

Understanding Small Business Entrepreneurial Activity in the Nigerian Bottom of the Pyramid (BoP) and Informal Economy

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Abstract: Despite significant and rapid evolution of the Bottom of the Pyramid (BoP) and the informal economy concepts, there is still a lack of clarity regarding the nature of BoP populations being studied and how activities in BoP markets intersect with those in the informal economy. The current study contributes to the literature in this area by exploring the nature of small business (SB) activity at the BoP, specifically, within the Nigerian informal economy context. The research employed the street-by-street survey and spatial random sampling methods to collect data from indigenous SB entrepreneurs in the Nigerian informal economy. Findings highlight the unique characteristics of BoP and non-BoP entrepreneurs and the key factors underpinning their motivations for engaging in specific economic activities in the informal economy. These are discussed in relation to the literature, theory and practice.

Key words: Bottom of the Pyramid, Informal Economy, Nigeria, Entrepreneurship, Small Business, BoP Populations

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1. Introduction

In their foundational discussion on the BoP concept and strategy, Prahalad and Hammond (2002) opine that businesses (specifically multinational enterprises – MNEs, hereafter) can make profit by selling to the poor and at the same time do “good” by lifting the poor (i.e., those earning/subsisting on less than \$2 a day) out of poverty. Along this line, the BoP approach and strategy was framed as a call on MNEs to engage with individuals at the BoP on a win-win basis; doing good and being profitable. Over the years, there has been a significant and rapid evolution of the concept as debates about BoP approaches, definitions and populations have continued to evolve (see Kolk *et al.*, 2014; London *et al.*, 2014; Karnani, 2007; Karnani, 2008; Karnani, 2009; Karnani, 2011). However, a huge gap still exists in the BoP research, as researchers have not clearly defined the nature and type of BoP populations they are focussing on (Kolk *et al.*, 2014). Specifically, different BoP populations and settings have been studied, but context-specific variations that drive business activity in the BoP markets have not been explored in enough detail (*ibid.*).

Conversely, evidence from the literature (e.g., Ireland, 2008; Guesalaga and Marshall, 2008; Kistruck *et al.*, 2015) suggests that BoP markets are neither humongous nor homogenous entities. On the contrary, BoP landscapes are made of various systems and segments that need to be understood by business operating in BoP markets (Chikweche and Fletcher, 2012; Kistruck *et al.*, 2015). Furthermore, the context within which BoP actors, including SB owners, operate may differ for both the formal and the informal economy and for countries at different stages of economic development (see London *et al.*, 2014; Schneider, 2005) and/or transition to market economies (see Dana and Ramadani, 2015). Specific to the import of countries’ economic development or market transition stage, studies have shown that BoP consumers in developing countries tend to interact mainly in informal markets (see Godfrey, 2011) characterised by SB entrepreneurial activity. In fact, a significant percentage of economic

activity in BoP markets of developing countries is driven by the entrepreneurial sector (Kistruck *et al.*, 2015). However, despite the evidence that BoP markets are significant sources of entrepreneurial opportunities, the nature of SB entrepreneurship in BoP markets is not well understood (Webb *et al.*, 2010). Therefore, understanding entrepreneurial activity within BoP markets in the informal economies of developing countries will illuminate our understanding of the nature of SB entrepreneurship in the BoP markets, and hence, provide a different lens to conceptualizing the BoP concept and expanding its applicability. The current study contributes to research in this area by exploring some of the key factors that underpin choice of business activity undertaken by SB entrepreneurs within BoP markets in the Nigerian informal sector. The remainder of the paper is structured as follows: Section Two reviews relevant literature and introduces the specific focus and objectives of the paper, whilst Section Three discusses the theoretical frame that is applied for the study. The study's methods are discussed in Section Four while findings are presented in section Five and discussed in Section Six.

2. Literature Review

2.1 Bottom of the Pyramid

Evidence from the literature shows that the foundational BoP assumption is true, i.e. that MNEs do increase their profits by selling to customers in the BoP and, in the process, alleviate poverty in the host country (see Kolk *et al.*, 2014; London *et al.*, 2014; Prahalad, 2005). However, BoP research over the decade portrays a more complex picture, with research focusing on different contexts that go beyond the dual role (making profit and alleviating poverty) assigned to MNEs by Prahalad and Hammond (2002). Specifically, it is argued that businesses can generate employment and engage BoP actors as entrepreneurs (instead of consumers) by improving credit provision for the poor at the BoP, engaging them more in their value chains while also providing them access to goods and services (McMullen, 2011;

Godfrey, 2011) and treating them as “business partners” (Simanis *et al.*, 2008). Other authors have shifted the scope of the BoP discussion from “a primary focus on ‘consumers and capabilities’ to incorporating a greater understanding of ‘producers and constraints’” (London *et al.*, 2010: 582). There is also a movement towards understanding the nature and role of subsistence marketplaces as distinct to the BoP strategy entrepreneurship (Viswanathan and Rosa, 2010; Toledo-López *et al.*, 2012). Although expanding, BoP research has not gravitated strongly towards considering the poor as entrepreneurs in their BoP markets. Accordingly, Kolk *et al.* (2014) notes that most of the studies included in their detailed review of BoP focused on the BoP as poor consumers. Furthermore, only a few initiatives led by multinationals were reported in Kolk *et al.*’s (2014) detailed study of the state of BoP research. This resonates with evidence from previous studies suggesting that BoP initiatives derive from the entrepreneurial activities of small and local businesses operating in the informal economies of developing countries (Brinkerhoff, 2008; Arnould and Mohr, 2005). What these findings highlight is that the dual role (making profit and alleviating poverty) assigned to MNEs in the foundational BoP explication is being fulfilled by SB entrepreneurs operating in BoP markets. Furthermore, they highlight the noteworthy intersection of BoP markets and the informal sector - that entrepreneurship and/or entrepreneurial activities at the BoP markets tend to occur within the informal economy.

2.2 Entrepreneurship and the Informal Economy

Typically, when it comes to the concept of the “entrepreneur” and “Entrepreneurship” different perspectives and schools of thoughts abound, deriving meaning from the context of consideration (Cunningham and Lischeron, 1991). The entrepreneur is understood as “the individual responsible for the process of creating new value (an innovation and/or a new organization) - in other words, the individual without whom the new value would not be created” (Bruyat and Julien, 2001:169). In addition, the entrepreneur organises and manages their business undertaking for the sake of profit, while assuming the risks associated with value

creation for profit. Correspondingly, entrepreneurship is consistent with creating value, assuming risks and undertaking management roles (i.e., supervision, control, and providing direction to a firm) (Mill, 1984).

The type of entrepreneurial activity embarked upon by individuals are determined by their environment (Ramadani and Dana, 2013). Correspondingly, opportunities for entrepreneurship are determined by factors such as nationality context and the individual's situation within that context (Rezaei *et al.*, 2014), cultural assumption of the social systems (Dana and Ramadani, 2015), mind-sets and ethnic group affiliations (Ramadani *et al.*, 2018) and the nature of (non)existing institutional and structural frameworks (Ramadani and Dana, 2013). Although, entrepreneurship research, particularly in industrialised societies, has generally viewed individuals engaging in entrepreneurial activity as law abiding, there is growing recognition and focus on entrepreneurship within the informal economy (see Rezaei *et al.*, 2014). More specifically, formal institutional voids and structural barriers that impede the set up and management of a formal business may prompt individuals to engage in alternative modes of entrepreneurship in the informal economy of developing/developed countries (Ramadani and Dana; Rezaei *et al.*, 2014).

The informal economy has been defined in many ways. London *et al.*, (2014) see it as the subset of the broad economy characterised by business transactions that lack adherence to the established rules and regulations. In fact, entrepreneurship scholarship has witnessed a growing focus on entrepreneurship in the informal sector, with the majority of studies in the area focusing on business venture/s that are not registered with and/or fail to declare some (or all) of its sales/profits to relevant tax or law authorities as required and/or fail to observe standard international employment regulations (Ketchen *et al.*, 2014; Siqueira *et al.*, 2016; Williams and Martinez-Perez, 2014; ILO, 2002). This focus is consistent with the definition given by the main theories of the informal economy. For instance, Dualism views individuals

undertaking activities in the informal economy as having little or no formal training, low skills, and are employed without any form of employment contract or protection (Sethuraman, 1976; 1981; ILO, 2002; El-Mahdi and Amer, 2005). On the other hand, there is a growing body of research that have focused on uncovering how contexts of (in)formality (specifically, immigration laws and regulation of industrialized economies such as Austria and Denmark) and the situation of individuals, as compliant and non-compliant with immigration rules, may drive and determine the nature of enterprise in underground (informal) economies (Rezaei *et al.*, 2014; Rezaei *et al.*, 2013). Also, studies have found that, in relative terms, there is a higher proportion of women and self-employed in the informal economy of many developing countries, and participants in the sector tend to have relatively low levels of education, low wages, high levels of poverty, and longer hours of working (ILO, 1972, 2002; Verick, 2006). This suggests that individuals who engage in economic activity within the informal economy are likely to constitute the “poor” residents of the BoP (i.e., earning less than \$2/day).

Therefore, it follows that the characteristics of BoP economic actors/agents (entrepreneurs and consumers) and markets are likely to be contextually different (see Rivera-Santos *et al.*, 2012). Correspondingly, the defining characteristics of BoP markets may depend on a multiplicity of contextual factors: national, institutional and structural frameworks/factors (*ibid.*). Although some BoP research (see Acheampong and Esposito, 2014; Sesan *et al.*, 2013) have explored a range of BoP-related contexts, these studies follow the traditional BoP approach that focuses on the BoP as markets for the poor to engage in consumption of goods/services initiated by MNEs. Also, few studies have looked at the nuanced context-based intersection of BoP markets as economic spaces negotiated by opportunity-seeking entrepreneurs in different markets. Thus, our paper seeks to enhance the understanding of BoP and non-BoP markets and populations in Africa’s largest economy (Nigeria), by exploring the intersections of key motivational factors underpinning informal SB entrepreneurship within

BoP and non-BoP markets and the nuanced context-based explanations for the said intersection/s. By so doing, the paper will shed light on “the generally monolithic view of the informal economy, which glosses over differences of class, gender, ethnicity, religion, age and occupation ...” (Meagher, 2018: 3).

2.3 Understanding the intersections of the Nigerian Informal Economy, Entrepreneurship and BoP landscape

Nigeria, Africa’s largest economy, is home to one of the continent’s largest informal sectors (Meagher, 2018). In fact, evidence from the literature shows that Nigeria has a very large and dynamic informal economy which shares similarities with those of other countries in the West Africa sub-region (Meagher and Yunusa, 1996). Correspondingly, focusing on Nigeria has the potential of enhancing our understanding of the informal economies of the country (Nigeria) and regional (sub-Saharan Africa) context. Furthermore, Nigeria has recently signed up to the African Free Trade Area (BBC, 2019) and has also agreed to be part of 15 African countries adopting a single currency (ECO) from next year (2020). It is argued that the country’s regional leadership role may dictate the nature of regional economic policies even further (Dewast, 2019), ultimately, determining the trend of business opportunities in the continent, going forward.

Entrepreneurship within the Nigerian informal setting has a long history, with different geographical areas and ethnicities specialising in the products and services they are renowned for (Akeredolu-Ale, 1973; Wale-Oshinowo *et al.*, 2019). This resonates with the views that highlight the paramountcy of ethnicity in relation to entrepreneurs’ preference for specific job-types (see Ramadani *et al.*, 2018). Over the years, the Nigerian government policies have strongly supported and fostered the development and growth of entrepreneurship and SB operations as a vehicle for poverty alleviation (see Obadan, 2001). Unfortunately, the success

rates of such policies have been poor due to a multiplicity of reasons¹. An overall implication is that entrepreneurship in the country largely lacks coordination and many SB entrepreneurs continue to operate in an unregulated space – the informal economy.

There has been a plethora of studies on the Nigerian informal economy, mainly focusing on its evolution and determinants, its income and employment generating potentials and the challenges it faces (for example, see Igudia *et al*, 2016; Meagher, 2016; Duru, 2012; Akintoye, 2008; Meagher and Yunusa, 1996). For example, Meagher and Yunusa (1996) trace the origin of the Nigerian informal economy to the policy environment, as the Nigerian government had hoped that the informal economy would generate employment and stimulate the economy for growth. Two factors, the post-independence desire for quick industrialisation in the 1960s and 1970s and the impact of the structural adjustment programme implemented in Nigeria in 1986, led policy makers to encourage entrepreneurial activity (the setting-up of small businesses) that could help provide the much-needed jobs, stimulate the economy for growth and reduce poverty rates (*ibid*). Other studies (for example see Igudia *et al.*, 2016; Ademola and Anyankora 2012; Meagher and Yunusa, 1996; Sethuraman 1981) have identified additional reasons for the origin and expansion of the informal economy in Nigeria. These are the labour force's inadequate skills, the need to survive, unemployment, inadequate education, and the need to augment income from formal employment and at retirement. Others are the flexible nature of informal economic activities, higher income earned from informal jobs, the need to continue with a family business, and rural-urban migration which gained momentum in the 1970s due to the oil boom. In addition, the size of the Nigerian informal economy, employment, income generating, and entrepreneurial potentials have been documented in the current literature (e.g., Igudia, 2014; Schneider *et al.*, 2010; Akintoye, 2008).

¹ A detailed discussion of the causes of the said failure is beyond the scope of the current study but can be found in other works (e.g., Easterly, 2002; Momoh, 1996).

Regarding the nature of entrepreneurial activity in the Nigerian informal economy, evidence from the literature highlights that in addition to the generic constraints², the social system plays a key role in impeding enterprise growth and development and shaping the entrepreneurial landscape in the Nigerian informal economy (Nyamnjoh, 2005). In fact, there is a growing body of literature highlighting the import of socio-cultural factors (e.g., ethnicity, gender and traditional gender roles) for entrepreneurship development in the Nigerian formal and informal economies (Woldie and Adersua, 2004; Nwoye, 2007; Spring, 2009; Nwankwo *et al.*, 2012). For instance, the patriarchal nature of the social system makes women “invisible”, thereby, limiting their ability to access entrepreneurial strategic resources (World Bank, 2009) while mind-sets, particularly gender role ascriptions, continue to define the type of entrepreneurial activities undertaken by males and females in the informal economy (see House-Midamba and Ekechi, 1995; Olarenwaju and Olabisi, 2012). Although studies have identified instances where females have been able to negotiate the constraints underpinning their (in)ability to access strategic resources for enterprise development, such instances remain exceptions rather than the norm and are rarely explored in the literature (Olarenwaju and Olabisi, 2012). Consistent with the view of Horn (1998), entrepreneurship in the Nigerian informal economy is largely a gendered activity. The overall implication is that while the informal economy of the country is a hotbed for entrepreneurship, the nature of entrepreneurial activities and SB entrepreneurs’ levels of engagement in the informal economy are likely to be affected by the key demographics (i.e., gender, family tradition and culture) and motivational factors (i.e., business outcome expectancy mind-sets) that define and shape entrepreneurial opportunities and choice of business activities. Thus, understanding the extent these key factors determine preferences and motivations for informal entrepreneurship in BoP (and non-BoP) markets will enhance our understanding of the dynamic nature and intersection of SB

² e.g., lack of strategic resources, including access to capital and credits, weak institutional frameworks etc

entrepreneurship and informal BoP (non-BoP) markets. The current study draws from this as its main point of departure, i.e., to determine the extent to which key demographic and motivational factors explain patterns of small business entrepreneurship in the BoP context of the Nigerian informal economy.

Thus, the current study aims to address two main objectives: to outline the characteristics of SB BoP and non-BoP entrepreneurs that operate in the Nigerian informal economy and to explore how key demographic and motivational factors underpin informal entrepreneurial preferences and decisions in the Nigerian BoP landscape.

3. Theoretical Framework

Decisions to engage in entrepreneurial activity in (in)formal markets are tied to a complexity of factors resulting in the unlikelihood of there being one best theoretical approach that facilitates deep, nuanced, context-based understanding of the phenomenon. To facilitate such understanding, “the application of theories specifically suited to capturing the essence of what is being left underexplored and under-theorized” becomes relevant (Uba and Chatzidakis, 2016: 280). Correspondingly, the theoretical framework adopted for the current study draws from Ajzen’s (1991) Theory of Planned Behaviour (TPB) and Vroom’s (1964) Expectancy theory (ET). These theories are specifically suited to capturing the essence of our study: to explore how key demographic (gender and ethnicity) and motivational factors (business outcome expectancy mind-sets) underpin SB entrepreneurs’ preferences and decisions to engage in informal entrepreneurship in the Nigerian BoP landscape.

Both theories (TPB and ET) assume that entrepreneurs’ motivation/s for business start-ups are underpinned by the expected outcomes from starting or growing the business. Both have often been applied in previous studies that have looked at the different dimensions of Entrepreneurial Behaviour (see Gatewood *et al.*, 2002; Renko *et al.*, 2012 for detailed

overviews of the research direction in the area). According to the TPB, three kinds of considerations guide the individual's behavioural decision-making process: *behavioural beliefs*, *normative beliefs*, and *control beliefs* (Ajzen, 2002). *Behavioural beliefs* explain the beliefs individuals hold regarding the potential or actual consequence/s of a particular behaviour-type/pattern. Such beliefs result in individuals' favourable or unfavourable disposition towards that behaviour-type. On the other hand, *normative beliefs* assume that the normative expectations of other people will result in perceived social pressure and/or a subjective norm imperative to (not) adopt the behaviour. For its part, *control beliefs* (the beliefs that the existence of certain factors are capable of furthering or hindering performance of the behaviour) reflect the individual's perceived ease/difficulty of engaging with the behavioural act. Ajzen (2002: 665) succinctly captures the essence of the theory's theoretical assumptions as follows: "In combination, disposition [attitude] toward the behavior, subjective norm, and perception of behavioral control lead to the formation of a behavioral intention [and] given a sufficient degree of actual control over the behavior, people are expected to carry out their intentions when the opportunity arises". Linked to entrepreneurial motivations and behaviour, the SB entrepreneur who has a favourable disposition towards a particular type of business will choose this business-type. This, in turn, depends on the extent to which engaging in the business activity is perceived to (not) tie-in with social/personal norm imperatives, ease of engaging in the business and the ability to have control over performance of the business's related activities.

Vroom's (1964) theory (ET) adds a complimentary dimension to the TPB. It "predicts that an individual will act in a certain way based on the expectation that the act will be followed by a given outcome (e.g., starting a business will lead to financial success)" (Renko *et al.*, 2012: 668). However, the motivation to perform the act is also dependent on *Instrumentality* (the belief that greater reward will be received if one meets performance expectations) and *Valence*

(the value the individual bases on the reward) (ibid). Correspondingly, the SB entrepreneur will choose a specific type of business if they expect that it will result in outcome/s (e.g., financial success) that are “valuable”, and that the degree of outcome-achievement will be greater if they (SB entrepreneur) meet performance-expectations.

We draw from the core assumptions of the two theoretical perspectives to derive the following hypothesis:

1. Like any other profit-oriented business, the SB entrepreneur’s preference for choice of business start-up is motivated by expectations (ET – *Expectancy*; TPB – *Behavioural Beliefs*) of outcomes (i.e., Income/Profit).
2. However, given that entrepreneurial opportunities, intentions and behaviour are not perceived solely in relation to expectancy and success (see Gatewood *et al.*, 2002), preference for choice of business depends, even if partly, on the SB entrepreneurs’ subscription to higher-values. Consistent with the discussion in the previous section, normative expectations (cultural worldviews and family tradition) capture the SB entrepreneur’s degree of *Valence* (ET) and *normative belief/s* (TPB). Furthermore, the individual’s internal locus on control (i.e., their belief that they have some control over the outcome of events in their lives) is relevant for understanding entrepreneurial behaviour (Gatewood *et al.*, 2002). Specifically, personal expectancies regarding their ability to control entrepreneurial outcomes will affect preference for choice of entrepreneurial activity and *Instrumentality* (Kroeck *et al.*, 2010). Consistent with the views of Acs *et al.*, (2009), that SB entrepreneurs’ preference and choice of a specific business type is affected positively by the availability of knowledge stock, SB

entrepreneurs' decision to engage in "the business they know" is consistent with an internal locus of control (i.e., positive/favourable *control beliefs*).

3. The gendered nature of entrepreneurship in the Nigerian context shows that gender and gender ascriptions can impact on choice of entrepreneurial activity, beliefs around expectancy and control, and social and personal norm imperatives. Correspondingly, we include a more detailed consideration on the significance of gender as a mediating motivating factor.

Ultimately, the assumptions above guide the current study's collection and analysis of data. Our aim is not to test the theories and assumptions since these have been done in previous studies, but to use them as a framework for collecting and analysing data, and reporting findings from the analysed quantitative data (Uba and Nwoga, 2016). Findings are discussed in relation to the research objectives and the underpinning theoretical framework.

4. Methods

Following Kolk *et al.*, (2014), we adopt the traditional definition of a BoP population as those earning less than \$2 a day in determining the proportion of respondents that qualify as BoP entrepreneurs. Specifically, we consider that respondents with income levels that are lower than the national minimum wage of 18,000 naira (this corresponds to about 2 dollar/day at the time of data collection) qualify as BoP entrepreneurs³. Therefore, we conceptualise the BoP as an economic space within the informal economy negotiated by SB entrepreneurs in their quest to enhance self-subsistence as well as contribute to their immediate society.

³ The Nigerian naira exchange rate against major world currencies has been very volatile, especially since 2015. We use the average of the bilateral exchange rate between US dollar and naira, published by the Central Bank of Nigeria for the period for which data was collected. On the average, the Nigerian naira (NGN) exchanged at the rate of two hundred, eighty-four dollars and sixty-nine cents (i.e., \$284.69 to NGN1.00) between June 1st and September 30th, 2016. With a respective lowest of \$197: NGN1.00 and highest of \$325: NGN1.00 exchange rates recorded for 4th of June and 18th of July 2016. It is important to add that the Nigerian minimum wage was set at eighteen thousand naira (NGN18,000.00) in 2010 and has remained so to date, although there is currently a bill before the national assembly to review it northward.

Two methods were employed for data collection: a “street-by-street survey” (Reddy *et al.*, 2003:137), and the spatial random sampling method (Williams and Round, 2009). While the former involves administering a survey instrument to members of the public that qualify as BoP entrepreneurs, the latter involves selecting every alternate location and participant for sampling (Igudia *et al.*, 2016). The data gathering exercise covered five out of the six regions in Nigeria⁴. On average, we administered 240 questionnaires in each region (for more on this, see appendix). Overall, a total 1200 questionnaires were administered, out of which, 418 were returned to us. Following practice in the literature (see Williams and Martinez-Perez, 2014; Williams and Round, 2009), the questionnaire was designed to solicit information relating to respondents’ socio-demographic characteristics, respondents’ activities and income generated from their participation in the informal economy, their reasons for participating, type of business engaged in, their reasons for engaging in that particular type of business and their perception relating to the reasons others participate in the informal economy. Each factor of interest had at least two questions asked about it to ensure validity and consistency of responses.

We analysed the quantitative data by exploring the relationship between the socio-demographic variables and the reason for participating in the informal economy. We employed the BoP definition above to separate our data into BoP and non-BoP respondents to enable us to do a comparative analysis of the two categories. This approach is consistent with the view of reality as a system of differences and binaries (Derrida, 1997; Gergen, 2009; Uba, 2013), whereby the meaning of a concept as well as its understanding has significance in terms of its binary; i.e., the meaning and understanding of BoP depends on its differentiation from that which is *not* BoP. Following Arimah’s (2003) observation that relative to personal questions,

⁴ The North-Eastern geopolitical zone of Nigeria was excluded from this study due to insecurity in that part of the country. The activities of Boko Haram, which has resulted in the loss of several lives is well documented.

participants tend to answer more accurately when the question is about their perception of others, we analyse and compare respondents' answers to the questions asking them to state the reasons they engage in the informal economy with why they think others engage in it.

5. Findings

The study findings are presented under two broad themes; 1) demographic characteristics of BoP vs non-BoP entrepreneurs and their motivations for operating in the informal economy and; 2) the mediating role of gender in entrepreneurship in the informal sector (BoP entrepreneurs and non-BoP). For the first broad theme, we start by presenting findings tied to the demographic profile of respondents, an overview of the business areas they operate in and their reasons (motivations) for operation in the informal economy. This is followed by presenting and discussing findings related to their perceptions of self and others, considered in relation to their motives for engaging and/or operating in the informal economy. The second stage focuses on exploring how the issues discussed in the theme are mediated by gender.

Table 1: Respondents' demographics and key descriptive statistics

Item	BoP % of Total (N=117)	Non-BoP % of Total (N=302)
Gender:		
Male	62.9	65.2
Female	37.1	34.8
Age:		
17-25(school age)	17.5	4.1
26-30 (should be graduate)	18.4	16.6
31-40 (should be working)	19.4	34.1
>40 (should be established)	44.7	45.2

Education:		
Non (no formal education)	8.5	1.7
Primary/Secondary School Education)	35.0	18.5
HND/OND /NCE*	25.6	23.5
BSc (Bachelor of Science)	30.8	56.3
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Main job/business activity:		
Freelance Public service	10.9	23.4
Production	19.1	21.7
Trade	5.5	8.4
Professionals & company	11.8	22
Services & repairs	25.5	14
Teachers & Others (apprentice, students, applicants)	8.2 19.1	10.5 -
<hr/>		
Reasons for choosing business/job type		
Family tradition, cultural	14.5	15.1
The profession I know	50.0	52.7
Income/profit related	35.5	32.2
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Reasons for operating in the IE:		
Survival	55.2	37
Autonomy, opportunity-seeking	29.9	31.7
Institutional	10.3	12.2
Income, profit related	4.6	19.1
<hr/>		
Reasons others operate in the IE:		
Survival	25.9	64
Autonomy, opportunity-seeking	11.1	15
Institutional	63.0	21

Note: *HND: Higher national diploma, OND: ordinary National Diploma, NCE: National Certificate in Education; N: total responses.

More males than females participated in this study, with 62.9% of BoP and 65.2% of non-BoP being male. . Other socio-demographic characteristics for both groups are similar, except participants' education level, entrepreneurial activity, and their views about reasons people engage in informal activity.

The highest proportion of participants in both BoP and non-BoP are over 40 years old, engage in the informal economy to survive, and the entrepreneurial activity in the informal

economy is because of the profession they know. However, there are differences in the BoP and non-BoP for education level, with the highest in each category being primary/secondary school (35%) and Bachelor of science (56.3%) respectively. Similar variance exists for business activity, and participants' perception of reasons others engage in the informal economy, with the highest in each category being services and repairs (25.5%), public services (23.4%) for BoP; and institutional (63%), survival (64%) for non-BoP. The role of *institutions* in triggering participation in, or expansion of, the informal economy is explained by such factors as: 'difficulty to register business' and 'little or no government regulations'. For its part, 'survival' captures all individuals engaging in the informal economy because they do not have alternative means of livelihood; for example, they are, for one reason or another, unable to secure formal sector jobs and in the absence of state social security, they turn to the informal economy as their last resort (see Igudia *et al.*, 2016).

What this result shows is that people in the BoP are less educated, engage in services and repairs (mechanic, restaurant, garage, transportation, driving, technician, phone repairs) as the main business/job activity, and they believe others participate in the informal economy for institutional reasons (difficult to register business, less tax, not costly to start or operate, less regulation, easy entrance, and more profitable). Results also show that the reasons given by participants for operating in the informal economy are different from their perception of why others operate in the informal economy.

Table 2: Participants' gender Vs main business reason

	Main job/biz reason	Family trad., cultural		Only profession known		Income/profit reasons		N	LR	CV	
		M	F	M	F	M	F				
BoP	% within Gender	6.8	29.4	54.5	41.2	38.6	29.4	61	5.49 (.064)	4.90 (.086)	.300 (.064)
	% within BoP	37.5	62.5	77.4	22.6	77.3	22.7				

	% of N	4.9	8.2	39.3	11.5	27.9	8.2	100			
nBoP	% within Gender	17.0	10.9	53.0	52.2	30.0	37.0	146	1.26 (.53)	1.3 (.52)	.093 (.53)
	% within nBoP	77.3	22.7	68.8	31.2	63.8	36.2				
	% of N	11.6	3.4	36.3	16.4	20.5	11.6	100			

Note: M is male; F is female; nBoP is none BoP; N is total responses; LR is likelihood ratio; Chi-Square; CV is Crammer's V ratio; P-Values in parenthesis ()

Results in Table 2 compare participants' gender with reasons for choosing main job/business activity undertaken in the BoP and non-BoP categories. For both BoP and non-BoP, the highest proportion of male and female participants have chosen their main activity because it is the profession they know. However, within BoP, other factors become important. For example, the highest proportion of female (62.5) participants are influenced by family tradition/cultural reasons, whilst the highest proportion of male participants are influenced by income-profit related reasons as well as known profession in the BoP. Similarly, the highest proportion of male and female participants are influenced by family tradition/cultural reasons, and profit/income-related reasons respectively.

Table 3: Participants' gender Vs business activity

	Main job/biz	Public service		Production		Services & repairs		Trade		Professional + company		education		Others (e.g., applicants)		N	LR	CV	
		M	F	M	F	M	F	M	F	M	F	M	F	M	F				
BoP	% within Gender	13.2	7.3	11.8	31.7	42.6 ^a	12.2 ^a			14.7 ^b	29.3 ^b			17.6	12.2	109	16.4 (.002)	17.3 (.002)	.388 (.002)
	% within BoP	75.0	25.0	38.1	61.9	85.3 ^a	14.7 ^a			45.5 ^b	54.5 ^b			85.3	40.0				
	% of N	8.3	2.8	7.3	11.9	26.6 ^a	4.6 ^a			9.2 ^b	11.0 ^b			11.0	7.3				
nBoP	% within Gender	24.6	20.5	20.2	25.3	17.2	6.0	7.9	9.6	22.2	21.7 ^b	7.9	16.9			286	11.2 (.048)	11.7 (.048)	.198 (.048)
	% within nBoP	74.6	25.4	66.1	33.9	87.5	12.5	66.7	33.3	71.4	28.6	53.3	46.7						
	% of N	17.5	5.9	14.3	7.3	12.2	1.7	5.6	2.8	15.7	6.3	5.6	4.9						

Note: M is male; F is female; nBoP is none BoP; N is total responses; LR is likelihood ratio; Chi-Square; CV is Crammer's V ratio; P-Values in parenthesis (); ^a means trade is included; ^b means education is included.

Table 3 depicts the relationship between participants' gender and main job/business undertaken under by both BoP and non-BoP categories. With a Cramer's V ratio of 0.388 and 0.198 at less than 1, and 5 per cent levels of significance respectively, a good relationship exists between gender and type of activities undertaken by respondents. The highest proportion of female respondents engage in production for both BoP (31.7%) and non-BoP (25.3%), whilst male respondents' main activities are services/repairs (42.6%) for BoP, and public service (24.6%) for non-BoP. For a complete picture of the implication of this result, these variables are explored further.

Table 4: comparing main business activity with gender, income

Item description	% within main business/job activity				% within income group						
	Non-BoP		BoP		BoP	Non-BoP					
	Female	male	female	Male	≤ 18000	18001-36000	36001-72000	72001-144000	144001-576000	> 576000	
Production	A	9.1	90.9	33.3	66.7	2.8	3.6	7.2	2.9	1.3	0.0
	B	57.1	42.9	0.0	100	1.8	5.4	3.6	1.4	0.0	0.0
	C	100	0.0	0.0	0.0	0.0	1.8	1.2	1.4	0.0	0.0
Services & repairs	D	100	0.0	100	0.0	1.8	0.0	2.4	0.0	1.3	7.7
	E	0.0	100	0.0	100	1.8	1.8	2.4	0.0	1.3	0.0
	F	3.1	96.9	4.2	95.8	22.0	28.6	8.9	8.6	0.0	0.0
Public service		25.4	74.6	25.0	75.0	11.0	8.9	26.5	28.6	24.7	7.7
Female					37.1	33.3	31.0	23.9	31.2	15.4	
Male					62.9	66.7	69.0	76.1	68.8	84.6	

NOTE: A – production & construction; B – tailoring, fashion, beautician; C – domestic producer; D – commercial, restaurant services; E – transportation, driving; F – workshop, garage, shop, restaurant, technician, mechanic

Further analysis of the results show that Production has three elements (1. production & construction 2. tailoring, fashion & beautician 3. domestic producer) with the first (production & construction) earning the highest income. Of these three, female participants engage largely in the second and third economic activities, whilst male participants dominate the first activity. Specifically, male participants engage mainly in production and construction for both non-BoP (90.9%) and BoP (66.7%), whilst women are operating largely in the production segment of the informal economy as tailors/fashionista and beauticians (57.1%) and domestic producer (100%) for non-BoP. This implies that women are in the lowest paying economic activities in the production segment of the informal economy. This is further confirmed by the right-hand side of Table 4, which shows that women have their highest income under the BoP income group (37.1%), that is, less than the minimum wage.

Similarly, services and repairs have three elements (1. commercial, restaurant services 2. transportation, driving 3. workshop, garage, shop, restaurant, technician, mechanic), with female participants in the BoP engaging mainly in the first element, while male participants in the BoP engaging in the second and third activities. To add, while men generally earn higher income than women, it is important to note from the results that men earning the least income are likely to be operating within the BoP as technicians/mechanics. Finally, a significantly higher proportion of men (74.6%) operate in the non-BoP as public servants, and more than 90 per cent of public servants' income is more than double the BoP income. This further supports the fact that men earn a lot higher than the women in both the BoP and non-BoP categories.

6. Discussion

This study explored the extent to which key demographic and motivational factors explain patterns of SB entrepreneurship in the BoP context of Nigerian informal economy. Findings uncover the characteristics of SB BoP and non-BoP entrepreneurs operating in the

Nigerian informal economy and how key demographic (gender and family/cultural norms) and motivational factors underpin informal entrepreneurial preferences and decisions in the Nigerian BoP landscape.

The findings identify some of the key demographic characteristics of BoP and non-BoP entrepreneurs. Consistent with literature on the informal economy (see Igudia *et al.*, 2016), there were no significant differences in terms of BoP and non-BoP age and gender. However, further analysis of the importance of key demographic and motivational factors highlight a range of interesting issues. These are discussed in relation to the theoretical frame, theory building and policy implications.

The highest proportion of participants in both BoP and non-BoP are over 40 years old, engage in the informal economy to survive and their entrepreneurial activity in the informal economy emerge from their known profession. With this, our results confirm similar business *expectancy* and *behavioural beliefs* for both BoP and non-BoP SB entrepreneurs. Equally similar is the pattern of responses linked to *behavioural control*; for both BoP and non-BoP, the majority opt for the business they know. Thus, the results show that for both categories of entrepreneurs, intentions to engage in specific business type are tied to similar *expectancy/behavioural beliefs* (survival) and *control beliefs* (“the business I know”). Further, by employing the applied theoretical frame, results confirm the way that *normative beliefs* mediate the intentions and behaviours of BoP and non-BoP SB Entrepreneurs differently. Specifically, the findings show that although the highest proportion of male and female participants (BoP and non-BoP) have chosen their main activity because it is the profession they know, *normative expectations* (family tradition/cultural reasons) are particularly strong for female BoP and male non-BoP SB entrepreneurs (i.e., 62.5% of female BoP and 77.3% of male non-BoP SB entrepreneurs are influenced by family tradition/cultural reasons: see Table 2). This interesting distinction between BoP and non-BoP SB entrepreneurs is further proof

that preferences for business activities differ for BoP and non-BoP females and males respectively, and vice versa. This finding does more than merely confirm the evidence from current research that entrepreneurial activity in the Nigerian informal economy is gendered⁵. Our study provides an important contribution to the literature by uncovering how gender mediates the relationship between preference for type of business activity and the normative expectations of (fe)male SB entrepreneurs in the Nigerian BoP markets. Although the highest proportion of male and female participants (for BoP and non-BoP alike) have chosen their main activity because it is the profession they know, findings show that there is a more pronounced gender dynamic within the BoP population. This key point is buttressed by results showing that preference for type of business activity and *expectancy outcome* are mediated by gender - the entrepreneurial activities of the majority of women (62.5%) is determined by family tradition/cultural reasons while income-profit underpins the reason for males' entrepreneurial engagement in the informal economy. In other words, *normative expectations* (family tradition/cultural reasons) play a more pronounced role on BoP females' degrees of *valence* (i.e., the value the individual bases on the reward) than they do for BoP males. This finding confirms that, in relative terms, the BoP population is characterized by a generally higher-level of embeddedness in, and continued subscription to, traditional social-cultural construction of gender and roles. This ties in with the views highlighting that gender is more than just a "variable" (Cromie, 1987); it is a key influence that draws from social practices and schemas associated with the constructions of femininity and masculinity (Ahl, 2007; Henry *et al.*, 2016) and impacts differently on the entrepreneurial preferences and decisions of (non)BoP SB entrepreneurs operating in the Nigeria informal economy.

⁵ See Omadjohwoefe, 2011; Uba and Nwoga, 2016; and Makama, 2013 who find that gender role ascriptions continue to define the Nigerian world view; and Woldie and Adersua, 2004; Nwoye, 2007; and Nwankwo *et al.*, 2012 who find that the nature and/or type of entrepreneurial activities that women engage in are influenced by traditional gender roles and cultural values.

Findings also uncover that BoP and non-BoP respondents report ‘theirs’ and ‘others’ justifications for engaging in entrepreneurial activities differently. This highlights that there is an apparent discrepancy between BoP (and non-BoP) respondents’ perceptions of self and their perceptions of others. While the literature on entrepreneurship is rich in the areas of entrepreneurial orientations and small business performance (e.g. Wiklund and Shepherd, 2005), orientation, identity and other psychological determinants of entrepreneurial behaviour (e.g., Bird, 1988; Lumpkin and Dess, 1996), the role of entrepreneurial self-perceptions and perception of others is largely unexplored in relation to informal (non) BoP entrepreneurship. This is rather unfortunate given that such perceptions may guide and drive entrepreneurial behaviour because they underpin the overall cognitive representations that individuals have about themselves and others (Maruna and Mann, 2006; Uba, 2013). Therefore, they are likely to impact negatively or positively on key entrepreneurial behaviours (e.g., knowledge acquisition and sharing, management and network capital). For instance, there is likely to be limited opportunities as well as willingness to engage in cooperating behaviour when entrepreneurs consider that their expectancy outcomes are different from those of their counterparts.

The study’s application of a binary approach (exploring the BoP concept/idea via differentiation from that which is *not* BoP) uncovers key issues that, although particularly relevant for theory building, remain largely unexplored in the literature. For instance, the dominant theoretical assumption (e.g., Dualism) views individuals undertaking activities in the informal economy as having little or no formal training, low skills, and employed without any form of employment contract or protection (Sethuraman, 1976, 1981; ILO, 2002; Braude, 2005; El-Mahdi and Amer, 2005; Verick, 2006). Our findings highlight that this is true, but only up to the point that the informal sector is viewed as a homogenous entity. However, demarcating (or rather “delaying”) the informal sector as we have done using a binary

approach highlights the nature of the informal sector's stratification along entrepreneurs' gender, business motives and personal/social norm imperatives. It also highlights the importance of these for entrepreneurial intentions and decision making for (non) BoP populations. For instance, while the literature suggests that self-employment may be used by female entrepreneurs to negotiate gender-based occupational segregation and income levels (e.g., Mordi *et al.*, 2010), our findings highlight that for female BoP entrepreneurs, a high-level embeddedness in social/traditional values (i.e., *normative beliefs*) underpins their *valence* and this, coupled with lower educational levels, is a key factor that determines the nature of their entrepreneurial activities and income earning potential. What these findings uncover, and we argue, is the need for researchers and policymakers to view the informal economy and BoP populations as sectors that are not entirely homogeneous and to recognize the importance of the nuanced-contexts that drive and/or underpin activities in the sector. More specifically, the study's findings tie-in with those of authors who recently call for approaches that go over and beyond "the generally monolithic view of the informal economy, which glosses over differences of class, gender, ethnicity, religion, age and occupation ..." (Meagher, 2018: 3).

The current study, it is hoped, provides avenues for further research. Further research that draws from, or builds upon, our findings and the theoretical implications discussed have the potential of extending the applicability of the BoP concept to a range of contexts. For instance, qualitative studies that explore in depth some of the current study's findings and/or the theoretical implications discussed have the potential to shed further light on the intersections of BoP populations and markets, informal (formal) economies and entrepreneurship. Our findings are also relevant for a range of intervention approaches and strategies. For policy makers and MNEs interested in facilitating inclusive growth, the findings highlight that the needs of entrepreneurs and/or those of other participants in the informal economy are not necessarily the same. The landscapes for entrepreneurial participation and the

situatedness of participants in the BoP and informal sectors are complex. Therefore, the success of interventions such as those aimed at encouraging entrepreneurship as a means of addressing poverty and unemployment as well as increasing the empowerment of women depend on understanding the landscapes and responding appropriately to them. For developing countries such as Nigeria, policy approaches and intervention aimed at fostering entrepreneurship will benefit from ditching blanket approaches and adopting those that respond to the situation of entrepreneurs in different context. For example, while training and skills development should be made available to all budding entrepreneurs, the provision should respond to nuanced contextual factors, particularly the key demographic and motivational factors identified as relevant for developing countries such as Nigeria.

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Appendices

All geopolitical zones, except South-East with five states and North-West with seven states, have six states each. In addition, Abuja is the federal capital territory. We present in the table below, the number of respondents from each of the geopolitical zones and Abuja. To reiterate,

we did not survey the North-Eastern region, where the activities of a terrorist group, boko-haram has led to the loss of lives.

Table A1: The geopolitical zones respondents reside and work

	Non-BoP	BoP	Total
North Central and Abuja	123	13	136
North West	43	21	63
South-East	33	24	57
South-South	47	22	69
South-West	56	37	93
Total	302	117	419