in a resource-constrained context, scholars have drawn upon neo-institutional theory from a sociological perspective, more specifically, voids in institutions with the framework of bricolage (Baker and Nelson, 2005) to bridge knowledge of the entrepreneurship process and institutions (Mair and Marti, 2009). Indeed, the grounded analysis of informal actors in GCM reveals interwoven processes linked to institutional and other contexts. Consequently, the application of RO in this research helps to avoid advancing limited understandings of finance-informal entrepreneurship relationships from a sole focus on institutional structures.

5.4.3 Access and Use of Finance & Resource Orchestration (RO)

In order to advance a better understanding of entrepreneurship in the informal economy, scholars continue to highlight the importance of RBT to capture the ability of informal actors' use of resources (Darbi et al., 2018), particularly financial resources in the informal economy (Godfrey, 2015). More specifically, the application of a RO perspective to address the lack of understanding of how individual business owners manage their financial resources from a different institutional context (Sirmon et al., 2011). Consequently, the results reveal intermingling *IEFS* processes in the research context comprising *financial structuring, capital*

financing, financial leveraging and orchestrating financial gains under the influence of asymmetry in the institutional environments.

These financial strategies of informal entrepreneurs are apparent in the work of Sirmon et al. (2011), notably the resource orchestration framework. This framework was drawn from the integration of resources management and assets orchestration (Helfat et al., 2007; Sirmon et al., 2007) in GCM in NW Nigeria. Although operating without a corporate structure, the management of their financial resources suggests variation in breadth (financial strategies of the informal entrepreneurs), life cycle, and depth (categories of informal entrepreneurs) perspectives (see section 2.3.3, for details on the meaning of breadth (financial strategies), lifecycle and depth). Table 5.2 below highlights the financial resource orchestration in the informal economy in GCM in NW Nigeria, thus making it possible to examine these three perspectives in relation to the aggregated *IEFSs*.

Table 5. 2: Financial Resource Orchestration in the Informal Economy in GCM in NW Nigeria

Components of Resource Orchestration			
IEFS	Breadth	Life cycle	Depth
Financial Structuring	<p>Existing Knowledge: Examine the use of more informal sources as a strategy for venture start-up (Beck et al., 2015; Dlabay, 2015) and occasional availability of LGS with mixed results (Banerjee and Duflo, 2014; Tsai, 2004).</p>	<p>Discuss the role of informal sources and other sources for micro-enterprises at the formation stage in the manufacturing sector (Liedholm, 1989).</p>	<p>Little discussions and differentiation of informal entrepreneurs' typology exist at business start-up (see Grimm et al., 2012; Godfrey, 2011).</p>
	<p>Contributions: Expand discussion to show the financial sources include all the above, but uniquely include the use of political finance and retirement benefits; as well as reveal the different mode of access to personal savings, trade credit, internal diversification and free family labour that comply with local culture, which can vary by age, gender, location and education.</p>	<p>Extend examination to show the role of all finance sources for different categories of informal entrepreneurs in seven business sectors by exclusively revealing that at the growth and mature stages, TPs and CGs finance new start-ups as growth-oriented strategies.</p>	<p>Reveal that financial structuring is common for survivalists at the formation stage and medium for TPs and CGs. The latter entrepreneurs can be active in structuring finance for start-ups in the form of trade credits and diversifications to other informal firms. Largely, this activity is very low among traditionalists.</p>
Capital Financing	<p>Existing Knowledge: Literature discusses the pecking order on small firms' strategies to increase working capital from internal sources (Freel et al., 2012; Myers and Majluf, 1984).</p>	<p>Highlight the development of small and unstable working capital as business operations begin to survive (Liedholm, 1989; Rutherford, 2009).</p>	<p>Little as well as fragmented discussion exists for both formal and informal business owners/managers (Sirmon et al., 2011).</p>
	<p>Contributions: Expand discussion to reveal how and why informal actors build strong credit relationships with suppliers, customers' advance payment, enterprise associations, deposit collectors, opportunist access to LGS finance, and the use of ROSCA with other internal sources for capital development.</p>	<p>Enlarge conversation to show that for informal actors, working capital development is common at start-up, growth, maturity and survival stages, but more pronounced at the start-up and survival stages using more of ROSCAs than other informal finance sources.</p>	<p>Uniquely uncover that capital financing is high for survivalists as well as very high for CGs as they are the most capitally constrained entrepreneurs. Yet, capital financing is medium for TPs but low among Traditionalists as entrepreneurship engagement is linked to social identity and survival.</p>
Financial Leveraging Strategies	<p>Existing Knowledge: Reports and discusses leveraging business strategies, such as opportunity exploitation and use of social resources with finance to grow and survive in</p>	<p>Discuss leveraging is common at growth stages for small enterprises that vary by age, size, sector, gender, location in developing economies (Mead and Liedholm, 1998).</p>	<p>Little discussion and differentiation exist on how business owners/managers leverage resources (Kraaijenbrink et al., 2010).</p>

	<p>the informal economy (Guirkinger, 2008; Webb et al., 2013).</p> <p>Contributions: Extend discussion to show why and how informal actors focus more on using financial resources to exploit opportunities in the market, such as international trade and border trade, through informal currency traders and formal firms. They use bank payment and savings services for business growth, in which graduation to formal entrepreneurs is very likely if bank loans are available. Indeed, strong competitions exist in this process.</p>	<p>Confirm the above leveraging discussion is common at growth and maturity stages but highlights how it occurs through cost, debt, sub-contracting, human resources and border trading management techniques as indigenous and historical economic innovations.</p>	<p>Unveil that financial leveraging for growth is high for TPs and CGs because of their financial resources advantage and business experience, respectively, whilst low for Traditionalists and Survivalists.</p>
<p>Orchestrating Financial Gains</p>	<p>Existing Knowledge: Examine the use of working capital and profit for survival and growth, through investing in unproductive and value-yielding assets (Aryeetey & Udry, 1997), which indicates the relevance of intertemporal choices (Lempert and Phelps, 2016).</p> <p>Contributions: Expand theoretical discussion to highlight business strategies with finance include investment in capital and earnings to survive and possibly grow. That is, either to increase working capital or to store capital for unforeseen business circumstances. Alternatively, these strategies to invest in wealth creation.</p>	<p>Discuss the use of working capital for survival in the early stage of small firm existence (Mead and Liedholm, 1998).</p> <p>Broaden discussion to capture the use of working capital, in addition, to profit earnings from start-up to decline stages for informal entrepreneurs across seven business sectors, highlighting investment in agriculturally related activities for survival.</p>	<p>Little knowledge exists on how business owners/managers oversee and manage resources, such as capital and revenues to survive and grow (Sirmon et al., 2011).</p> <p>Uncover how and why orchestrating financial gains is high for TPs and CGs to overcome constraints in both the external and internal environments, as well as low among Traditionalists and Survivalists because of their low financial advantage.</p>

5.4.3.1 Financial Resources Management and Orchestration

Financial resources management and orchestration help to address and understand financial resources in the informal economy in a complex institutional context (see Sirmon et al., 2011). Subsequently, to answer the call of entrepreneurship and strategy scholars for a more fine-grained delineation of resources in the informal economy (Darbi et al., 2018; Godfrey, 2015), the following discussions highlight how this research in the GCM setting expands resource orchestration in the asymmetric institutional context.

Financial structuring: the process of *financial structuring* in the informal economy varies by breadth, life cycle and depth even without formal corporate structures. However, this process is high and prominent among survivalists and low with traditionalists. Consistent with the literature, this study unveils how and why the process begins by acquiring finance from informal financial sources, such as *personal savings* (self and families) (Beck et al., 2015; Dlabay, 2015). It also illustrates how the intensive use of moneybox to save for start-up appears unique in GCM, as banks do not finance start-up in the informal economy.

Still, the findings reveal rapid *internal diversification* to ensure the stability of little start-up capital. Borrowings for start-ups without an interest element also features widely. As well, different local financial strategies for cost management, employee expenses, and competitions to attract customers and increase sales are common features at the start-up stage, thus conforming to the theory of intertemporal choices as explained earlier in section 2.6.1 (Aryeetey and Udry, 1997; Lempert and Phelps, 2016). It is therefore worthwhile to understand these structuring processes to fully appreciate not only the operating ability of different types of informal entrepreneurs but also to capture their financial strategies at the start-up stage.

Additionally, the analysis demonstrates TPs and CGs entrepreneurs providing trade credits with little or no increase in goods/services price for business start-ups. They also finance workers with a long period of years of service to start a venture in GCM. In line with the literature, this study points out how and why TPs and CGs possess the ability to manage financial resources with unregistered status (Grimm et al., 2012). At the matured stage, this study contributes to the theoretical literature by explaining how these groups tend to finance new start-ups as a strategy for growth but in numbers not in size, which tends to increase the number of start-ups in the informal economy. This idea conforms to finance growth theorists

that suggest small firms prefer to remain small due to weaknesses in the institutional environment (Beck and Demircuc-Kunt, 2006).

Moreover, the analysis also displays sporadic government finance for business start-ups. Consistent with the literature (Banerjee and Duflo, 2014; Tsai, 2004), these programmes help to increase business start-up numbers (Cowling, 2010). However, the results also highlight why the success of such programmes is bedevilled, with very low loan repayments questioning their sustainability in developing economies (World Bank, 2014). Importantly, the research findings suggest that the role of TPs and CGs in the *financial structuring* process in the early stage of informal entrepreneurs' businesses needs to be understood fully and harnessed in government financing schemes, as they have an advantage in market information.

Capital Financing: this research shows why the *capital financing* process represents the bundling of financial resources to ensure business survival and growth since formal finance is not readily available. Although the literature discusses deposit and advance payments as small and unstable (Liedholm, 1989, Rutherford, 2009), their mode of operation appears different in GCM due to influences from sociocultural factors, such as religion and local traditions. Moreover, the literature highlights the utilisation of internal earnings for ROSCA intermediations reminiscent of pecking order theory (see De Jong et al., 2011; Myers and Majluf, 1984). However, the active saving practice into different types of moneybox and use of ROSCAs services to increase working capital, as well as local insurance funds are different in GCM.

Indeed, previous literature validates that ROSCAs tend to exist with different purposes in different forms worldwide (Bouman, 1995). This study also extends work on ROSCA (Besley et al., 1993; Kedir et al., 2011; Rutherford, 2009) to reveal how and why the *capital structuring* process is mostly to stabilise working capital to survive and grow. It suggests that the capital financing process is high among survivalists and CGs but medium with TPs. Although survivalists need finance for survival purposes, the results also indicate that CGs face financial constraints for growth due to competition in the market. Hence, this suggests that financial constraints for the capital-building process is high for CGs and survivalists, and this needs to be clearly understood and addressed in both academia and practice.

Financial Leveraging: although the literature captures the business strategies with financial resources (Guirkinger, 2008; Webb et al., 2013), the analysis of financial leveraging strategies demonstrates the integration of market opportunities, traditions, religion and complex human behaviours with available financial resources to facilitate business growth. Indeed, the discovery of these activities adds to the thinking that TPs and CGs are informal entrepreneurs with great business potentialities (Grimm et al., 2012). This study also shows how and why TPs and CGs are the main patronisers of bank deposit and money transfer services. They combine informal finance and relate with formal firms on financial transactions and even execute financial contracts, and the graduation to formal firms is very likely if formal loans are available.

However, the analysis also suggests that some TPs and CGs are discouraged from seeking loans due to the low quality of formal financial services, such as banking failures and erratic networks, which is consistent with the work of Freel et al. (2012). Thus, this also conforms to financial services theory (see Arestis and Stein, 2005), indicating that the efficiency of financial services and banks matter as well, to facilitate the growth and development of entrepreneurship. Hence, understanding the leveraging processes and developing the capacity of banking systems and their financial products and services is critical for entrepreneurship.

Orchestrating Financial Gains: the results suggest *orchestrating financial gains* process that represents the financial assets orchestration (Sirmon et al., 2011), which is high among TPs and CGs, respectively but low among other groups. The findings reveal that this process occurs mostly between the growth and survival stages. Investment in both yielding and unproductive assets feature in the work of Aryeetey & Udry (1997). However, in the GCM context, the availability of opportunities such as fertile land, free-grazing land and property regulation by traditional elites, tend to make participation in local property investments easy in the urban location. The results suggest that such leaders, since prehistoric times, regulate commercial land and property dealings. Hence, there is a definite need to understand why and how informal entrepreneurs orchestrate their financial profit to address finance-informal entrepreneurship relationships.

In general, and regarding all the processes mentioned above, the analysis suggests that in terms of depth, how traditionalists access and use finance for business start-up and growth is

low compared to other entrepreneurs. For example, local blacksmiths and herbs-selling businesses are capital intensive requiring specialised training, which most traditionalists inherited and learned from their ancestors. Moreover, despite traditionalists being good in facilitating informal financial activities, their acquisition and use of financial resources conform to the theoretical analysis of the poststructuralist school. Scholars in this school argue that this group of informal entrepreneurs engage in informal economic activity to promote social identity as well as business survival (Biles, 2009; Portes and Sensenbrenner, 1993). It is pertinent to understand their social uniqueness in the process of financial resource management to address their financial constraints to promote entrepreneurship in GCM.

In sum, contrary to the view of economic development theorists regarding the overtime absorption of informal actors into the formal economy (Lewis, 1955; La Porta and Shleifer, 2008), the institutional arrangements made possible the process seen in exploring financial resources in GCM in NW Nigeria. Altogether, this research reveals how and why they exist through the intermingling of collaborations, competitions and nonconformities to formal rules. Whilst the findings suggest that TPs and CGs are active with finance (Grimm et al., 2012), the exhibition of wide-ranging financing behaviours among all the informal entrepreneurs in the complex market was made possible by the asymmetry in institutional environments.

Thus far, this grounded theory research in NW Nigeria (Gioia et al., 2013) highlights the community-based interactions in GCM to generate new knowledge (Elder-Vass, 2012) concerning the access and mobilisation of financial resources for business start-up, growth and survival of informal economy entrepreneurs. Indeed, through an evaluation of the extant literature, it discusses and enlarges the literature of entrepreneurship in the informal economy as well as two important organisational theories in management literature from the GCM setting in NW Nigeria, as recommended (Godfrey, 2015; Ketchen et al., 2014). The next section reviews the conceptual framework.

5.4.4 Review of Conceptual Framework

The outcome of the research findings fundamentally supports the conceptual framework generated following the literature review (see section 2.8). This assumes that entrepreneurs in the informal economy access financial resources for business start-up, and mobilise financial resources for growth and survival of their businesses (Darbi et al., 2018; Godfrey, 2015; Grimm et al., 2012; Meagher, 2015; Scott, 2013; Sirmon et al., 2011; Webb et al., 2013;

Webb et al., 2009; Williams et al., 2015). In addition, this assumption can best be explained and understood via institutional asymmetry and resources orchestration perspectives, respectively grounded in IT and RBT.

However, the findings reflect that access and use of financial resources in the informal economy appears deeply embedded in norms, values, and shared beliefs despite the consequences of political and economic interactions. The results also uncover the influence of seasonal climatic conditions, acute insecurities and histories. Although some of the results resonate with empirical research illuminating the conception of institutional asymmetry in developing economies (De Castro et al., 2014; Fredström et al., 2020; Mair and Marti, 2009; Williams et al., 2015), in terms of the financial resources management process, significant differences exist. The focus thus on exploring financial resources in the informal economy has implications for the literature.

First, the finding suggests that under the influence of institutional asymmetry, informal entrepreneurs' practices of access and use of financial resources for business start-up and growth and survival significantly vary by type of informal entrepreneur, the life cycle and breadth (financial strategies of informal entrepreneurs). Previous literature examining developing countries hint at the breadth and life cycle pattern in terms of the evolution of finance from informal to formal finance (Liedholm, 1989; Nissanke, 2001). Whilst the research findings conform to the literature, the category of TPs, CGs, traditionalists and survivalist entrepreneurs, in addition to seasonal weather variations and insecurities, unveils differences in practice in the operating context. Indeed, these actors and their local practices should be given important consideration, especially in relation to the provision of financial resources as an intervention mechanism to understand the informal economy.

Second, the theoretical evaluation of institutional asymmetry and RO suggests their strong viabilities as an integrated future framework to understand access and mobilisation of financial resources from the context of developing economies. The evidence indeed strongly suggests the relevance of institutional perspective as well as its complementation with the RBT viewpoint to better understand and address the problems in the informal economy (Darbi et al., 2018; Godfrey, 2015). Besides broadening the concept of institutional asymmetry, the application of RO in this research allows it to extend insights regarding the understanding of strategies of different levels of informal entrepreneurs, as business owners/managers, with

financial resources in another context. By this extension, and consistent with Barney and Arikan (2001), this research contributes to an area where RBT undergoes heavy criticism and is considered underdeveloped (Kraaijenbrink et al., 2010; Sirmon et al., 2011, Sirmon et al., 2007).

Consequently, the process model diagram depicted in section 4.1 Figure 4.13, derived from the grounded data analysis, supports the basic assumptions of this PhD research. Hence, the consideration of understanding access and use of finance as another important way to tackle the informal entrepreneurial phenomenon, as recommended in making progress on the financial constraints and gaps for informal entrepreneurs in Africa (Beck and Cull, 2013; IMF, 2019).

5.5 Improvement of Financial Constraints for Informal Entrepreneurs

Although the conceptual framework review suggests practices deeply embedded inside institutional asymmetries, the literature also stresses that policymakers in the research context have paid little attention to institutional asymmetry in financing small enterprise development (Ngwu, 2015), as well as the operating model of informal entrepreneurs' businesses use of finance (Meagher, 2015). Years of economic reforms, such as the likes of financial repression, interventions, liberalisations, financial inclusion, and other related institutional reforms in sub-Saharan Africa are still facing challenges (see World Bank, 2014; Quartey et al., 2017). This is especially so regarding challenges in developing suitable financial products and services that align with the needs and diversities of informal enterprises, principally to overcome their financial constraints, which hinder their potential to formalise as registered SMEs, and then foster economic growth.

Improvement is being made in the financial landscape of sub-Saharan Africa for small business finance (Beck and Cull, 2013). Nevertheless, institutional environments, geographic barriers, small scale, unstable financial resources, and the unregistered operation of informal entrepreneurs' businesses still present development challenges to academicians and practitioners (Bruton et al., 2011; Webb et al., 2019). Hence, the development of IAFT guidance in the informal economy. This useful guidance generated from the empirical analysis of data recognises the institutions of the research context. It also acknowledges the internal ways of operations of informal entrepreneurs' businesses in terms of start-up, growth and survival with financial resources, especially for understanding, designing, formulating and

implementing financial sector reforms for unregistered small business finance in the informal economy. Moreover, from the guidance, this research suggests possible financial products and services for practitioners operating in the financial industry.

5.5.1 Development of the IAFT Guidance

The development of IAFT guidance in the informal economy consists of two guidance derived from the content of the research findings. Flexibly, the first covers guidance for academics and practitioners trying to understand and develop insights on the access and use of financial resources in the informal economy. Besides, the second guidance highlights suggested financial products and services, which can promote interlinkages between formal and informal financial institutions. It can thus increase the use of services of formal financial institutions by entrepreneurs in the informal economy for business start-up, growth and survival.

5.5.1.1 IAFT Guidance for Academics

In line with the content of the empirical data as outlined in the data structure, this research develops the following messages for academicians and practitioners to understand and address problems of access and mobilisation of financial resources in the informal economy in NW Nigeria, and related contexts, as suggested by scholars in qualitative research (Gioia et al., 2013; Yin, 2017). Indeed, this guidance underlines the importance of an institutional approach from the sociological perspective (Scott, 2013), the resource orchestration approach (Sirmon et al., 2011) in the entrepreneurial context of emerging economies (Webb et al., 2013).

Institutional transformations and asymmetries: the literature with the research results in GCM stress that transformations, such as economic and financial sector reforms as well as government provision of subsidised credit, are yet to advance the much needed sustainable small business finance in the informal economy in sub-Saharan Africa (Beck et al., 2011; Meagher, 2015). Consequently, to address these interrelated institutional challenges, this research advances the following guidance based on the influence of the institutional environment, especially the influence of institutional asymmetries on access and use of financial resources by informal entrepreneurs.

First, *inconsistent policy reforms* aligns with the literature that formal institutional imperfection, such as voids, weaknesses, instabilities and inefficiencies account for the

persistence of informality (Webb & Ireland, 2015). Indeed, the existing entrepreneurship literature has researched these institutional imperfections, more specifically, institutional voids (Mair et al., 2012; Webb et al., 2019). Despite advancing valuable insights, drawn from the regulatory pillar (Scott, 2013), this study argues that asymmetries in formal and informal regulatory frameworks account for multi-faceted factors affecting finance-entrepreneurship relationships in NW Nigeria. For example, results in this study reveal discrepancies inside laws, enforcement mechanisms, monetary policy, and fiscal policy schemes. They should be clearly understood and always addressed to capture informal economic activity since it constitutes more than 40 per cent of Nigerian GDP (National Bureau of Statistics, 2016a) (see appendix 5).

Moreover, political meddling, corruption, inharmonious tax systems, and unsustainable financing programmes, such as LGS and microfinance, need to be addressed, as shown in the empirical data. This is especially so regarding the lack of existence of a robust financial system capable of promoting qualitative access and mobilisation of financial resources in the informal economy. Indeed, evidence clearly supports that effective bank supervisions in small business finance matters (Beck et al., 2006). This study also argues that understanding and formalising TPs and CGs, as the dominant players and consumers in the informal financial market, and developing ways to their access to formal savings, credit and insurance services possesses strong potential. The research results also show that these actors have a financial information advantage; they are also good at handling loan management and defaults. They should be understood and identified carefully and be actively involved in the setup of local credit reference agencies.

Consequently, these suggestions indicate the relevance of the imperfect information paradigm on the importance of understanding and adopting the law and finance as well as the market-based approach in the distribution of finance for entrepreneurship development (Arestis and Stein, 2005). Yet, understanding and addressing these regulatory asymmetries tends to resolve only one of the causes of ailing small enterprise finance and development in the informal economy.

Second, policy reforms need to be designed and implemented with a strong consideration of informal institutions' influences on informal entrepreneurs' access and use of finance for business start-up, growth and survival, which is theorised as *sociocultural dispositions*. Indeed,

notable institutional theorists stress that normative structures constrain social actors' behaviours (North, 1990; Scott, 2013). Thus, the empirical analysis strongly suggests that the recently introduced Islamic banking services in Nigeria, although encouraging, remains insufficient to promote a comprehensive financial inclusion, especially to reduce existing wide regional variations in access to finance in Nigeria (Central Bank of Nigeria, 2017).

Whilst these need addressing, norms, values, and shared understandings deeply embedded in the access and mobilisation of financial resources should be clearly understood and interlinked appropriately (Sutter et al., 2017) with the formal financial services delivery and deepening (Beck and Cull, 2013). Consequently, this research argues that the use of traditional elites, although encouraging, also needs to be better understood and streamlined for the development of robust financial intermediations. So far, the guidance suggested tends to address the two symptoms identified in financing entrepreneurs in the informal economy.

Third, a deep understanding of *financing behaviours* entails the *ability* to read and understand the psychological behaviours of informal enterprises with financial resources, as influenced by asymmetries in regulative and normative contexts; even though it is challenging. Drawing on the cultural-cognitive element (Scott, 2013), this study argues that risk perceptions, financial literacy and modernisation interacts with other institutional contexts to shape the access and use of financial resources. Indeed, as an underdeveloped area in behavioural economics, evidence suggests that further research is needed on the financial behaviours of small enterprises in developing economies (Karlan et al., 2014; Karlan and Morduch, 2009).

However, this study suggests that there is promise in understanding how to collaborate with TPs, CGs and enterprise association leaders, which finance other informal entrepreneurs business start-up and survival, for improving financial orientation and literacy as well as understanding how to establish local credit reference agencies. To this point, only three problems, namely problems associated with regulative, normative and cognitive systems, were identified and needed understanding and addressing.

Fourth, *market interactions in the condition of uncertainties and complexities* that, if not well-understood, can render the above guidance chaotic in emerging economies (see McKinnon, 1973). Hence, the need to better understand market infrastructure and functioning in developing economies with institutional asymmetry (Mair and Marti, 2009, Williams and

Vorley, 2015), as they shape informal entrepreneurs' access to finance for venture creation, growth and survival. Although the results unveil seasonal variations, imperfect information, financial market duality and insecurities, this study first argues that more understanding of financial linkages is required, as recommended by scholars (Beck and Cull, 2013).

Despite the existence of appreciable progress by regulators in this context, improving internet connectivity and the integrative use of informal agents and traditional leadership structures with information technology also has potential. These measures could not only massively improve and increase credit and insurance transaction consumption, they also have the potential to reduce the impact of financial market duality (Guirkinger, 2008). Further, they can potentially reduce the inherent transaction costs, moral hazard and adverse selection faced by formal lenders (Stiglitz and Weiss, 1981). Hence, this strongly suggests the relevance of bank-based and market-based approaches to addressing financial issues in the market, where informal entrepreneurs operate.

Furthermore, the empirical data strongly suggests that the variation in seasonal rainfall and even climate change strongly determines the available financial resources in the market. Therefore, in developing financial relationships with informal entrepreneurs, there is a need to understand this natural condition in the distribution of financial resources. Despite challenges in developing insurance in agrarian economies (Karlan and Morduch, 2009), this consideration has the potential to develop the insurance market that is lacking in the context. Lastly, although evidence suggests that entrepreneurs show resilience in an area characterised with security concerns (Branzei and Abdelnour, 2010), this study also suggests that security is paramount to the stability of the financial resources of entrepreneurs in the informal economy in NW Nigeria. This needs to be understood and fully addressed.

Resource Orchestration and IEFs: the uniqueness of the empirical findings lies in the revelation of the financial tactics of different entrepreneurs in their operating contexts for business start-ups, growth and survival. Although empirical literature discusses MSMEs financial evolution with little or no theoretical underpinning, this study draws from Sirmon et al. (2011) to argue that informal entrepreneurs' access and use of financial resources vary in breadth, life cycle and categories of informal entrepreneurs as discussed previously. Therefore, the *IEFs* processes observed in the financial tactics, which intermingle with institutional asymmetries need to be understood fully. They also need to be considered

flexibly in the design and implementation of the provision of financial resources in order to understand and tackle challenges in financing informal entrepreneurship. In particular, the business life cycle and category of informal entrepreneurs should be given critical consideration in the provision of finance in the informal economy.

Overall, the above guidance suggests that a comprehensive approach that captures the different fragments of institutional environment, political, sociocultural, behavioural and market domains, as well as processes involved in financial resources management, is required. More specifically, the adoption of the lens of institutional theory (Scott, 2013) and resource orchestration framework (Sirmon et al., 2011) to advance the IAFT guidance to better understand the financial resources of informal entrepreneurs from an impoverished context. Hence, this answer scholarly calls for an integrative and consistent approach to studying entrepreneurship in impoverished settings (Sutter et al., 2019).

5.5.1.2 IAFT Guidance for Practitioners

The following suggestions focus on formal financial institutions and other practitioners in the research context. Indeed, consistent with the literature (Bouman, 1995; Rutherford, 2009), the empirical data suggests the existence of local financial arrangements, such as ROSCA, moneybox and deposit collection services prior to the amalgamation of the northern and southern protectorates to form Nigeria. It is imperative for formal financial institutions to develop financial products and services along this line to align with their informal institutional arrangements.

Consequently, and first, this empirical study argues for the development of formal ROSCA packages by the banks for informal entrepreneurs. That is fee-based savings and credit transactions with rotational modality reminiscent of the way ROSCA operates flexibly. In addition, this study also argues that the current selection of agents for deposit collection services, and not the real deposit collectors, remains problematic. The real deposit collectors saw every day in the market that their operations needed to be clearly understood and be the target of formal financial institutions. Indeed, fee sharing as well as incentives for pooling large deposits have the potential to increase savings levels, credit transactions and insurance services uptake.

Second, drawing on Scott's (2013) work on cognitive and normative structures, this study argues that the continuous introduction of Financial Technology (Fintech) needs to be conducted in conjunction with traditional leaders if it is to enjoy wider acceptability and use among informal entrepreneurs. For example, the success recorded by WHO polio eradication in northern Nigeria was through this medium (Foreign Policy, August 19, 2019). However, mobile banking is gaining acceptability, yet significant numbers of informal entrepreneurs are not using it based on the empirical data citing fear of trust and reliability. Transactional disputes, excess fees and other charges are still challenging for the small-sized operation of informal entrepreneurs according to the interviewees. Therefore, since society sees traditional leaders as important figures, their role should be utilised whilst digital innovation services should be improved efficiently, including the introduction of a credit platform.

Whilst the academic guidance captures the concept of institutional asymmetry grounded in the empirical data, the practitioner guidance discusses the processes in IEFs found in the empirical case. No doubt, research suggests that developing effective institutions is a long-term project in finance for entrepreneurship development in developing economies (Beck and Demirguc-Kunt, 2006). However, this research argues that a prompt, committed and prudent reduction of institutional asymmetry as well as a focus on the interaction of financial strategies, business life cycles and the category of informal entrepreneurs holds promise for the financial resources of entrepreneurs in the informal economy.

5.6 Chapter Summary

This Chapter has evaluated and differentiated the empirical findings with the extant literature through the research objectives aligned with research questions. Importantly, some of the findings resonate with the literature. Other unique findings show access and mobilisation for business start-up, growth and survival practices remain deeply embedded in the local institutional arrangements. Indeed, the processes for business start-up and survival features in all the groups of informal entrepreneurs in GCM in NW Nigeria. However, such processes for business growth are common, mostly among TPs and CGs, where business competition subsists. The entire process of financial resources management also varies significantly by stage of business development and categories of such entrepreneurs. Despite the existence of unique practices, scholars have linked access and use of financial resources as facilitating the persistence and existence of the informal economy, but a finer-grained analysis is lacking

(Darbi et al., 2018; Godfrey, 2015; Webb et al., 2013). Hence the need for the advancement of such nuanced and finer-grained understandings in the literature.

Theoretically, the significance of institutional asymmetry and RO perspectives were evaluated and established and linked with the conceptual framework. Indeed, the adequacy of these perspectives in IT and RBT to explain this phenomenon following the work of Scott (2013) and Sirmon et al. (2011) resonate with the process model derived from the empirical data (see Figure 4.13). This discussion permits this study to develop the IAFT guidance for handling access and mobilisation of financial resources of entrepreneurs in the informal economy in NW Nigeria.

Chapter 6 Conclusions and Limitations

6.1 Introduction

This Chapter advances a summary of the entire thesis. It first highlights the research conclusions and results in how this study addresses the research questions aligned with the research objectives and aims. It then provides the key thesis contributions to the empirical and theoretical literature of entrepreneurship and financial strategy in a developing economy context. The subsequent section discusses the research implications for practice. The Chapter concludes by underlining the study limitations and suggestions for future studies.

6.2 Research Conclusion

For decades, different academic disciplines and policymakers have considered the informal economy as an important area of study in view of its impact on the performance of global employment and economic activities (Portes et al., 1989, De Soto, 1989). However, differences in definition, prevalence and theorisations of the phenomenon still exist in the literature. However, the informal economy remains large, particularly in sub-Saharan Africa, accounting for more than 85 per cent of employment (ILO, 2018) and more than 40 per cent of GDP in Nigeria (National Bureau of Statistics, 2016a). Although there are substantial studies from the field of economics, management, sociology, geography and political science, a limited understanding exists regarding how informal economy entrepreneurs access and mobilise financial resources. Various efforts in the literature to capture the nuances of these practices face generalisation difficulties due to institutional variations from one context to another.

From the management field that accentuates the positive effect of the informal economy (London and Hart, 2004; Webb et al., 2009), such as the incubation of new enterprises and poverty alleviation (London et al., 2014), this research focuses on exploring the financial resources of entrepreneurs in the informal economy in NW Nigeria. There is a particular emphasis from the entrepreneurship viewpoint, which plays a dominant role in such studies from an institutional perspective. Despite valuable insights from the institutional perspective, a more fine-grained delineation of resources of the informal economy is lacking – specifically, the financial resources that determine business formation, growth and survival in the informal economy. Indeed, the extant literature explicitly shows that the development of financial products and services for entrepreneurs in the informal economy remains an uphill

task. Globally, over 90 per cent of these entrepreneurs still do not access and use financial resources from formal providers (Farazi, 2014). This raises the main question: *how do they access and mobilise such resources in NW Nigeria for their business start-up, growth and survival?*

Consequently, this study reviews the literature of access for the business start-up as well as mobilisation for business growth and survival. The outcome of such a review indicated that a contextual understanding of the access and use of financial services is required, as one of the best mechanisms to understand the informal economy via access to financial resources. However, institutionally complex context and limited understanding of the processes with financial resources of informal actors still hinders advancing a comprehensive understanding in the literature. Hence, the focus on access and mobilisation of financial resources by entrepreneurs in the informal economy in the NW geographical region of Nigeria. Further, this study adopts the theoretical framework of IT and RBT perspectives, especially the institutional asymmetry and RO perspectives, respectively, to inform the study.

With a relevant and underexplored context as well as available substantive areas, such as informal economy entrepreneurship and financial resources, and the theoretical framework, the methodology was configured. Choosing the moderate constructionist philosophical assumptions, a qualitative approach that aligned with the research question of '*how*' was considered. As a result, this investigation adopted an exploratory and inductive approach following a grounded theory, case study strategies. The study used semi-structured interviews to conduct 56 interviews with informal entrepreneurs as well as with 14 non-entrepreneurs that maintained relationships with such entrepreneurs, in the research setting, GCM, for almost three months.

Simultaneously, to increase richness and insights into the information generating processes, about 60 hours of observations were generated. The entire process of data gathering was strategically iterative. This approach enabled the researcher to conduct manual analysis, constant comparison and data collection using field notes and recording devices, in which subsequent interviews developed rich insights and results of the previous data to achieve data saturation. This process was followed by the formal transcription and analysis of the data using NVivo Pro 12 software, which aided the development of data structure to create the process model of financial resources in the informal economy.

This process model permitted the description and explanation of the research findings, in particular the resulting aggregated concepts of *institutional environment* and *IEFSs* from the grounded data analysis. This model also portrayed how the *institutional environment*, more specifically, institutional asymmetry influenced the four processes of *IEFSs* in the informal economy, namely: financial structuring, capital financing, financial leveraging and orchestrating financial gains. Indeed, the findings established the significance of these concepts on the four categories of informal entrepreneurs for their business start-up, growth and survival.

Thus, this research conducted discussions with existing ideas and theories, serving to enrich the entrepreneurship and strategy literature in the field of management on finance access and usage in the informal economy. Whilst some the findings resonate with the existing literature; others unveil modest differences that indicated the influence of the operating context in the form of diverse institutions and processes in accessing and mobilising financial resources for business start-up, growth and survival. Concisely, this study extends the conceptualisation of institutional asymmetry in another context by uniquely highlighting diverse financing behaviours and markets in addition to discrepancies in regulations and allegiance to social context.

Furthermore, this research advanced insights and finer-grained delineation of financing tactics and patterns of entrepreneurs in the informal economy for starting, growing and surviving in their businesses. Theoretically, it also enlarged RBT via RO framework (Sirmon et al., 2011) to accommodate the different categories of informal entrepreneurs' processes of financial resources acquisition and usage from another context. Thus, this resulted in the development of IAFT guidance, as a promising guide to understand and tackle the challenges of access and use of financial resources by entrepreneurs in the informal economy. Consequently, the next section provides a summary of how the research questions aligning with the research objectives were answered.

6.3 Research Results

Research question 1: How do entrepreneurs in the informal economy access financial resources to start their ventures?

Under the influence of institutional environments, especially institutional asymmetry, this study discovered that venture types, types of informal entrepreneurs and financial strategies

account for the significant differences in finance access for business start-up. For example, women entrepreneurs sourcing for start-up finance through gifts via wedding and baby naming ceremonies as norms and beliefs. First, the construct of *financial structuring* suggests that the *breadth* element unveils the financial strategies that show how these entrepreneurs access financial resources for business start-ups that vary by the operating business sector. They are mostly informal finance sources and personal savings existing in different forms and tend to be complemented by free family labour and minimal financial competition. Second, in terms of the *life cycle* and *depth* elements, this *structuring* construct, common at the start-up stage, suggests that it is high for survivalists, medium for top-performing (TP) and constrained gazelle (CG) entrepreneurs but low for traditionalist entrepreneurs. This construct also reveals, at the matured stage, that TPs and CGs are financing new informal firms for business start-up for their business survival and growth in GCM in NW Nigeria; thus, highlighting the importance of context to understand more about entrepreneurship (Welter et al., 2015).

Research question 2: How do entrepreneurs in the informal economy mobilise financial resources for growth?

This study discovered that mobilisation for growth is mostly within the two groups of informal entrepreneurs, TPs and CGs as influenced by institutional asymmetries. Indeed, the construct of *capital financing* and *financial leveraging* appear high with the element of competition, as being influenced by institutional asymmetry. In order to increase an understanding of informality, the research suggests a more focus on these actors, as they have the potential to create financial dissemination and trickle effects to other informal entrepreneur types. For example, the *breadth* element suggests that in addition to participation in informal finance and the use of retained earnings, these actors use bank payments and transfer services to facilitate business growth. They also enjoy trade credit facilities from formal firms and even engage in border trading activity via the use of informal currency trading services. Furthermore, seasonal changes and persistent security concerns (Branzei and Abdelnour, 2010), as conceptual constructs, appear less discussed in the entrepreneurship literature. Indeed, the constructs of *market uncertainties* and *complexities*, such as insecurities, financial market duality and shocks on demand and supply, sporadically create opportunities or threats for growth among TPs and CGs, and sometimes even survivalists.

Research Question 3: How are financial resources mobilised by informal economy entrepreneurs for the survival of their ventures?

The study found that mobilisation for survival is common to all categories of such entrepreneurs but more pronounced at the business formation and decline stages. The results suggest that financing tactics to ensure the survival of informal firms is collaborative. Indeed, informal entrepreneurs experiencing survival threats enjoy concessions in informal financial intermediations, such as ROSCAs and interest-free loans from their enterprise associations. Asymmetry in the *institutional environment*, especially *financing behaviour* and *market interactions* as well as sound *orchestration of financial gains* constructs, significantly influence business survival.

Research Question 4: How do these processes vary between different types of informal economy entrepreneurs and ventures?

Critical analysis requires the evaluation and contrasting of findings with existing theories. Therefore, the findings here confirm the adequacy of the integrated theoretical framework of IT and RBT perspectives to explain the interrelationships between informal entrepreneurs and financial resources in the informal economy. Whilst for the *institutional environment*, more specifically, asymmetry explains the structures influencing the processes of access and mobilisation of financial resources, RO explains the deep processes involved in such business performance tasks of start-up, growth and survival. Thus, this allows the research to advance variations in terms of breadth (scope of informal ventures), business life cycle and depth (types of informal entrepreneurs) with financial resources under the influence of institutional incongruence. From the MSMEs perspective, existing literature highlights breadth and lifecycle (Liedholm, 1989; Mead and Liedholm, 1998) from a different view; however, this research offers deep insights and finer-grained analysis inclusive of the deep processes via application of two organisational theories.

Research Question 5: What role do formal and informal financial service providers play in these processes?

In the agriculture, transport, trade and manufacturing business sectors, this study found that government finances interlinked with politics to finance business start-up and survival. The results also suggest the relevance of retirement benefits and trade credits from formal companies for business start-up and growth. Besides, informal finance sources and retained

earnings, mostly using moneybox, ROSCAs, deposit collector/moneylending services, customers' advance deposits and trade credits, remain the main financial services access and use for business start-up, growth and survival. Banks and microfinance institutions mostly relate with such entrepreneurs on a transactional basis for deposit and money transfer but not in credit relationship, which conforms to recent research findings in the informal sector in Ghana – a related context (Turkson et al., 2020). Thus, the next section provides a summary of the research contributions.

6.4 Research Contributions

This PhD thesis has contributed to the literature of management, particularly entrepreneurship literature, through identifying the research problems, empirical context, suitable methodology, as well as reviewing and building existing ideas and theories. Hence, making empirical and theoretical contributions to the literature as required from another context of emerging economies (Darbi et al., 2018; Godfrey, 2015; Webb et al., 2013), and as required in the practitioners perspective (ILO, 2018, IFC, 2017).

6.4.1 Empirical Contributions

Understanding and tackling the persistence and expansion of the informal economy remains a focus of literature from various distinctive disciplines. From an entrepreneurship perspective, this thesis can claim to have made unique empirical contributions to the literature of entrepreneurship in the informal economy and finance. Specifically, informal entrepreneurs access and mobilisation of financial resources for business start-up, growth and survival. Largely, such literature focuses on institutional perspectives as causes and consequences of informal entrepreneurial activity. Little research focuses on the ability of informal actors to capitalise on unregistered status to organise, transact and manage financial resources. Consequently, this empirical investigation possesses implications for the literature as follows.

First, this study answered the call for more entrepreneurship research from another emerging economy context (Siqueira et al., 2016; Zahra et al., 2014), in relation to informal economy entrepreneurs access and usage of financial resource to meet their business performance tasks (Beck et al., 2015; Godfrey, 2015; Webb et al., 2013).

Second, this inquiry increases the reach of entrepreneurship literature from the institutional perspective (De Castro et al., 2014; Sutter et al., 2017), through highlighting the three

different institutional elements (Scott, 2013) as they shape access and uses of financial resources in the informal economy in GCM in NW Nigeria. This is in contrast to the pure economic interactions promoted in economic literature (North, 1990), as politics and regulatory activities interact with norms and actors' behaviours to present challenges to the financing of informal enterprises as explained by interviewees. Thus, this research enriches the inclusivity literature, such as economic inclusion (Meagher, 2015; Meagher, 2018) and specifically financial inclusion (Ngwu, 2015; World Bank, 2014), primarily through highlighting that despite the existence of inclusive agenda, informal entrepreneurs rely significantly on informal and internal sources for their business performance. In particular, businesses start-up, growth and survival in the informal economy.

Third, this research extends the empirical literature on market interactions as another sphere of institutions (Mair and Marti, 2009), as shaping informal entrepreneurs' access and mobilisation of financial resources for business start-up, growth and survival in an impoverished context characterised by severe insecurities in the surrounding rural areas.

Fourth, this study enlarges the empirical literature of entrepreneurship from MSME financing (Mead and Liedholm, 1998; Liedholm, 1989), through advancing novel empirical insights on the different types of informal entrepreneurs' access and use of finance at the start-up, growth, and survival stages in a developing economy. It uniquely illustrates the relevance of ROSCAs and moneybox as a means of personal savings as well as trade credit, political finance, retirement benefits and government financing schemes for business start-ups; where financial strategies for business start-up vary among TPs and CGs with other groups of entrepreneurs and their ventures. This research also shows how different informal entrepreneurs rely on informal finance and retained earnings, particularly utilising a variety of ROSCA services, deposit collectors' facilities and trade credits for business survival and growth, as customers' advance deposits are more common in the two business sectors. Whilst TPs and CGs leverage on the payment and informal money transfer services of banks for business growth and survival, they also co-exist with formal firms in terms of advance payment and supplier credit relationships.

6.4.2 Theoretical Contributions

This study made significant contributions to the theoretical literature of entrepreneurship and finance. First, answering the call of the literature for the theoretical underpinning of informal

economic research (McGahan, 2012; Webb et al., 2013), this thesis applied organisational theories as recommended to explain the structures and processes of financial resource acquisition and usage in the informal economy in an emerging economy context.

Second, this research added nuance to entrepreneurship and institutional theory literature by enriching the concept of institutional asymmetry in formal and informal institutions (Webb et al., 2009; Williams et al., 2017) in terms of regulative, normative and cultural-cognitive systems. It further highlighted that besides the influence of the *institutional environment* comprising *policy discrepancies* and *sociocultural contexts*, *financing behaviours* and *market exchanges* and arrangements significantly affected finance access and use.

This study indeed argued that in the GCM, institutional asymmetry was much more than a passing activity in relation to access and use of finance. It thinned and widened depending on informal entrepreneurs' perceptions and actions on the existence of institutional asymmetry, and its effects on their business start-up, growth and survival. The results also suggested *financing behaviours* as having regulative, normative and cognitive components, consistent with institutional entrepreneurship literature, in which actors alter institutional context shaping them (Greenwood and Suddaby, 2006). Hence, this research in GCM indicated that in terms of finance in the informal economy, the idea of agency holds as well. However, it is imperative to state that resolving debates on the notion of institutions is beyond the focus of this thesis.

Third, the concept of institutions has been criticised in terms of clarity (Arestis and Stein, 2005), and inaction (see Mair and Marti, 2009). Hence, its inability to explain adequately the micro-processes of accessing as well as using financial resources in the informal economy. Thus, this analysis contributed to theory by integrating IT and RBT perspectives, as recommended by scholars in entrepreneurship research (Ireland et al., 2005, Sirmon et al., 2011).

Indeed, this research analysis expanded the reach of RBT by highlighting the role of different informal entrepreneurs with financial resources in terms of breadth, life cycle and depth processes in their institutional contexts. In doing so, it developed the concept of *IEFS* consisting of *financial structuring*, *capital financing*, *financial leveraging* and *orchestrating financial gains*. Whilst the concept of *financial structuring* unveiled processes of access to

financial resources for business start-up, other concepts highlighted utilisation and mobilisation of such resources for survival and growth.

Accordingly, the institutional asymmetry perspective has made it possible to understand why entrepreneurs deal with financial resources whilst the RO perspective complements the question of why with how these processes take place, as recommended in theory-building research (Strauss and Corbin, 1998). Indeed, in addition to financial incentives, it was clear that these processes of financial resources management are deeply embedded in norms, values and shared beliefs. Hence, there is a need to call for other empirical research for the building of these organisational theories and subsequent testing in relevant contexts.

6.4.3 Policy Implications

Research from the policymaking perspective is also concerned with the informal economy's impact on global economic performance and measurement. Financial resources help the growth and development of entrepreneurs in the informal sector (ILO, 2018). Therefore, this research has the following policy recommendations in at least three key areas.

First, the empirical findings add and reinforce the presence of Traditionalist informal entrepreneurs (see Godfrey, 2011; Meagher, 2015), in addition to TP, CG and Survivalist entrepreneurs in the informal economy (Grimm et al., 2012) in another West African context in relation to access and use of financial services. This investigation in GCM in NW Nigeria draws from a resource-based theory perspective (Sirmon et al., 2011). It argues that policymakers must develop a better understanding of these groups. Particularly, to aid in precise targeting to improve their business formalisation and access to formal finance, including poverty reduction. Empirical results strongly suggest variations in such access based on their individual characteristics, business strategies, life cycle patterns, and categories. Indeed, with the right financial orientation, TPs and CGs categories are growth-oriented and targets for sustainable entrepreneurial finance, whilst not undermining other groups to improve access to financial services for their business start-up, growth and survival.

Second, IAFT (Institutional asymmetry and Financing Tactics) guidance in the informal economy was formulated and discussed from the research results. This research contends that the asymmetry in regulatory activities, sociocultural dispositions, financing behaviours and market functioning should be addressed and reduced by policymakers. More specifically,

this study draws from the neo-institutional theory in sociology (Scott, 2013), and advocates for a drastic reduction in political interference in government finance schemes and corruptions therein. It also calls for policymakers to ensure the expansion of formal financial services in line with society's informal institutions. More specifically, increasing the availability of Islamic finance outlets and introducing genuine Financial Technology (FinTech) innovations with robust credit scores and information sharing systems.

Thirdly, to address the challenges with microfinance and guarantee credit schemes, this research calls for the creation of enabling environments to facilitate the rapid development of FinTech. Particularly, mobile banking by private agents entwined with existing traditional banking institutions. Indeed, FinTech services can be offered from a single location and have proven to reduce the costs and risks associated with financial services (Beck and Frame, 2018). Therefore, Central Banks in developing countries need to encourage the rapid creation of strategic banking units for FinTech services in the traditional banking institutions to cater for simple credit and payment services in the informal economy; a near reminiscence of M-Pesa in Kenya.

This suggestion can potentially accelerate financial inclusion of informal entrepreneurs. It can also ease banks supervision, taxation, and prevention of fractious relationships (see, for example, the recent Ant Group and FinTech case in China) (Economist, 2021, 2nd January). Likewise, this recommendation also can avert malpractices and financial fragilities that can lead to huge financial instabilities in the financial system. However, for efficient supervision, regulators must be up to date with rapid technological changes in society's financial practices.

Overall, the development of IAFT guidance, which recognises society's institutions in financial resources management and organisation in the informal economy, is the first of its kind. Suppose it is understood and implemented by the policymakers. In that case, it can improve graduations to the formal economy, reduce asymmetric information, and reduce costs and risks in formal finance provision. It can also improve the genuine financial inclusion of informal entrepreneurs via FinTech services. Other benefits include promoting sustainable small business finance, promoting better employment, reducing poverty, and increasing economic statistics reliability.

6.5 The Study Limitations

This study explores the financial resources of entrepreneurs in the informal economy in GCM in the NW geographical region of Nigeria. It focuses on understanding how entrepreneurs in the informal economy access financial resources for business start-up and mobilise such resources for their business growth and survival. Indeed, GCM in the Zamfara state of Nigeria provides a rich urban context to examine the relationships between informal entrepreneurial activities and financial resources, as a point of weekly interactions of rural and urban informal entrepreneurs.

However, there are considerable limitations associated with this research. First, the study does not claim that the findings signify the single tactics adopted by informal entrepreneurs in the management and organisation of financial resources. It was based on one empirical case using analytic generalisation rather than deductive generalisation to advance rich contextual insights about informal economy and financial resources (see Yin, 2017). For instance, examining family business access and use of financial resources in the informal economy has the potential to develop entrepreneurship literature in African contexts (Khavul et al., 2009). This area is not an explicit focus of this study. Further, significant variations exist between rural and urban informal entrepreneurialism in initiating and managing financial resources (see Godfrey and Dyer, 2015; Udry, 1990).

Second, there are issues of political, social and psychological factors in research (Bryman and Bell, 2015). The security concerns and political unrest at the time of the fieldwork limited the number of interviews conducted. Besides, relying on the memory of respondents to recall their experiences with finance during start-ups might reduce the data richness. Even the researcher's position as an insider and a banker might also limit the information provided by the informants, based on the assumption that the researcher should be familiar with other information (Unluer, 2012).

Lastly, although no challenges were encountered with access to participants and gatekeepers as an insider, it can be argued that a longitudinal design might provide more profound insights beyond the excellent outcome of the current research findings. Whilst there is a plan as an academic career is pursued, this study has unveiled an opportunity for future investigations. With a specific focus on the business sector and category of informal entrepreneurs, future

studies could enlarge the management literature through quantitative methodology by increasing the number of cases, as well as research participants.

6.6 Suggestions for Future Studies

This study was conducted at a point of weekly commercial interactions of rural and urban informal entrepreneurs in GCM in NW Nigeria, an impoverished context where the poverty rate is high (Aro-Gordon, 2017). Indeed, it has responded to calls for more fine-grained delineation of financial resources in the informal economy (Darbi et al., 2018), and in the extreme poverty context of an emerging economy (Kimmitt et al., 2020; Sutter et al., 2019; Webb et al., 2013). It also focuses on informal entrepreneurship and financial resources access and usage through theoretical underpinning. Therefore, the study has many implications for future studies.

Primarily, it has provided an opening for conducting similar research in other related developing economy contexts, where informality dominates. Future research should also capture cognitive elements in addition to regulative and normative elements for better understanding of the informal economy and financial resources, whilst not undermining local market infrastructures and shocks. Secondly, it has created an opportunity to develop a comparative study between emerging economy and developed economy contexts – especially where the markets and financing behaviours interact uniquely with other institutional asymmetries to influence the social actors' access and usage of finance in the informal economy.

Moreover, in the context of the research, it makes possible the application of quantitative methods to test the integrated theories, IT and RBT, in relation to access and mobilisation of financial resources in the informal economy for business start-up, growth and survival. A future study might test the generalisability of integrated institutional asymmetry and RO perspectives through the adoption of a quantitative approach in developing countries using current WBES data. In particular, focusing on one or two types of informal entrepreneurs' uses of finance for business growth in other contexts for possible validations of this study's results. Alternatively, a focus on women entrepreneurs could be adopted, where the financial exclusion rate remains high in Nigeria despite progress in financial deepening (Aro-Gordon, 2017).

Perhaps more importantly, this inquiry provides an opportunity, in which future investigations might focus on the business industry to advance better understandings of the phenomenon. Future studies might explicitly focus on any of the scope, lifecycle or category effects to enrich knowledge on the micro-processes of financial resources organisation. Lastly, through quantitative methods, it has also created a chance of understanding the extent of graduation from informal to formal entrepreneurs using government financing schemes and other formal financial products and services.

It is, therefore, imperative for academicians and practitioners to see the study of the informal economy as an ongoing concern (ILO, 2018). Since it predates the formal economy (Godfrey, 2015), efforts to minimise the impact of asymmetric institutions holds the potential for creating decent employment, improving business formalisations, and alleviating poverty. Furthermore, improving access to financial services to promote the small business formation, growth and survival in the informal economy can generate inclusive economic growth across sub-Saharan Africa and globally.

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Appendices

Appendix 1: Copy of Ethical Approval



Downloaded: 10/12/2018
Approved: 07/12/2018

Bala Auwalu
Registration number: 160108879
Management School
Programme: Postgraduate research

Dear Bala

PROJECT TITLE: Exploring Financial Resources in the informal Economy: Insights from North West Nigeria.
APPLICATION: Reference Number 016254

On behalf of the University ethics reviewers who reviewed your project, I am pleased to inform you that on 07/12/2018 the above-named project was **approved** on ethics grounds, on the basis that you will adhere to the following documentation that you submitted for ethics review:

- University research ethics application form 016254 (dated 30/10/2018).
- Participant information sheet 1035194 version 2 (26/10/2018).
- Participant information sheet 1035192 version 3 (26/10/2018).
- Participant consent form 1035193 version 2 (26/10/2018).

The following optional amendments were suggested:

Please see summary notes here: There are obvious risks with this project (as is noted in the application). Therefore it is imperative that the supervisors check that the travel insurance covers the nature of the work being undertaken. The form is comprehensive yet please streamline the content next time to include only relevant and required information in each section rather than trying to include everything, making it rather difficult for the panel to keep track. Thanks. Most of the sections are overly descriptive which made it difficult to look for relevant information. Information sheet and consent form need amendments. See my comment above.

If during the course of the project you need to [deviate significantly from the above-approved documentation](#) please inform me since written approval will be required.

Yours sincerely

Sophie May
Ethics Administrator
Management School

Appendix 2: Interview Protocol Information Sheet



The
University
Of
Sheffield.

Participant Information Sheet

Research Project Title

Exploring Financial Resources in the Informal Economy: Insights from North West Nigeria.

Qualitative research into the Nigerian Informal Economy

(Will be read aloud if not able to read the document)

Introduction

You are being invited to take part in a research project. Before you decide whether you wish to participate, it is important for you to understand why the research is being done and what it will involve. Please take the time to read/listen to the following information carefully and discuss it with others if you wish. I am happy to be contacted if there is anything that is not clear or if you would like more information. Take your time in deciding whether or not you wish to take part. Thank you for reading / listening to this information.

Purpose of the study

This study aims to examine the relationships between entrepreneurs and financial resources in the informal economy. In particular, it will investigate how entrepreneurs access financial resources to start their ventures, and mobilise financial resources for the growth and survival of their businesses. Whilst there are no immediate benefits for those people participating in the project, this research has potential implications for practice through suggesting ways in which access and use of financial resources for informal economy businesses can be better facilitated to enable sustainable enterprise growth and human development.

Selection of Research Participants

You are being invited to participate in this study as someone in a position to provide useful insight into the research project. You meet the requirement for inclusion in the research project because of either your business location, experience as an entrepreneur, and the nature of your business, or someone who have a relationship with informal economy entrepreneurs. Data is being collected from about 50 individuals until data saturation occurs (new information not having an influence on the available collected information). This will enhance the representativeness of the overall outcomes.

You will be involved in this PhD project, which began in October 2016, and expects to be completed on or before September 2020. Taking part is voluntary, and you can withdraw from the study before; you do not have to give any reasons as to why you no longer want to take part, and there will be no adverse consequences if you choose to withdraw

The Scope of Participation

The extent of your participation is highlighted below:

1. **Access discussions:** You can decide whether or not to take part. If you do decide to take part, you will be given this information sheet to read and keep, or it will be read to your full understanding, whichever is required (and you will be asked to give verbal consent). This verbal consent provides permission for interview and observation with you regarding access and use of financial resources for your business start-up, growth and survival. You can still withdraw at any time without it affecting you in any way. You do not have to give a reason.
2. **Interview and observation:** Once consent is given, there are going to be two interview sessions, preferably at your business location or any location convenient to you. The first session will be conducted within 1-2 hours using a semi-structured style to enable you to express your views on access and use financial resources for business start-up, growth and survival.

The second interview will be conducted perhaps three months after conducting the first interview through other means; preferably via telephone or email not lasting more than 45 minutes, mostly phone interview. The purpose of the second interview is to refine information derived from the first interview session to have a comprehensive understanding of access and use of financial resources for business start-up, growth and survival.

Interviews will be recorded via the audio device and a notebook with your permission, and also observation (where appropriate) via notebook. Interview and observation will be transcribed and analysed. You can refuse the recording of the interview and decide that observation should end at any time during the data collection exercise.

The interview questions will be easy to understand, but where there is the need for more clarity, do not hesitate to ask. If you anticipate or you are experiencing any discomfort, disadvantages and risks, please do not hesitate to bring them to my attention. At all time's participation is voluntary and you have the right to withdraw or not answer any of the interview question(s).

The interview and observation recordings will be deposited and secured with the University of Sheffield data repository. However, whilst you can withdraw from any on-going or future data collection, once data has been anonymised and included within a large dataset, your data cannot be removed from the study beyond this point

3. **Recorded Media:** The audio recordings/notes of interviews and observations made during this research will be used only for analysis and for illustration in conference presentations and lectures. No other use will be made of them without your written

permission, and no one outside the project will be allowed access to the original recordings.

- 4. Information:** All the information that I collect about you during the course of the research will be kept strictly confidential and will only be accessible to members of the research team. You will not be able to be identified in any reports or publications unless you have given your explicit consent for this. If you agree to us sharing the information you provide with other researchers (e.g. by making it available in a data archive), then your personal details will not be included unless you explicitly request this.

The results of the research will be used for analysis to produce a PhD thesis. You will have access to the final thesis report if requested. In addition, due to the nature of this research, it is very likely that other researchers will find the data collected to be useful in answering future research questions. We will ensure that the data collected about you is untraceable back to you before allowing others to use it.

- 5. Legal basis for processing your Personal data:** According to data protection legislation, we are required to inform you that the legal basis we are applying in order to process your personal data is that 'processing is necessary for the performance of a task carried out in the public interest' (Article 6(1)(e)). Further information can be found in the University's Privacy Notice <https://www.sheffield.ac.uk/govern/data-protection/privacy/general>.

As we will be collecting some data that is defined in the legislation as more sensitive (information about business finance), we also need to let you know that we are applying the following condition in law: that the use of your data is 'necessary for scientific or historical research purposes'.

- 6. Research funding:** The University of Sheffield provides funds to cover the travel expenses for data collection.
- 7. Data Controller:** The University of Sheffield will act as the Data Controller for this study. This means that the University is responsible for looking after your information and using it properly.
- 8. Ethical compliance:** This project has been ethically approved via the Sheffield University Management School ethics review procedure. The University's Research Ethics Committee monitors the application and delivery of the University's Ethics Review Procedure across the University.



The
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Of
Sheffield.

9. **Complaint:** Should you have any complaint you can contact the principal investigator (the Doctoral Researcher) or (the project supervisors) who can be reached via the contact details below. If you feel your complaint is not handled to your satisfaction, you can contact the Head of the Department (Director for Postgraduate Research) for escalation through the appropriate channels.

Also, if the complaint relates to how your personal data has been handled, information about how to raise a complaint can be found in the University's Privacy Notice: <https://www.sheffield.ac.uk/govern/data-protection/privacy/general>.

You will be provided with a copy of the information sheet and a signed consent form to keep.

Thank you for taking part in this PhD project.

Bala Auwalu
Doctoral Researcher
Sheffield University Management School
The University of Sheffield
United Kingdom
Telephone: +44 746730 6427, +2348065240725 Email: bauwalu1@sheffield.ac.uk

Contact for further information

Name: Dr Robert Wapshott
Project Supervisor
Telephone: +44 114 222 3224
Email: r.wapshott@sheffield.ac.uk

Name: Dr David Littlewood
Project Supervisor
Telephone: +44 114 222 3493
Email: david.littlewood@sheffield.ac.uk

Name: Dr Caroline Oates
Director for Postgraduate Research
Telephone: +44 114 222 3448
Email: c.j.oates@sheffield.ac.uk



Participant Consent Form

Title of Research Project: **Exploring Financial Resources in the Informal Economy: Insights from North West Nigeria.**

Name of Researcher: **Bala Auwalu**

Participant Number for this project:

<i>Please tick the appropriate boxes</i>	Yes	No
Taking Part in the Project		
I have read and understood the project information sheet dated or the project has been fully explained to me. (If you will answer No to this question please do not proceed with this consent form until you are fully aware of what your participation in the project will mean.)	<input type="checkbox"/>	<input type="checkbox"/>
I have been given the opportunity to ask questions about the project.	<input type="checkbox"/>	<input type="checkbox"/>
I agree to take part in the project. I understand that taking part in the project will include interview and observation arrangements. I am aware that the interview and observation will be conducted within 1-2 hours and will involve the use of audio and manual recording materials. I understand that I have the right to stop the interview being recorded at any time and for the observation to cease.	<input type="checkbox"/>	<input type="checkbox"/>
I understand that my taking part is voluntary and that I can withdraw from the study within one week of the interview; I do not have to give any reasons for why I no longer want to take part and there will be no adverse consequences if I choose to withdraw.	<input type="checkbox"/>	<input type="checkbox"/>
How my information will be used during and after the project		
I understand my personal details such as name, phone number, address and email address etc., will not be revealed to people outside the project.	<input type="checkbox"/>	<input type="checkbox"/>
I understand and agree that my words may be quoted in publications, reports, web pages, and other research outputs. I understand that I will not be named in these outputs unless I specifically request this.	<input type="checkbox"/>	<input type="checkbox"/>
I understand and agree that other authorised researchers will have access to this data only if they agree to preserve the confidentiality of the information as requested in this form.	<input type="checkbox"/>	<input type="checkbox"/>
I understand and agree that other authorised researchers may use my data in publications, reports, web pages, and other research outputs, only if they agree to preserve the confidentiality of the information as requested in this form.	<input type="checkbox"/>	<input type="checkbox"/>
I give permission for the interview and observation data that I provide to be deposited in the University of Sheffield Data Repository so it can be used for future research and learning	<input type="checkbox"/>	<input type="checkbox"/>
So that the information you provide can be used legally by the researchers		
I agree to assign the copyright I hold in any materials generated as part of this project to The University of Sheffield.	<input type="checkbox"/>	<input type="checkbox"/>

Name of participant

Signature

Date

Name of Researcher.....

Signature

Date

The template of this consent form has been approved by the University of Sheffield Research Ethics Committee and is available to view here: <https://www.sheffield.ac.uk/rs/ethicsandintegrity/ethicspolicy/further-guidance/homepage>

Case Study Protocol: Interview Questions, Informal Entrepreneurs

Thank you for deciding to participate in this study. This interview is part of a research project that seeks to understand particular challenges with access and use of financial resources in the informal economy for business start-up, growth and survival. Data is being collected from about 50 individuals to enhance the representativeness of the overall outcomes.

Start time:

Q.1. Connection to Informal Entrepreneurship

1. Please, can you describe your business in detail?

- i- Area of your business operation.*
- ii- Business age.*
- iii- How you came to run this business?*
- iv- Please, can you also tell me the number of people employed by your business? Are they full-time, part-time, seasonal or family employees? And why does your business employ them?*

Q.2. Access to Financial Resources for Business Start-up

2. Can you please describe in detail the financial resources (savings, credit, insurance and other means) you used to start your business?

- i- Did you use any formal sources of finance (banks, microfinance institutions, insurance companies and other means) to start your businesses, if so can you please describe it/them? And explain why you used those sources? If you did not use these, why not?*
- ii- If you used any of the following informal sources of finance to start your business (your families, neighbours and friends) please can you describe it/them? And explain why you used them? If you did not use these, why not?*
- iii- If you used any of the following further informal sources of finance to start your business (moneylenders, trade creditors, deposit collectors, unions, cooperatives and other informal finance providers), please can you describe it/them? And explain why you used them? If you did not use these, why not?*
- iv- Please, can you tell me how you used any existing financial resources (personal savings, retained earnings, and other*

means) to start your new business? And why did you use these? If you did not use these, why not?

v- *Please, can you describe in detail what, if anything, the term "adashe" (rotating savings and credits) means to you? Can you explain how you use it to start your business? And why?*

vi- *Can you please tell me whether you have participated in any government finance programmes such as YouWIN! (Youth Enterprise with Innovation in Nigeria Programme), NDE (National Directorate of Employment), NBTI (National Board for Technology Incubation), microfinance schemes and other related finance provision programmes to start your business? If you have participated, why? If not, why?*

3. Can you tell me of any other ways of getting finance to start a business, which you did not mention? If you used these, why was that?

4. Can you please tell me any challenges you might have faced using the various sources of financial resources to start your business? And why you faced them?

Q.3. Mobilisation of Financial Resources for Business Growth

5. Can you please describe in detail the financial resources you used for your business growth? And why you used them?

6. Can you please tell me the challenges you might have faced when using the various sources of financial resources to grow your business? And why you faced these challenges?

7. Regarding your business growth, can you tell me how you make payments (on credits, instalments, or any other means) to your suppliers? And how you receive payments from your customers (instalment, bulk)? And why?

8. Can you also please tell me how you pay your employees, rent and any other business expenses? How these expense payments affect your business growth? And why?

Q.4. Mobilisation of Financial Resources for Business Survival

9. Regarding your business survival, can you please describe in detail the financial resources you used for your business existence during difficult times? And how you used the financial resources to survive in your business? And why?
10. Can you please tell me the challenges you might have faced when using the various sources of financial resources for your business during these difficult times? And why?
11. In these difficult times, can you please tell me how you make payments to your suppliers? How do you pay business-operating expenses? And how you receive payments from your customers? And why?

Q.5. Utilisation of Existing Financial Resources

12. Can you please tell me, if at all, you keep financial accounting records for your business? If so how? If not why?

Q.6. Role of Informal and Formal Financial Services Providers

13. Can you please tell me the role played by informal finance providers to your business? And to what extent is informal financial services reliable for your business start-up, growth and survival?
14. Can you please tell me the role played by formal finance providers to your business? And to what extent is the formal financial services reliable for your business start-up, growth and survival?
15. Please, anything else that you think is important but not reflected in the discussion about access to financial resources for starting a business, and mobilisation of financial resources for business growth and survival.

Thank you for your cooperation and insights.

End time:

JANUARY 2019

Friday 18

→ Went ~~about~~ to the Timber Market and interviewed and observed two participants (in the construction/real estate), selling timber materials deals, and related items.

⇒ It is a very large part of the market an extension of GEM but unconstructed. Businesses are conducted more in an open field with timber and other construction materials displayed in a temporary fire alarm canopy.

⇒ Today two youths in the furniture making industry were interviewed and observed. Saw congregation of youths in one place working on a large order, even though others of their shops are located in a different location. Working in a precarious condition they rely so much on skill resources and their financial capital.

⇒ Met a youth who initially is willing to be interviewed but due to language barrier he was not as he can neither understand English nor Hausa language.

February																											
F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28

FEBRUARY 2019

Tuesday 5

- Two IE were interviewed and took pictures of the side of the boat where these actors are located.
- ~~Spots~~ captured the picture of different types of Asusa while taking pictures.
- All these business were conducted in a temporary place.
- spotted a building beside the market which meant to be a Band broad. Spoke with Ms. unground discussion is on going with one of the Commercial banks.

March
F S S M T W T F S S M T W T F S S M T W T F S S
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

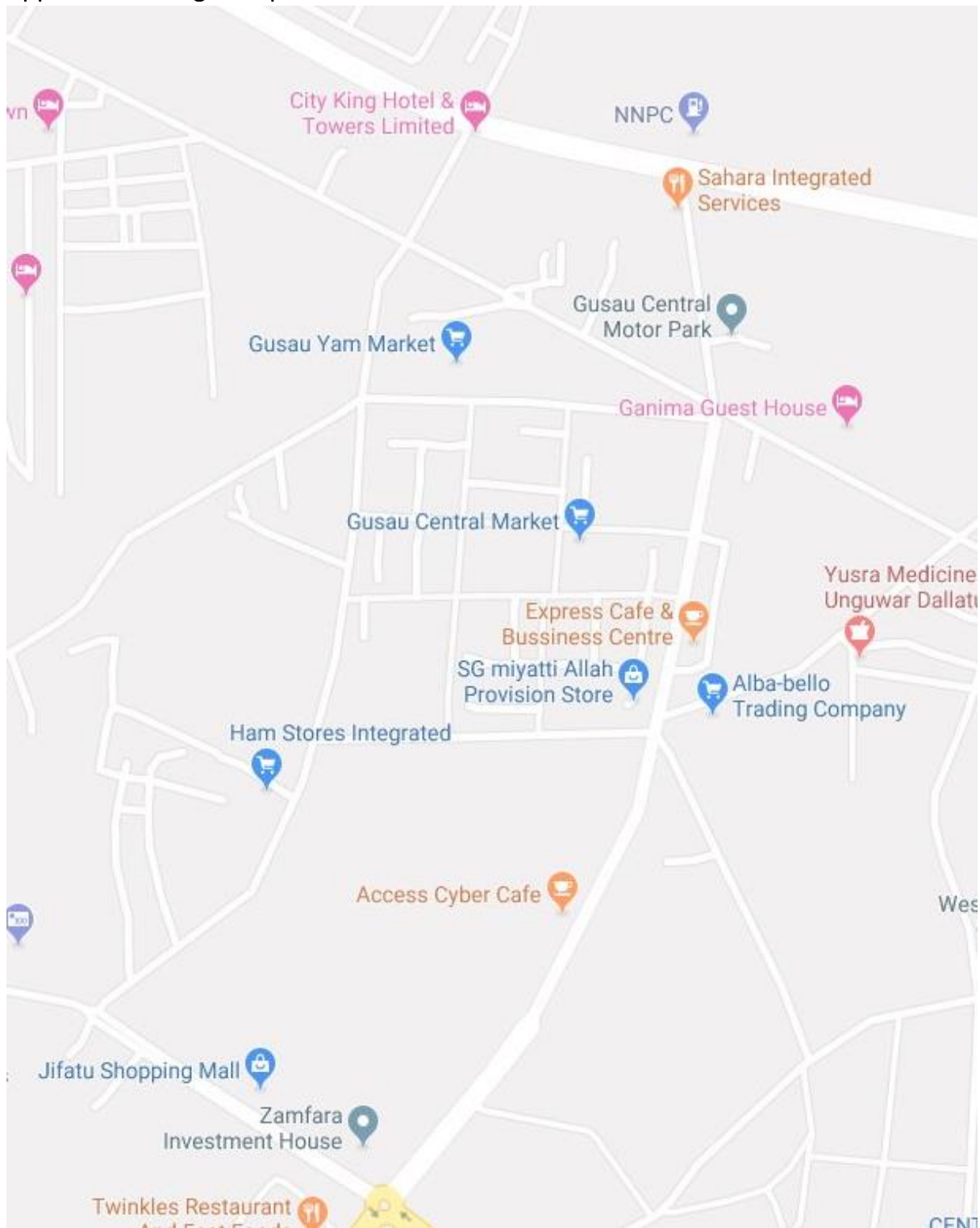
Appendix 4: Copies of Transcripts Validation Response

Appendix 5; Nigerian Informal Sector Statistics

Estimated Split of Formal and Informal Sector 2015 Gross Domestic Product At Current Basic Prices					
ACTIVITY SECTOR	Nominal GDP N'Millions	Share of Informal Sector GDP %	Share of Formal Sector GDP %	Value of Informal Sector GDP N'Millions	Value of Formal Sector GDP N'Millions
AGRICULTURE	19,636,969	91.85	8.2	18,035,680	1,601,289
1. Crop Production	17,189,973	92.5	7.5	15,892,642	1,297,331
2. Livestock	1,748,025	89.6	10.4	1,566,230	181,795
3. Forestry	222,827	72.1	27.9	160,658	62,169
4. Fishing	476,144	87.4	12.6	416,150	59,994
MINING AND QUARRYING	6,100,009	0.4	99.6	26,123	6,073,886
5. Crude Petroleum and Natural Gas	5,990,417	0.0	100.0	-	5,990,417
6. Coal Mining	7,983	52.9	47.1	4,220	3,764
7. Metal Ores	4,462	76.5	23.5	3,411	1,050
8. Quarrying and Other Minerals	97,147	19.0	81.0	18,491	78,655
MANUFACTURING	8,973,773	12.1	87.9	1,090,276	7,883,497
9. Oil Refining	248,020	0.0	100.0	-	248,020
10. Cement	749,930	0.0	100.0	-	749,930
11. Food, Beverage and Tobacco	4,291,523	4.3	95.7	184,141	4,107,382
12. Textile, Apparel and Footwear	1,871,580	27.9	72.1	522,904	1,348,676
13. Wood and Wood Products	259,259	46.0	54.0	119,218	140,041
14. Pulp, Paper and Paper Products	66,091	14.4	85.6	9,549	56,542
15. Chemical and Pharmaceutical Products	190,129	10.4	89.6	19,741	170,387
16. Non-Metallic Products	315,595	1.6	98.4	4,918	310,677
17. Plastic and Rubber products	267,160	0.0	100.0	-	267,160
18. Electrical and Electronics	6,021	0.0	100.0	-	6,021
19. Basic metal, Iron and Steel	207,303	32.7	67.3	67,856	139,448
20. Motor vehicles & assembly	70,056	0.0	100.0	-	70,056
21. Other Manufacturing	431,106	37.6	62.4	161,950	269,156
22. ELECTRICITY, GAS, STEAM AND AIR CONDITIONING	536,673	0.0	100.0	-	536,673
23. WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT	105,866	34.6	65.4	36,598	69,268
24. CONSTRUCTION	3,472,255	11.6	88.4	401,390	3,070,865
25. TRADE	18,028,895	55.7	44.3	10,041,419	7,987,476
26. ACCOMMODATION AND FOOD SERVICES	899,670	52.1	47.9	465,602	428,068
TRANSPORTATION AND STORAGE	1,361,085	18.1	81.9	246,229	1,114,857
27. Road Transport	1,156,293	19.6	80.4	226,133	930,160
28. Rail Transport & Pipelines	282	0.0	100.0	-	282
29. Water Transport	8,072	59.0	41.0	4,764	3,308
30. Air Transport	95,736	0.0	100.0	-	95,736
31. Transport Services	72,953	20.1	79.9	14,646	58,307
32. Post and Courier Services	27,729	2.5	97.5	686	27,043
INFORMATION AND COMMUNICATION	10,781,077	12.2	87.8	1,314,797	9,466,280
33. Telecommunications and Information Service	8,147,608	2.4	97.6	193,913	7,953,695
34. Publishing	25,142	30.7	69.3	7,715	17,427
34. Motion Pictures, Sound recording and Music	1,136,692	97.9	2.1	1,113,169	23,523
36. Broadcasting	1,471,635	0.0	100.0	-	1,471,635
37. ARTS, ENTERTAINMENT AND RECREATION	210,415	89.1	10.9	187,417	22,999
FINANCIAL AND INSURANCE	3,260,496	0.0	100.0	-	3,254,811
38. Financial Institutions	2,842,390	0.2	99.8	5,685	2,836,706
39. Insurance	418,106	0.0	100.0	-	418,106
40. REAL ESTATE	8,187,548	64.7	35.3	5,295,736	2,891,813
41. PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERV	3,927,298	2.3	97.7	91,051	3,836,246
42. ADMINISTRATIVE & SUPPORT SERVICES	22,252	47.1	52.9	10,481	11,771
43. PUBLIC ADMINISTRATION	2,552,450	0.0	100.0	-	2,552,450
44. EDUCATION	2,116,348	2.1	97.9	44,211	2,072,138
45. HUMAN HEALTH AND SOCIAL SERVICES	682,697	17.7	82.3	121,098	561,599
46. OTHER SERVICES	3,295,203	48.4	51.6	1,595,970	1,699,233
				-	-
GROSS DOMESTIC PRODUCT AT BASIC PRICES	94,144,960	41.43	58.56	39,004,077	55,135,199

Source: NBS (2016)

Appendix 6: Google Map of the GCM



Source: Google maps

Appendix 7: Interviewees Descriptive Data

Person	Age Group	Age of Business	Business Sectors	Education Level	Income	Location	Name	Occupation	Sex	Venture Types
Traditionalists	Adult	30 years	Other services	illiterate	Low	Inside GCM	IE42	Local barbing services	Male	Sole Proprietorship
Traditionalists	Adult	29 years	Other services	Diploma certificate	Low	Inside GCM	IE24	Traditional medicine trading	Female	Sole Proprietorship
Traditionalists	Youth	22 years	Other services	Secondary certificate	Low	Inside GCM	IE04	Traditional medicine trading	Male	Sole Proprietorship
Traditionalists	Adult	10 years	Other services	illiterate	Medium	Inside GCM	IE03	Traditional medicine trading	Male	Sole Proprietorship
Traditionalists	Adult	27 years	Manufacturing	illiterate	Medium	Inside GCM	IE56	Processing and making calabash	Male	Sole Proprietorship
Traditionalists	Adult	40 years	Manufacturing	illiterate	Medium	Inside GCM	IE01	Local blacksmith	Male	Family Business
Traditionalists	Youth	20 years	Agriculture	Secondary certificate	Low	Surrounding Streets	IE55	Livestock trading	Male	Sole Proprietorship
Top Performing Entrepreneur	Adult	16 years	Transport	Degree certificate	High	Surrounding Streets	IE54	Hire and purchase services	Male	Sole Proprietorship
Top Performing Entrepreneur	Adult	15 years	Transport	Secondary certificate	High	Surrounding Streets	IE48	Commercial trucks services	Male	Sole Proprietorship
Top Performing Entrepreneur	Adult	1 year	Trade	Master certificate	High	Surrounding Streets	IE49	Charcoal & general trading	Male	Sole Proprietorship

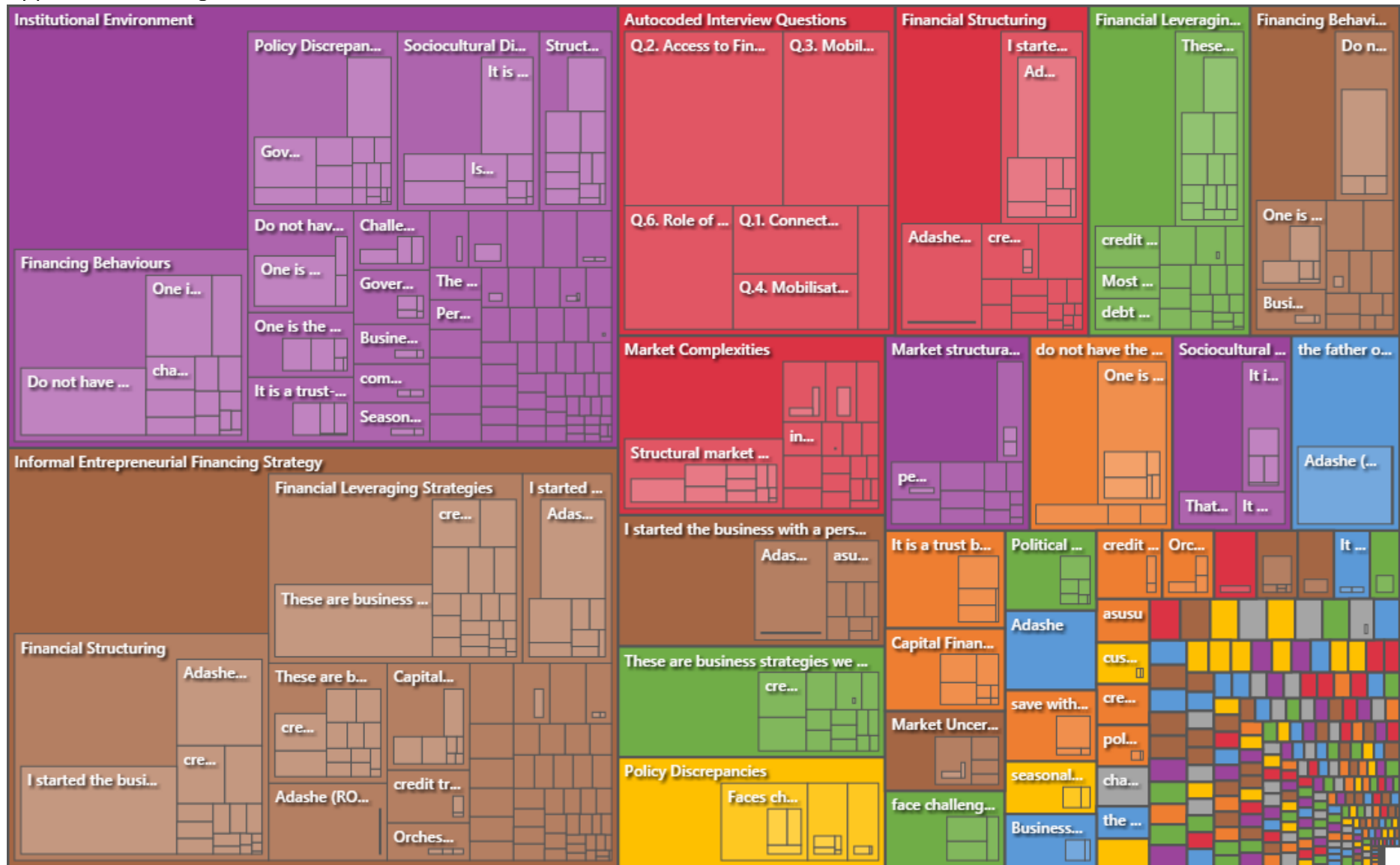
Person	Age Group	Age of Business	Business Sectors	Education Level	Income	Location	Name	Occupation	Sex	Venture Types
Top Performing Entrepreneur	Adult	40 years	Trade	illiterate	High	Inside GCM	IE36	General trading	Female	Sole Proprietorship
Top Performing Entrepreneur	Adult	25 years	Trade	Secondary certificate	Medium	Inside GCM	IE23	Sell domestic goods	Female	Sole Proprietorship
Top Performing Entrepreneur	Youth	5 years	Trade	Diploma certificate	Medium	Inside GCM	IE22	General trading	Male	Sole Proprietorship
Top Performing Entrepreneur	Youth	16 years	Trade	Secondary certificate	High	Inside GCM	IE13	Furniture trading	Male	Family Business
Top Performing Entrepreneur	Adult	22 years	Real Estate & Construction	Diploma certificate	High	Surrounding Streets	IE32	Painting services and trading	Male	Sole Proprietorship
Top Performing Entrepreneur	Adult	26 years	Real Estate & Construction	Secondary certificate	High	Surrounding Streets	IE07	Timbers trading & cutting services	Male	Sole Proprietorship
Top Performing Entrepreneur	Adult	40 years	Manufacturing	illiterate	Medium	Inside GCM	IE21	Local blacksmith	Male	Sole Proprietorship
Top Performing Entrepreneur	Youth	6 years	Communication and information technology	Degree certificate	High	Surrounding Streets	IE31	Mobile phones trading and services	Male	Sole Proprietorship
Top Performing Entrepreneur	Adult	35 years	Agriculture	Secondary certificate	High	Surrounding Streets	IE12	Produce	Male	Sole Proprietorship

Person	Age Group	Age of Business	Business Sectors	Education Level	Income	Location	Name	Occupation	Sex	Venture Types
Top Performing Entrepreneur	Adult	35 years	Agriculture	Primary certificate	High	Surrounding Streets	IE40	Butchery and general trading	Male	Sole Proprietorship
Top Performing Entrepreneur	Adult	27 years	Agriculture	illiterate	High	Surrounding Streets	IE17	Butchery	Male	Sole Proprietorship
Survivalist	Youth	8 years	Transport	illiterate	Low	Inside GCM	IE41	Motorcycle taxi driving	Male	Sole Proprietorship
Survivalist	Adult	30 years	Transport	Primary certificate	Low	Surrounding Streets	IE20	Trans-city taxi driving	Male	Sole Proprietorship
Survivalist	Adult	20 years	Transport	Diploma certificate	Low	Inside GCM	IE16	Motorcycle taxi driving	Male	Sole Proprietorship
Survivalist	Adult	20 years	Trade	illiterate	Low	Inside GCM	IE14	Cosmetics and textiles trading	Male	Sole Proprietorship
Survivalist	Youth	12 years	Trade	illiterate	Low	Inside GCM	IE06	Street vending	Male	Sole Proprietorship
Survivalist	Adult	7 years	Real Estate & Construction	illiterate	Low	Surrounding Streets	IE35	Estate agent & dry season farming	Male	Sole Proprietorship
Survivalist	Adult	3 years	Other services	illiterate	Low	Inside GCM	IE50	Toilet services	Male	Partnership
Survivalist	Youth	3 years	Other services	Secondary certificate	Low	Inside GCM	IE43	Barbing	Male	Sole Proprietorship
Survivalist	Youth	10 years	Other services	illiterate	Low	Inside GCM	IE34	Food services	Female	Sole Proprietorship
Survivalist	Adult	35 years	Other services	Primary certificate	Low	Inside GCM	IE28	Tailoring services	Male	Sole Proprietorship
Survivalist	Adult	38 years	Other services	Primary certificate	Low	Inside GCM	IE28	Tailoring services	Female	Sole Proprietorship

Person	Age Group	Age of Business	Business Sectors	Education Level	Income	Location	Name	Occupation	Sex	Venture Types
Survivalist	Youth	19 years	Manufacturing	Diploma certificate	Low	Surrounding Streets	IE10	Furniture making	Male	Sole Proprietorship
Survivalist	Youth	11 years	Communication and information technology	Secondary certificate	Low	Surrounding Streets	IE33	Produce	Male	Partnership
Survivalist	Youth	7 years	Communication and information technology	Secondary certificate	Low	Inside GCM	IE30	Mobile phones trading and services	Male	Sole Proprietorship
Survivalist	Youth	20 years	Agriculture	Secondary certificate	Low	Surrounding Streets	IE27	Fruits and vegetables trading	Male	Sole Proprietorship
Constrained Gazelles	Adult	20 years	Transport	Primary certificate	Low	Surrounding Streets	IE19	Trans-city taxi driving	Male	Sole Proprietorship
Constrained Gazelles	Adult	14 years	Transport	Secondary certificate	Medium	Surrounding Streets	IE18	Trans-city taxi driving	Male	Sole Proprietorship
Constrained Gazelles	Adult	35 years	Trade	illiterate	Medium	Inside GCM	IE53	Selling groundnut cake & oil	Male	Sole Proprietorship
Constrained Gazelles	Adult	13 years	Trade	Diploma certificate	Medium	Surrounding Streets	IE46	Bike & Tricycle trading	Male	Sole Proprietorship
Constrained Gazelles	Adult	30 years	Trade	illiterate	Medium	Surrounding Streets	IE45	Produce	Male	Sole Proprietorship
Constrained Gazelles	Adult	25 years	Trade	illiterate	Medium	Inside GCM	IE44	Cosmetics and textiles trading	Male	Family Business
Constrained Gazelles	Youth	22 years	Trade	illiterate	Medium	Inside GCM	IE39	Selling agro sacks and chemicals	Male	Family Business

Person	Age Group	Age of Business	Business Sectors	Education Level	Income	Location	Name	Occupation	Sex	Venture Types
Constrained Gazelles	Adult	25 years	Real Estate & Construction	illiterate	Medium	Surrounding Streets	IE37	Estate agent	Male	Family Business
Constrained Gazelles	Adult	7 years	Real Estate & Construction	Diploma certificate	Medium	Surrounding Streets	IE08	Timbers trading & cutting services	Male	Sole Proprietorship
Constrained Gazelles	Youth	16 years	Other services	Secondary certificate	Low	Surrounding Streets	IE52	Repairing phones	Male	Sole Proprietorship
Constrained Gazelles	Adult	20 years	Other services	illiterate	Low	Inside GCM	IE25	Food services	Female	Sole Proprietorship
Constrained Gazelles	Adult	22 years	Manufacturing	Diploma certificate	Medium	Surrounding Streets	IE47	Welding and blacksmithing	Male	Sole Proprietorship
Constrained Gazelles	Youth	15 years	Manufacturing	Primary certificate	Low	Surrounding Streets	IE09	Furniture making	Male	Sole Proprietorship
Constrained Gazelles	Adult	35 years	Manufacturing	illiterate	Medium	Inside GCM	IE02	Metal works	Male	Sole Proprietorship
Constrained Gazelles	Adult	28 years	Agriculture	illiterate	Medium	Inside GCM	IE51	Produce	Male	Sole Proprietorship
Constrained Gazelles	Adult	30 years	Agriculture	Diploma certificate	Medium	Inside GCM	IE15	Poultry	Male	Sole Proprietorship
Constrained Gazelles	Adult	22 years	Agriculture	Diploma certificate	Medium	Surrounding Streets	IE26	Livestock trading	Male	Sole Proprietorship

Appendix 8: Coding Extracts from NVivo



Appendix 9: A Sample of TP/CG/T/S Typology

Top-Performer (TP)

Q.1. Connection to Informal Entrepreneurship

Please, can you describe your business in detail?

My business is about selling different varieties of paints including emulsion, text coat, satin, and gloss paints. In fact, my main business is painting properties. Because of the need to maximise my gains in the business, I opened a shop where I sell paints. Instead of buying paints from other shops when I have a painting job, I now just need to pick one from my shop so that I maximise my income.

How long have you been in this business?

I think I have been in the business of selling paints for about 5 years. However, for the actual art of painting properties, I have been doing the business for about 22 years. Well, I started painting when I used to follow Mason in the site of building construction. Then, the pay was NGN250 per day. I learned about the job from a boss I met on this site. Gradually, I acquired the skills as I meet painters from different locations within the country.

Please, can you also tell me the number of people employed by your business? Are they full-time, part-time, seasonal or family employees? And why does your business employ them?

Presently, I am the chairperson of the painters' workers union in Gusau city. I think I have about 36 employees working for me. Every morning, we meet in the shop and I distribute them to different construction sites. If there is no work, they still come to greet me daily with the expectation to get work. A government agency called Npower provided me with about 12 youths to teach how to do painting work. The Npower pay them NGN12,000 per month purposely to reduce poverty in the society including school leavers and non- school leavers. Sometimes, I pay the Npower labourer NGN500 per day just to have meals whilst working for me in the site. However, my actual employees depending on the situation, I bargain or pay them daily. The daily pay is NGN2,500 per day whilst the bargained work tends to be better in terms of pay, as the employees will start work from 7am and close at 6pm. In this work, depending on the situation, they could earn between NGN3, 000 to 3,500 per day.

Q.2. Access to Financial Resources for Business Start-up

Even though you hinted on so much on this, could you please describe in detail the financial resources (savings, credit, insurance and other means) you used to start your business?

When I started the business, I started with a small amount. My boys pressurised me to open a shop. From there on, I started savings and I was able to raise about NGN400, 000. I met officials of a company in Kaduna. They advised me to use my savings instead of using credit to start a business. As time progresses, I am not only doing retailing of drums of paints, but I also do wholesaling of paints to other small dealers domiciled in the surrounding rural areas. Now, I have started to think of opening a shop in the nearby towns or other semi-urban areas.

Please, can you describe in detail what, if anything, the term “*adashe*” (rotating savings and credits) means to you? Can you explain how you use it to start your business? And why?

Adashe is simply a savings with a third party who I pay a certain amount of money periodically because it is difficult to save on my own. Indeed, I am doing this saving with one of the deposit collectors, whereby I pay into the pool NGN2, 000 daily. Therefore, every month I pay the shopkeeper salary and other shop expenses from *adashe* and the remaining balance will be taken to my bank account. This is what is happening every month subsequently and continuously. The deposit collector charges the first payment as his commission. For example, in the NGN2,000 I deposit daily, he deducts NGN2,000 and pays me NGN58,000 after 30 days. There is *adashe* orchestrated by 10 or more groups of entrepreneurs either purposely to increase the business working capital or attend to other important domestic expenses. Depending on the situation, and if an amicable position cannot be reached regarding the distribution of slot numbers, then the balloting will be employed to allocate slot numbers. However, when I wanted to raise the capital of NGN400, 000 I told you, I did not use *adashe* rather I used *asusu*. I kept the *asusu* at home and disciplined myself to put some cash from NGN500 to 2,000 in it and for a certain period. In this way, that was how I raised my capital. I remember very well when I broke the *asusu* box; I got about NGN411, 000 from it.

Can you tell me why you did not use *adashe* to raise this capital?

You see, to do *adashe*, you have to be certain that you have a good stream of incomes to pay daily, weekly or monthly. Then, I rely on the painting work, which might not be available daily. As such, I did the *asusu* because I do not like to fail on promises. I can tell you almost all the small entrepreneurs do *asusu*. Like every day, I have *asusu* box where I lodge NGN200 daily, which is used to pay the shop annual rent. *Asusu* can last for long, from 1 year up to 4 years depending on the purpose for which it was created. Mine *asusu* lasts for 9 months. In fact, people do *assusus* for several reasons not necessarily for promoting entrepreneurial activities alone. However, I can tell you all small, small entrepreneurs do it here.

Can you please tell me whether you have participated in any government finance programmes to start your business? If you have participated, why? If not, why?

In earnest, I have not benefitted with any government financial support for entrepreneurs. In fact, even via our union of painters and up to now, we have not gotten any of such funding. You see, any entrepreneur that wants to benefit from government support exactly has to be involved in some form of political activity in one way or the other to enjoy such support.

Can you please tell me any challenges you might have faced using the various sources of financial resources to start your business? And why you faced them?

I think they are about 2 to 3 challenges. One is the people’s behaviours. Customers deliberately short pay us or refuse to pay or defer payment for a long period. The second is the materials we use for the work. There are times we face challenges on paint choices and after the job, it could be problematic because I need to produce a beautiful and shining paint. The third is the problem of working colleagues. They are eager to make money rather see growth in the business as a gradual process. I generally rely on my earnings. Hardly do I touch

my working capital except in extreme circumstances when the market is down. However, if the market picks again, I do replace the amount I spend from the working capital.

Q.3. Mobilisation of Financial Resources for Business Growth

Regarding your business growth, even though you hinted a little bit, can you tell me how you make payments (on credits, instalments, or any other means) to your suppliers in detail? And how do you receive payments from your customers (instalment, bulk)? And why?

Honestly, the situation depends on you as a person. If you relate well with suppliers, they provide the goods on credit and then you pay later. The companies do provide at least 50% cost of the supplies and when I finish payment, the cycle continues. For customers, it also depends. Some do not like debt. They pay instantly as you provide the invoice. If the job is for contractors, they usually provide advance payment based on what amount they were given. When the work reaches a certain stage, they take a picture of the paint, and then pursue payment. When they are paid, they too also pay us. Those that are not contractors might ask us to provide the total cost of the house paint and when I did, they pay. Definitely, customers do provide advance payments so that we cannot tie our working capital in one working site.

Q.4. Mobilisation of Financial Resources for Business Survival

I can understand how difficult it is to survive in this business; can you please describe in detail the financial resources you used in difficult times? And why?

My business has no peak or low period of transactions. All depend on the situation. For my business, generally, the peak period is when the government awards many building/constructions contracts. However, when there are no contracts, the volume of the business tends to be low generally. I am less affected by the rainy or dry season variations that affect other businesses. The only thing that has an effect on our business is the regular currency valuation because most of the chemicals used in the manufacturing of paints are not produced indigenously. These items are being procured using the foreign currency exchange. This situation increases the chance of having more credit with the suppliers. I knew some of my colleagues in this situation and their business performance has dropped drastically. If care is not taken, this situation may lead to subsequent business death. Therefore, I manage the business prudently because I attended secondary school prior to starting the business. I even acquired a national diploma whilst doing the business.

Q.5. Utilisation of Existing Financial Resources

You said to have been into this business for 22 years, can you please tell me, if at all, you keep financial accounting records for your business? If so how? If not, why?

I have a sales book where I record all the transactions, whatever is being sold is being recorded. It makes it easier to account for the available stocks as well how much profit I generated from the business periodically.

Q.6. Role of Informal and Formal Financial Services Providers

Can you please tell me the role played by informal finance providers to your business? And as well, formal finance providers.

Well, banks are very important to the business even though we do not borrow from them. They facilitate the movement of funds to the suppliers and other customers. As well, the banks' mobile banking is equally relevant for transactional purposes only. Some of my colleagues do look for debt from the banks but I remain afraid. Because I have to repay with interest rate and collateral. Well, I do not know how interest rate is being calculated. Besides interest rate, I do not have ideas about what are the terms and conditions of the loans in Jaiz bank, Islamic bank. Generally, people scare us about bank credits and as such, I prefer to use the local means of sourcing finance.

Please, anything else that you think is important but not reflected in the discussion about access to financial resources for starting a business, and mobilisation of financial resources for business growth and survival.

Well, I have very well explained all that relate to how financial resources are used in our business. In regard to government financial support, we are pursuing how the government can help. As a chairperson, we have sensitised our members in a seminar on the need to have a shop because the labouring job has a time. Because it requires body energy. That is not available when one gets old. It is not government work where I can expect to earn pension after retirement. Therefore, if the government can support such entrepreneurs, we believe poverty can be reduced drastically.

Thank you for your time.

Thank you.

Interview time: 52.50 minutes

Constrained Gazelle (CG)

Q.1. Connection to Informal Entrepreneurship

Please, can you describe your business in detail?

My business is about selling cosmetics and I inherited the business from my father. I sell necklace, earrings, powder, lipsticks, and soaps and so many local cosmetics goods. I also sell children's clothes, blouses, skirts and so on.

How long have you been in this business?

Approximately, I had spent about 25 years doing the business. I started the business under my father. Gradually, I was able to sell and later he started to send me to other periodic local markets. Next, he linked me with the suppliers that are based in Kano. In fact, as time goes on with my father or without him, I can supply, sell and attend the periodic markets surrounding Zamfara State and other neighbouring states. Finally, my father retired and left the business with me. When he died, I continue with it so that I could take care of the family. My brothers and I continue the business with the combination of other businesses, such as farming and rearing of animals. As a result, we re-built the house, bought a business car and travelled to mecca for the annual pilgrimage. Despite changes brought by modernisation and security challenges, we have not stopped rather we gathered momentum and keep on with the business. However, now, we have stopped rearing animals due to cattle rustlers and armed bandits' activities. For farming, we are still doing it because the thieves cannot steal the farmlands, as they cannot take it away.

Please, can you also tell me the number of people employed by your business? Are they full-time, part-time, seasonal or family employees? And why does your business employ them?

Yes, I have some workers with me. There is my brother and another person from the same rural area called Wanke. Whilst I pay the boy every day, for my brother the business gains are being shared with him as I take care of all his responsibilities. Even though we come to Gusau only on Monday, other days we go to other periodic markets in nearby towns and villages. On Tuesday, we go to Mada market; Wednesday goes to Wanke market; Thursday goes to Yar Tasha market; and Friday goes to Magami market (my hometown). On Saturday, I go to Kano for supplies but the workers go to Kango market; and on Sunday, we do go to Dangulbi but due to security threats, we have stopped and consider it now a rest day.

Can you tell me why you move around to all these markets within a week?

Good! As I told you, I inherited the business but as well, I inherited these movements. We have established relationships with customers in all these areas. Some of the relationships we had inherited them and others they were established by us. Indeed, our customers do seriously get worried if I escape a day without going to any of these periodic markets. Because our customers do collect goods from us weekly and pay the following week to collect other sets of cosmetic goods. Therefore, we have money in these rural towns and villages such that to stay in one place definitely, we will lose our money. The business's customers cannot be able to travel long distances to meet us and repay the debts.

Q.2. Access to Financial Resources for Business Start-up

Even though you hinted on this, could you please describe in detail the financial resources (savings, credit, insurance and other means) you used to start your business?

Even though we inherited the business, in my entire business life I do not know anything about banks. However, an agency provides money transfer services in my hometown. Presently, because of the election, I instructed the staff of the agency to make a transfer to my suppliers of NGN250, 000. Note I have never been to the branch of the agency, but the staff trusted me. The agency provides these transfer services up to NGN500, 000 to my suppliers and I will pay them later in the day or the following day. I enjoy these services so much and I have never failed the staff.

Please, can you describe in detail what, if anything, the term “*adashe*” (rotating savings and credits) means to you? Can you explain how you use it to start your business? And why?

Adashe is very important to the business as well as helping to attend to personal financial requirements of mobile entrepreneurs like me. I did the one that is worth NGN250, 000 and used it to pay for the annual pilgrimage in that year that is about 9 years ago. As a mobile entrepreneur, I do it in almost all the markets I go to. The beneficiary will collect his lump sum in the evening towards the end of day's commercial activities. Every mobile entrepreneur contributes according to his strength ranging from NGN4,000 to NGN20,000 at the end of day's commercial activity in any of the periodic markets I mentioned. If the *adashe* is NGN10,000 per contribution every day, two mobile entrepreneurs might come together to contribute NGN5,000 each on the market day because I do not have the capacity to make of NGN10,000. Depending on which slot they were placed, they will collect NGN100, 000. They will share equally that is NGN50, 000 each. Then the cycles continue after this *adashe* is concluded. There is *asusu* savings that is completely different with *adashe* and it is normally located in my house because it is individually controlled. When I have pressing finance requirements, I will break it and spend the money. However, *Adashe* does not operate this way, as it is time bound and group controlled. Whether I collected my lump sum nor not, I have to contribute into the pool until the specific period allocated to it ends. We allocate *adashe* slots based on a ballot system of numbers from 2 to 10. The father of *adashe*, who is a mobile entrepreneur also takes number 1. Why? He is the mobiliser and collector of the funds and if there is a problem of non-payment, he takes care of that without the knowledge of the participating entrepreneurs. He is chosen based on his experience, wealth and leadership qualities. Because of his experience, the father of *adashe* is considerate of the economic forces that affect the market whether positively or negatively. As such, he may increase or decrease the amount of entrepreneurs' contributions into the savings pool. Therefore, through appropriate use of my earnings and incomes, the business is growing. In fact, I have on several occasions tried to diversify into transport services still, I realised the cosmetics business is better than the transport business. Then I tried to use my personal car to combine both businesses.

Can you please tell me the challenges you might have faced when using the various sources of financial resources to grow your business? And why you faced these challenges?

One of the biggest challenges is the security challenges in the rural areas such as kidnappings and armed banditry. We do move with lesser goods and collect less goods on credits from suppliers even though they are willing to give us more. The danger in this business now is that when any time these rural areas were attacked, the thieves went away with the goods we provided on credits to our business partners. Moreover, the constant robbery on the rural roads are other problems as recently, I gave one of my business partner goods worth NGN 85,000.00 and the goods were snatched by thieves. I incurred the losses as the partner also lost all other goods with him to the thieves. I cannot tell him to pay me back because he is now struggling to survive. Despite all these bad incidents, luckily, I have a boss based in Kano and he is considerate of the situation. I do collect goods from the boss worth NGN500, 000. I may repay half or one quarter of that amount. Even at that, if I wish to collect more, he is willing to provide whilst I remain careful with the ongoing security situations. Specifically, the boss is more considerate of the festive period such as the two Eid periods. Close to these periods, every week, we could make supplies worth NGN1, 500,000 from the boss. However, due to security situations too, the transactions have lowered down to between NGN700, 000 to NGN800, 000. Notwithstanding, he had helped me and as a result, had established strong, genuine relationships for over a decade.

Can you please tell me whether you have participated in any government finance programmes to start your business? If you have participated, why? If not, why?

Here, those in the cosmetics selling business I have never thought of if there is any one of us that have access to such financing programmes. However, we do pay revenues every market we attend and conduct a commercial activity. We pay NGN50 on the eve of entering the market and in the middle of day, the revenue officials do come to collect NGN50. The field we are displaying our goods belongs to the government so paying such revenue I see it as a duty to discharge because if not, the government has the power to send us packing from this place. You see I am a rural dweller. I like this government finance if I can access it. Unfortunately, I do not have somebody base in the city to do a follow up on my behalf.

Q.3. Mobilisation of Financial Resources for Business Growth

Regarding your business growth, even though you hinted a little bit, can you tell me how you make payments (on credits, instalments, or any other means) to your suppliers in detail? And how you receive payments from your customers (instalment, bulk)? And why?

Besides the way we make supplies, in each market we go, we have many customers who collect the goods from us on credit and pay the following week, on a market day. For example, that women repaid NGN2,000 for the items she collected a week ago but now, she took other goods nearly of the same amount. In fact, I do give her goods worth NGN70,000 to NGN80, 000 depending on the period. She might pay within a week, two weeks or even after a month and this is how we operate with many of them. If they refused to repay, I told you we do agricultural activities. As such, we will bring out the stored farm produce like say 15 to bags of cereals sell and replenish the working capital. If the customers repay the debts, we restock the farm produce or buy more of the cosmetics goods. But if we cannot recover the debts, we write them off. We do not go to enforcement agents because this is not what we inherited

from our parents. This business is different from supermarket business. In the event of refusal to repay debts, we follow up for serious debt recovery and even try to threaten the customer. If that yields nothing, we write the debt off. Why we do not go to enforcement agents in the case of recovery is because such decisions are not reliable and do send customers away. We prefer to pursue customers that are more active, relate with them than waste time pursuing bad debts. In this community, people know each other very well, going to law enforcement agents is more likely to lead to losing many customers. However, with patience. We have experiences where other customers intervened and the outcome though slow, but successful was at the end.

Q.4. Mobilisation of Financial Resources for Business Survival

I can understand how difficult it is to survive in this business; can you please describe in detail the financial resources you used in difficult times? And why?

The security challenges are a serious setback to the business. We were supposed to be making serious sales in the last two months, but the insecurities are hampering the business performances. However, we expect the sales to pick up in the middle of the Ramadan period, fasting period. Then, the sales will be low as the rains drop therefore; we focus our attention to the agricultural activities. Then heading to the Eid, the sales will pick up again. The sales will also be lowered again after the Eid but start to pick up from September at the eve of harvesting period. Sales will also peak towards the end of the year up to the beginning of the following year. These are the sales patterns of the cosmetics business for mobile informal entrepreneurs.

Despite these risks, can you tell me if you use insurance coverage for the business? if not, why?

I heard of insurance. I do not use it and I linked it to the lack of knowledge about insurance products and services. For example, there was a time I lost everything in one of the markets I attended. Bandits set fire to the market and the shop where I kept my goods was completely razed down. Government compensated the incident by giving me NGN2, 000 and a bag of rice. Indeed, I do not know how to even seek insurance services and as well, bank facilities or government funding.

Q.5. Utilisation of Existing Financial Resources

You said to have been into this business for 25 years, can you please tell me, if at all, you keep financial accounting records for your business? If so how? If not, why?

No. I do not do any record keepings. It is serious work. We cannot do it in view of the high volume of daily sales between the buyers and me. Due to familiarity, if I look at the goods on display, I will know those that are available and unavailable. We understand the business profitability on a weekly basis because by the time I have stocks of goods and have cash with me, then, I know there are gains. If otherwise, there is an issue. I am watchful of what is going in the business. If something is missing, I will know based on my own experience.

Q.6. Role of Informal and Formal Financial Services Providers

Can you please tell me the role played by informal finance providers to your business? And as well, formal finance providers?

I believe banks will be vital to my business. If a bank offers me facility with their terms and conditions and someone explains clearly these conditions, I will review them based on the current business performances. For examples, if loans are offered and I know how long the money will be with me, I will do proper business as well as financial planning so that I operate profitably. For me, the interest rate is not an issue to me. The problem is knowing how much interest I will pay. For example, giving me NGN10, 000 and saying I will repay by paying NGN20, 000 in a year is too much. This is difficult as the business profit margin is small. Despite the requirement of collaterals and personal guarantors, for me, still, is not a problem. Because once there is good intentions, I believe things will work out profitably to both parties, as we are all out to help each other. Well, I have not related with banks, but I have sourced money through the informal finance providers such as *adashe*. I have enjoyed the informal sources and I am still enjoying them as I had participated in such arrangements. Even now, if I am looking for money worth NGN50,000, instead of touching the business working capital, via *adashe* I would source it with ease. Therefore, informal finance is more important to me since it is what I know and use.

Please, anything else that you think is important but not reflected in the discussion about access to financial resources for starting a business, and mobilisation of financial resources for business growth and survival.

Well, the major issues worrying us I think are not more than the bad roads, armed robbers and bandits. Because of these bad activities, the sales are low, and the result is sluggish business performance. As I said earlier, the Sunday market in Dangulbi town is an important market that we cannot go due to such insecurities. My major problem is access to real finance as I am financially constrained. So many times, there are business opportunities but due to lack of enough capital, I cannot exploit them.

Thank you for your time.

Thank you.

Interview time: 47.03

Traditionalist

Q.1. Connection to Informal Entrepreneurship

Please, can you describe your business in detail?

This kind of business I am engaged in is a selling of traditional medicines. We sought for different plant's roots, and then from the root, we prepared and extracted the medicines for treatment of various diseases. For example, from the roots we make venereal diseases' medicines. Indeed, even from the hospitals in town, we usually got referrals of patients. Also, patients with persistent typhoid fever, dysentery, pneumonia, paralysis and ulcers are normally sent to us by the hospitals. These diseases are sometimes difficult to treat by the hospitals as such they advise the patients to come to us for traditional medicines. We make these medicines from plants' roots, grind them or from other parts of shrubs and trees. In short, we provide herbal medicines for over 50 different diseases and prescribe these herbs with guidelines. If patients follow these guidelines, and in most cases, the treatment used to be very successful. In fact, to test the reliability of our medicines, like diabetes, we advise patients to go for a sugar test after the treatment, and for ulcers, we encourage them to take hot peppers after the treatment. Most of these treatments were successful and that is why you see we enjoy a lot of patronage from the customers.

How long have you been in this business?

I came to run this business because I learned it from my boss. Then, I accompanied him to the bushes and forests, where we got the herbs and other plant materials that are used in making the medicines. Later, we have challenges in getting the raw items needed for the preparation of the medicines. Therefore, we have to seek for them from neighbouring towns and cities at exorbitant prices. Gradually, in this way, I became a master and now I can stand on my own. Now I can say I have been in this business for well over 10 years.

Please, can you also tell me the number of people employed by your business? Are they full-time, part-time, seasonal or family employees? And why does your business employ them?

At present, I have about ten workers working for me, comprising those that are from relatives, friends and neighbours. So far, I can say proudly that I have trained about ten students who I taught, paid and discharged from this business. Most of these students now have their own businesses in which some of them are even doing better than I do, with many workers now working under them too. Those that work for me I used to pay them NGN3,000 monthly. However, we eat breakfast, lunch and dinner daily from the daily sales. Well, you know this business is small and we are not making much from it.

Q.2. Access to Financial Resources for Business Start-up

Can you please describe in detail the financial resources (savings, credit, insurance and other means) you used to start your business?

When I started this business with little I got when I learned the business, I realised it will not be enough. Luckily, I have a bull cow and that year I farmed and produced groundnuts. I sold

them and injected the money into the business's start-up capital. When I started, health workers visited us and advised us on how to store the herbs and the grinded roots. They instructed us to stop exposing some of the medicines to direct sunlight. Whilst I used my personal financial resources to improve my start-up working capital, honestly, I have not sought for finance from the formal financial institutions. Some of the banks visited us and advised us to open a bank account with them since I have a good business. They said they would look into the possibility of extending finance to my business, but I did not do that. Anyway, recently officials of formal financial institutions came and addressed us that they will extend finance to us. They asked for our mobile numbers, which we provided. Later, whilst I was away to Kaura Nomado, the sum of NGN10,000 was disbursed to my colleagues including me. Well, these proceeds help, and I can comfortably say that the value of this investment has grown to almost NGN50,000. Yet, up to now, I remain unbanked. If I make daily sales, I take them to my house. The following day I used the sales to secure more orders for my shop. Another way I got finance to boost my start-up capital was from a family member. This member was on a visit to my shop. He asked me; why do I have low stocks in the shop? I said; I recently did a wedding to a son and my wife delivered. I told him this family's demands have consumed so much of the business's financial resources. As a result, he advanced NGN100,000 to increase the working capital, which I quickly used to place orders from the suppliers. Afterwards, we agreed that whatever net profit is made, it should be divided into three: inject back one third of the profit into working capital, whilst the two-third will be shared equally between the two us. Actually, because of this funding, I was able to purchase a car before the year ran out. In addition, as I was able to generate more retained earnings, I re-invest them into buying bulls as well as cash crops such as groundnuts. I do not engage in *adashe* practices and not just for anything, but because I prefer to manage my savings, the way I told you earlier.

Good, since you do not used *adashe*, can you please describe it for me? Can you explain how it has been used to start a business? And why?

I have a good understanding of the way *adashe* is being conducted. Usually, people come together to contribute funds on a periodic basis to raise savings, which they could not be able to do individually. It is a good practice but can become problematic if a person without a performing business is included into *adashe*. I used to tell the organisers, to include a real businessperson only since they are the ones with the capacity to raise daily business sales. For example, there was a time when a member who collected the third slot of the contribution, but he ran away. This became a burden on us, and I do not like it. Well, I have been involved in *adashe*, which is the one that the government is aware of. This one has no problem as we make weekly or monthly contributions and I can withdraw my money when I need it.

Can you tell me of any other ways of getting finance to start a business, which you did not mention? If you used these, why was that?

Yes, I know, but even if I tell you, you can confirm from one of the herbalists around. I believe you will get the same information as I narrated to you. You see here, those in this type of business used to invest in livestock stocking. A boy I released from this business, does that too. In general, if you handle the business prudently, the gains from it is enough to boost up

a start-up capital. Even though we deal with traditional medicines, we have all sorts of important people that patronise our business and from there, we generate good cash flows.

Q.3. Mobilisation of Financial Resources for Business Growth

You have said that you rely on retained earnings, relatives and friends; in addition, can you please describe in detail the other financial resources you used for your business growth? Moreover, why you used them?

You see that person there; he is into similar business with me. As a friend and neighbour, there were times he paid off the goods I ordered from our suppliers. He does that when I am away purposely to help and keep my business going. When I returned the NGN50,000 paid for the goods together with what I earned from it, he only accepted his NGN50,000. There are many instances like this. Collaboratively, I also do it to neighbours and friends when there is a chance and need to do that. There were also times when suppliers provide goods on credit without making any payments. They charge nothing for these services as we only pay the cost of transporting the goods to us. As we make sales after one or two weeks, we repay back the cost of goods supplied. On numerous occasions, they ask us whether we need more supplies on credit, but because we only want to operate within our limit, we used to say please hold on. If there were a real demand for the goods, we would request for it. In this way, based on trust and social networks built for years, our business has been growing and expanding. However, there were medicines we got from the bush without paying anything. We incurred transport and labour costs in getting these medicines, as we have to travel to some states such as Kaduna and Taraba to get them. Moreover, another way of mobilising financial resources for growth is through customers' advance payment. This advance payment is being received from different areas as far as Maiduguri in Borno state and Niamey in Niger republic. Customers make phone calls and place orders and as soon as the medicine is ready, we load it into Lorries and the drivers will deliver it.

So how do you receive payments from these very far places?

Well, the payment comes through the mobile banking platform. One of our boys here understands western education. He operates the mobile banking for us by going to the bank and withdrawing the money for us. Once our boy got the transaction alert, he notified us, and then we will tell him to withdraw. In fact, I have not witnessed any trust issues in regard to this kind of transactions and obviously, it is really helping our business to grow. They have tried on several occasions to open accounts for me, but I said no. I said, let my boy conduct my transactions via his bank account on my behalf.

You have told me the way you pay your employees; can you tell me how you pay your rent and any other business expenses? How these expense payments affect your business growth? And why?

Our stay here is not permanent but temporary. The government temporarily allocated it to us. We know very well that the government can relocate us at any time. Well, we do not pay rent, but we pay tax for the state and local government annually. Last year, the tax officials sent a tax demand notice to pay NGN10,000 but they came, and we negotiated down the tax

amount to NGN5,000 and they provided receipt for that and we paid the tax. Collecting tax from us is usually a yearly affair and if we do not have the money to pay, tax payment can be deferred to a short future date. If they come, it is an obligation, we pay, and receipt is provided.

Q.4. Mobilisation of Financial Resources for Business Survival

I can understand how difficult it is to survive in this business; can you please describe in detail the financial resources you used in difficult times? And why?

Some of our difficult times are the beginning of Ramadan, which is a fasting period for the Muslims and as well, during the peak period of the rainy season. Indeed, we struggle as we witness very low patronage from the customers. However, as these periods pass, sales normalise. You see, as people eat, they have to take medicines. Each year, another thing that helps us to survive is that the principal of the Nursing school does visit us here with over 3000 students. They park their busses on that roadside, and they will be asking questions about the different medicines on display here. After their tour, they usually give us some money, sometimes NGN25,000, which we invest into the business to ensure its continuous survival.

Q.5. Utilisation of Existing Financial Resources

You said to have been in this business for over 10 years, can you please tell me, if at all, you keep financial accounting records for your business? If so how? If not why?

I swear by God I have never kept any written financial records for this business. I am planning to start recording my financial transaction because some of the boys know how to read and write. In this way, we could keep records for the future so that our next generation could use it and learn something from it.

Q.6. Role of Informal and Formal Financial Services Providers

Can you please tell me the role played by formal finance providers to your business?

The banks have money but unfortunately, I do not have an account with them needless to say I have the chance of getting a loan from them. In short, bankers do visit us soliciting for our cooperation to open a bank account. Up to now, we have no relationship with them. The only formal finance that we recently enjoyed is the trader monies. That is the NGN10,000 I told earlier disbursed to us by the government through our mobile numbers. In fact everybody here got his shares, except only one old woman entrepreneur. Why? Because she used another person's number and unfortunately, that person already collected with his number. Most of us have used this small loan, and if the government wants us to repay back immediately, I can tell you we all have the capacity to repay the loan. Anyway, this is a small amount and has less significance compared to the informal sources to our business I explained to you earlier. However, if this formal means is readily available, we will abandon the informal ways and patronise the formal finance providers.

Please, anything else that you think is important but not reflected in the discussion about access to financial resources for starting a business, and mobilisation of financial resources for business growth and survival.

Yes, I have it. If a bank could be opened in this market, why not patronise it. If they will give us a loan, we will collect and repay accordingly. You see, if this happens one could be at ease to saving money. Look now; if I buy the cows, we suffer so much from the bad activities of armed bandits and cattle rustlers. These bad people have once stolen my cows and that was not good for me. As a former banker, if you can link me with the bankers that will be great.

Well, as I have said to you earlier, I am a student now doing research, but I will see how if I could talk to the Manager to see you. Thank you for your time.

Thank you.

Interview time: 49.16 minutes

Survivalist

Q.1. Connection to Informal Entrepreneurship

Please, can you describe your business in detail?

In brief, after my secondary school, I started to think about how I can be on my own as I have interest in this communication business. I bought this container and other needed materials to start the business. My brother gave me the money I used to start the business. As such, now I am selling recharge cards, charger, car chargers, memory cards, Bluetooth, phones, stickers, car inputs, earpieces, and batteries, as well repair, and charging phones.

How long have you been in this business?

I think I spent about 7 years in the business.

Please, can you also tell me the number of people employed by your business? Are they full-time, part-time, seasonal or family employees? And why does your business employ them?

I have one person who is a student in the university that comes only during holiday to assist me with running the business. Besides the student, I work most of the time alone. Anytime the student comes, I used to pay him about NGN500 to 700 daily depending on daily earnings.

Q.2. Access to Financial Resources for Business Start-up

Even though you hinted on so much on this, could you please describe in detail the financial resources (savings, credit, insurance and other means) you used to start your business?

When I started with the amount given to me by my brother, I realised the capital is inadequate. Later, I decided to approach another brother who has money. Unfortunately, I did not get anything from him. Therefore, I managed with little I got. Little by little, the business continues up to this moment. I relate with the bank but unfortunately, I was told by people that banks hardly assist people like me except I start the business and it can generate a turnover. I resort to going to family members because in the event of default, there would be no pressure on me to repay and families understand easily what went wrong. This business is very risky particularly as we are charging phones due to poor electricity supply in the city. I knew a friend that was duped and phones amounting to over NGN50, 000 was stolen. If it is a bank loan, ask me, how can I handle this? If it is a family member then they can understand easily or the government that waive interest in their lending programmes. Sometimes I also rely on friends because I borrow about NGN15,000 to 20,0000 from them to make supply and after like a week when I make sales, I refund the amount I borrowed.

Please, can you describe in detail what, if anything, the term “*adashe*” (rotating savings and credits) means to you? Can you explain how you use it to start your business? And why?

Adashe, if you are an entrepreneur, it is useful to generate working capital. It is a good means for gradual accumulation of savings. *Adashe* is better than *asusu*. Because in *adashe*, one can access the first trench but *asusu* is normally done if an entrepreneur is planning to tackle a future problem. I think *adashe* is better, I have done it before, and I have used it to generate

more additional working capital. I used it to save about NGN3, 500 every week for about 6 months. This I did in combination with a colleague, we make the weekly contribution of this amount, as I cannot afford it alone. This one is trouble free because any time non-entrepreneur is included into this practice; it tends to be problematic. Therefore, I develop the business more from my business retained-earnings such as *adashe*.

Can you please tell me any challenges you might have faced using the various sources of financial resources to start your business? And why you faced them?

At that, the main challenge is the generator as I relied on it. It is the main source of power to carry out the business because there is a general problem of electricity here. There are moral issues. People tend to act smartly looking for small loopholes such as stealing, or they bring phones with mechanical complexity and later they blame me that I am the one that spoils it. This situation usually consumes the little financial resources I accumulated over a long period. For example, for a repair that cost NGN500 on a phone that is worth NGN50, 0000, problems emanated, and I had to pay.

Can you please tell me whether you have participated in any government finance programmes to start your business? If you have participated, why? If not, why?

There was a time I filled the form more than three times, but I am not given chance to get access to government funding programmes. I just consider access to these programmes as luck. If I can get it, I would be able to buy some tools, which will help me to expand my business. Because due to lack of these tools, there are works, which I cannot attempt to do

Q.3. Mobilisation of Financial Resources for Business Growth

Regarding your business growth, even though you hinted a little bit, can you tell me how you make payments (on credits, instalments, or any other means) to your suppliers in detail? And how you receive payments from your customers (instalment, bulk)? And why?

There are some shops, which trust us. They could provide goods on credit based on the level or history of purchases you made with them. However, I think there is a drop on the rate at which credit is being provided because the suppliers have been swindled on numerous occasions or because the suppliers do not have proper information or address of the customers. For me, I am very popular with the suppliers and they trusted me. I do enter the shop, pick whatever I want and after like three weeks or less, I settle the debt. The suppliers trust is based on relationships developed over the years. they do provide the goods at the price they sell to even those that pay cash. Well, I also give out credit but not to any customers but only advance to those I also trust.

Can you please tell me the challenges you might have faced when using the various sources of financial resources to grow your business? And why you faced these challenges?

Shortage of working capital is the biggest challenge. If I could secure more capital, I will expand. You can see the customers' traffic to and from the shop is high. Our goods are sensitive and attractive materials that is why the shop is wired with iron bars, making it difficult for thieves to penetrate. It is really a very risky business. Regarding insurance, I have

little orientation about it. Beside the theoretical aspect, I only understand it during my school days. Definitely, we do not manage our risk through insurance but sometimes we rely on the trust with our big suppliers. Because in the event of risks, if they suppliers trust your behaviour, they will come to your assistance. They can even provide you with goods to put in the shops. You see, we do not have a union of communication dealers or traders here. When there are risks, there is no union to offer financial support like other entrepreneurs in the GCM. However, in difficult times, I do buy laptops as assets to keep such that in the event I need to beef my capital, I sell the laptops and inject the capital back into the business.

Can you also please tell me how you pay your rent and any other business expenses? How these expense payments affect your business growth? And why?

My stay here is temporary inside this container. The general manager gave me the permission to put the container here and do the business. I am not paying any rent, but I pay access fees to station the container here. I used to pay tax annually

Q.4. Mobilisation of Financial Resources for Business Survival

I can understand how difficult it is to survive in this business; can you please describe in detail the financial resources you used in difficult times? And why?

Yes, I too face problems during some periods. About 80% of my customers are from the rural areas. Anytime, it is a rainy season, I struggle to survive. In fact, during this period, I have to fall back on my savings.

Q.5. Utilisation of Existing Financial Resources

You said to have been into this business for 7 years, can you please tell me, if at all, you keep financial accounting records for your business? If so how? If not why?

Honestly, I do not have any financial record I keep. I based my calculations on the goods I have in the store. Anytime, I look at the shop, I do understand that whether there is stock or not. Since I have the price of an item on the invoice, therefore, I know how much I gain when I sell it. Like charging of a phone, which is commonly charged every hour, I charge about NGN30 per phone. Cumulatively, I made about NGN1, 500 to NGN2, 500 per day on charging phones alone. However, repairing phones tend to bring more income than any services I provide. Prior to opening any phone for repair, a deposit of NGN200 has to be provided. The charges for repair can range up to NGN12,000. However, any repair services that I priced high, in most cases. I would need to purchase a spare part to insert inside the phone.

Q.6. Role of Informal and Formal Financial Services Providers

Can you please tell me the role played by informal finance providers to your business? And as well, formal finance providers?

I am not aware of mobile banking technology even though I bank with a bank. The bank has not really marketed this product to me, and I have not heard from anybody. I relate much with the bank and I transfer funds to the suppliers through their bank accounts. Therefore, I think the importance of banks to our business is just to facilitate transactions and movement

of funds. I am really interested in this mobile banking technology but very few people know about it here. We have our own way of doing money transfer here. We do it through the recharge cards. It works so that someone will buy a recharge card of say NGN5,000 in Lagos, send the recharge card numbers to the beneficiary here who comes to me to pay cash for that recharge cards. I do discount the price in this instance. Because for a recharge cards worth NGN5, 000, I pay NGN4, 200 cash, making NGN800 as profit from the transactions. Therefore, if customers were fully aware of the technology I doubt, they would rely on our mode of transfer services. There is regulation on buying and selling phones, but I do not sell phones. You see the market is deserted today because there are two market days, Monday and Friday when the commercial activities are high. This is the time people from the surrounding urban, and rural areas converge for more activities that are commercial.

Please, anything else that you think is important but not reflected in the discussion about access to financial resources for starting a business, and mobilisation of financial resources for business growth and survival.

I think I have explained much.

Thank you.

Interview time: 44.29 minutes

