

Informality, pluralism, and entrepreneurial agency in sub-Saharan Africa: A TVET case study

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Abstract

Mainstream entrepreneurship scholarship and policy discourse frequently treat informal enterprise as a transitional or deficient form of economic organization, one to be corrected through formalization. This paper challenges that premise. Drawing on a qualitative case study of seven informal entrepreneurs embedded in Nigeria's Technical and Vocational Education and Training (TVET) ecosystem, and grounded in the theoretical frameworks of bricolage and effectuation, we argue that informality constitutes a coherent, contextually rational, and innovation-bearing entrepreneurial logic rather than a deviation from formal market ideals. The seven cases, drawn from sectors including fashion, agribusiness, cosmetics, carpentry, photography, and environmental technology, collectively demonstrate how informal entrepreneurs operate through means-driven decision-making, resource improvisation, social network reliance, and iterative adaptation under conditions of institutional weakness and resource scarcity. These behavioral patterns align closely with bricolage (the creative recombination of available resources to generate value under constraint) and effectuation (flexible, contingency-driven action that shapes opportunity rather than predicting it), while diverging markedly from the planning-and-optimization logic underpinning Western entrepreneurship models. The paper advances three contributions. First, it theorizes informality on its own terms, resisting the deficit framing embedded in neoliberal formalization agendas. Second, it situates bricolage and effectuation within institutionally weak and socially embedded African contexts, extending both frameworks beyond their original cognitive and organizational applications. Third, by analyzing the influx of university-educated professionals into informal TVET-linked trades, the paper challenges the assumption that informal entrepreneurship is driven exclusively by necessity or low human capital. The findings carry implications for entrepreneurship theory, decolonial epistemology, and the design of context-sensitive TVET and enterprise support policies across sub-Saharan Africa.

Keywords: Informal Entrepreneurship, Bricolage, Effectuation, TVET, Formalization, Sub-Saharan Africa, Nigeria, Institutional Voids, Entrepreneurial Agency, Necessity Entrepreneurship

JEL Classification: L26,O17, O55



1. Introduction

Informality does not need validation as a legitimate entrepreneurial logic. In most cases, it is the adaptive way many small enterprises operate under resource scarcity and institutional uncertainty across sub-Saharan Africa (SSA). In much of SSA, the informal economy constitutes not a marginal residue but a central pillar of economic life, accounting for the majority of employment and enterprise creation. Yet, dominant entrepreneurship theorizations, largely grounded in formal, neoliberal, and Western market assumptions, often overlook or misinterpret the informal sector's complex realities. Much of the extant scholarship on the subject echoes neoliberal sentiments which interpret the persistence of informal entrepreneurship as a rational response to institutional voids within the formal economy (Gherssi, 1997; Nguyen et al., 2014; Desta, 2018). Informality is theorized under varying lenses as a rational choice made by entrepreneurs who voluntarily exit the formal economy to avoid excessive regulations, high taxes, and public sector bureaucracy. Extant literature on the subject amplifies the notion that entrepreneurs prefer informality because the costs of formality outweigh the benefits. Academic research, policy discourses, and programmatic interventions treat all informal enterprises and actors too uniformly. From firm origin and characteristics to evolution and performance, many questions remain unanswered.

First, the formal and informal sectors are typically constructed as binary opposites, with the assumption that once informal enterprises become formalized, they will naturally expand and integrate into wider economic structures. However, this binary framing oversimplifies the complex realities of informal enterprise. Second, while formalization is often framed as desirable vis-à-vis legitimacy and increased access, accruable benefits from formalization are not guaranteed. The issue of causality also remains unresolved. In other words, does formalization drive firm productivity, or is productivity a direct consequence of formalization? The mixed evidence around this obvious endogeneity in the extant literature remains a major gap that needs to be addressed. Informal entrepreneurship does not exist in a vacuum; it is deeply embedded in the institutional context of its environment. This underscores the need for alternative perspectives in the informal entrepreneurship discourse in the context of varied and resource-constrained settings found across Africa.

This paper contributes to the literature on informal entrepreneurship in the SSA context through the theoretical lenses of bricolage and effectuation. Rather than viewing informal entrepreneurship as a deviation from formal, Western, economics-based ideals, we echo the view that it should be theorized on its own terms as a distinct and legitimate mode of economic organization shaped by local contexts, norms, and adaptive strategies. Across SSA, this entrepreneurial logic reflects how economic agents successfully operate under resource scarcity and institutional uncertainty. Our work extends the informal entrepreneurship debate beyond the dominant neoliberal and formalization-centric perspectives by demonstrating how entrepreneurs operating in resource-constrained and institutionally weak environments rely on bricolage, that is, 'making do' with what



is at hand, to create and sustain ventures. Through bricolage theory, we provide evidence on how firms create value under constraints.

Further, effectuation logic is used to establish that informal entrepreneurs start with available means and adapt by navigating uncertainty and institutional voids through means-driven decision-making rather than predictive planning. This reframing positions informality not as a deficiency, but as a space of entrepreneurial agency and improvisation. Existing literature underscores how informal entrepreneurial activities are not driven only by necessity but a consequence of strategic disengagement with formal institutions. By integrating bricolage and effectuation with innovation, the paper highlights how informal entrepreneurs generate contextually relevant forms of innovation – often frugal, incremental, or social in nature – that challenge Western, formal-sector conceptions of innovation paradigms. Many informal enterprises in Africa are grassroots innovators that frequently operate outside formal economic structures. Despite this, they are hubs of creativity and problem-solving, developing solutions tailored to local needs. This corroborates the proposition that bricolage is not an incremental behavior, but a dominant strategy in resource-constrained economies across SSA (Nilsson et al., 2022).

To offer a nuanced view on the formal-informal nexus as a strategy to optimize the potential of informal enterprises in value creation, this analysis leans heavily on secondary literature, grounded in institutionalism, to synthesize, analyze, and present the relevant facts. Drawing on institutional theory (Williamson, 2000), informal entrepreneurship is framed as a rational response to institutional gaps. When formal institutions and systems are weak, inaccessible, or overly burdensome, informal entrepreneurship becomes the alternative wealth creation and survival strategy. We challenge this view, partly through effectuation, by providing compelling cases where informal entrepreneurs succeed without structured financing or institutional support. Based on a case study of Technical and Vocational Education and Training (TVET) as a critical strategy for tackling youth unemployment and harnessing the potential of informal workers in Nigeria, this study advances bricolage and effectuation as alternatives to traditional resource-based views that informal entrepreneurs are structurally excluded actors performing subordinate roles in service of the formal economy. The reviewed cases support how entrepreneurship plays out in reality by closely aligning with bricolage and effectuation logic, with noted divergence from formal models of entrepreneurship.

Treating informality as a temporary aberration to be corrected risks ignoring the resilience, innovation, and embeddedness of informal entrepreneurship in specific social and economic contexts in low-income environments like SSA. Based on a detailed analysis of seven informal enterprises, we provide evidence to support this reasoning. Contrary to the conventional wisdom that the informal sector is populated by less-educated individuals, a growing trend of educated professionals deliberately entering informal trades and building successful businesses is common



across SSA. While some do so out of disillusionment with their previous formal sector employment, others are driven by long-standing passion for their craft.

Our paper shows that the strength and resilience of informal entrepreneurship contradict the simplistic formalization argument; this premise is supported by the influx of university graduates into informal technical trades and how this is reshaping the contours of informal entrepreneurship in Nigeria, Africa's most populous country. These narratives unpack economics-based paradigms of informal entrepreneurship and directly challenge the development orthodoxy rooted in modernization theory and the structuralist school. Collectively, these insights stretch existing theory by embedding entrepreneurial action within the socio-institutional realities of enterprise in resource-constrained contexts like SSA, thereby offering a contextually rich and theoretically original perspective on how entrepreneurship unfolds outside formal capitalist logics.

This matters for theory, by rebalancing entrepreneurship scholarship toward more inclusive and plural understandings of entrepreneurial agency; for policy, by cautioning against one-size-fits-all formalization agendas and encouraging support mechanisms that recognize and leverage informal entrepreneurs' creative capacities; and for practice, by illuminating how entrepreneurs in the informal economy can transform constraints into opportunities through ingenuity and adaptive action. This study garners evidence in support of the view that informal entrepreneurs are not irrational or unproductive economic agents; instead, their activities reinforce innovation under scarcity, not lack of willingness or failure to formalize. The remainder of the chapter is organized as follows. The next section reviews the literature on informal entrepreneurship and evidence from bricolage theory and effectuation logic in the African context. Section 3 focuses on the seven case studies and empirical support from research across SSA. The fourth section discusses the key takeaways, which underscore why informal entrepreneurship reflects an alternative model of organizing economic activity, and not just a transitional phase toward formality. Section 5 concludes with implications.

2. Literature Review

Informal entrepreneurship plays a critical role in both job creation and job destruction in developing economies. On one hand, the informal sector serves as a major source of employment, absorbing labor that cannot be accommodated by the formal economy, particularly among youth and marginalized populations. By lowering entry barriers and relying on locally available resources, informal enterprises often provide livelihood opportunities and income security in contexts where formal job creation is limited. On the other hand, the prevalence of informal entrepreneurship can also contribute to job fragmentation and instability, as informal ventures tend to operate without social protections, stable wages, or long-term growth prospects.

This duality underscores the need to reconceptualize informal entrepreneurship not merely as a survival mechanism, but as a dynamic component of labor market adjustment, capable of both cushioning and catalyzing structural transformation. In the context of Africa's rapidly expanding digital economy, this dual role becomes even more salient, as digital platforms simultaneously enable new forms of self-employment while disrupting traditional economic arrangements, reshaping patterns of job creation and destruction across sectors.

2.1 Necessity versus Opportunity Entrepreneurship

De Soto (1989) argues that different types of entrepreneurial endeavours play varying roles in the growth trajectories of emerging and developed countries. While opportunity entrepreneurship is about starting a business to take advantage of specific opportunities (i.e., done out of choice), necessity entrepreneurship, on the other hand, arises due to a lack of better work choices (i.e., due to unsatisfactory available choices). Much of the early literature assumed that most if not all informal entrepreneurs are pushed into entrepreneurship due to the absence of satisfactory choices (Sassen, 1997). However, Williams (2007) cautions on the danger inherent in using a binomial necessity-opportunity framework in analyzing the motive behind entrepreneurial pursuits. Starting a business to exploit a perceived market opportunity is supported by the theory of bricolage which is discussed later in the paper. Even so, a subsequent strand of literature (e.g., Smallbone & Welter, 2001; Aidis et al., 2006) opines that factors related to both opportunity and necessity can co-exist. This is based on the argument that over time, necessity entrepreneurs can become opportunity driven. This has major implications for the debate on informality in the SSA context.

2.2 Mainstreaming Informality in Entrepreneurship Discourses

There is a need to shine a spotlight on new methods of mainstreaming informal entrepreneurship within entrepreneurship and innovation agendas. Rather than viewing informality as a challenge to be eliminated, policymakers and scholars should recognize it as a reservoir of entrepreneurial energy, innovation, and employment potential. Simba et al. (2023) argue that instead of equating informal entrepreneurship to inferiority, mainstreaming it in contemporary entrepreneurship discourses can provide alternative theoretical pathways that account for value creation in informal economies across both advanced and developing economies. Mainstreaming informal entrepreneurship requires inclusive institutional frameworks, supportive policy environments, and context-sensitive mechanisms that bridge the gap between informal and formal sectors. Based on a systematic literature review that identifies knowledge gaps in studies on informal entrepreneurship published in leading journals, Simba et al. (2023) use an integrated design approach that leveraged quantitative and qualitative methods to shine a spotlight on why informal entrepreneurs and informal micro-enterprises are no less important than their counterparts operating in formal markets, to the extent that informal entrepreneurship is a key driver of economic growth and job creation. In many ways, this view corroborates the notion by Welter et

al. (2015) that informal entrepreneurship is a continuum, since over time, necessity entrepreneurs could transition to become opportunity-driven.

The approach by Simba et al. (2023) provides a foundation for understanding the inherent weakness in sidelining non-Western perspectives in broader entrepreneurship and innovation discourses. Based on a systematic review of 48 high-ranking articles on informal entrepreneurship in Africa in eight leading journals, Simba et al. (2023) argue that informal entrepreneurs are an essential component of the economic development value chain. Simba et al. highlight the mutual relationship between formal and informal entrepreneurship, while offering new perspectives on the economic significance of informal entrepreneurship beyond the dominant, Western view. They argue that informal entrepreneurship plays an essential role in economies, especially in the developing world, by not only delivering needed products but also powering economic growth and neighborhood revitalization.

Furthermore, the empirical study of Simba & Tajeddin (2023) validates the view that the economies of SSA countries benefit from the informal sector. Beyond economic growth, Simba & Tajeddin (2023) establish a positive causal link between the informal sector and key sustainable development indicators, with the informal economy associated with a reduction in poverty intensity, the percentage of hunger, and mortality rates in the countries that suffer from underdeveloped institutions. In the same vein, Simba (2004) states that applying Western theories to the development of entrepreneurship in Africa can lead to inaccurate and acontextual predictions, which also undermines the chance of exploring new theoretical explanations. By creating pathways for informal enterprises to scale, formalize selectively, or integrate into broader economic systems on their own terms, Africa can harness the creative potential of informality as a driver of economic modernization and sustainable development. Such an approach moves beyond deficit-based narratives to mainstream informal entrepreneurship as a legitimate and vital component of contemporary economic life.

3. Alternative Views of Informal Entrepreneurship

Largely, economics-based views of entrepreneurship emphasize rational choice, optimization, and market efficiency, while not fully accounting for entrepreneurial behavior outside formal markets and in resource-constrained scenarios where entrepreneurs create value under uncertainty and limited means. While many strands of these alternative paradigms exist, we shed some light on two prominent ones: bricolage and effectuation.

3.1 Bricolage

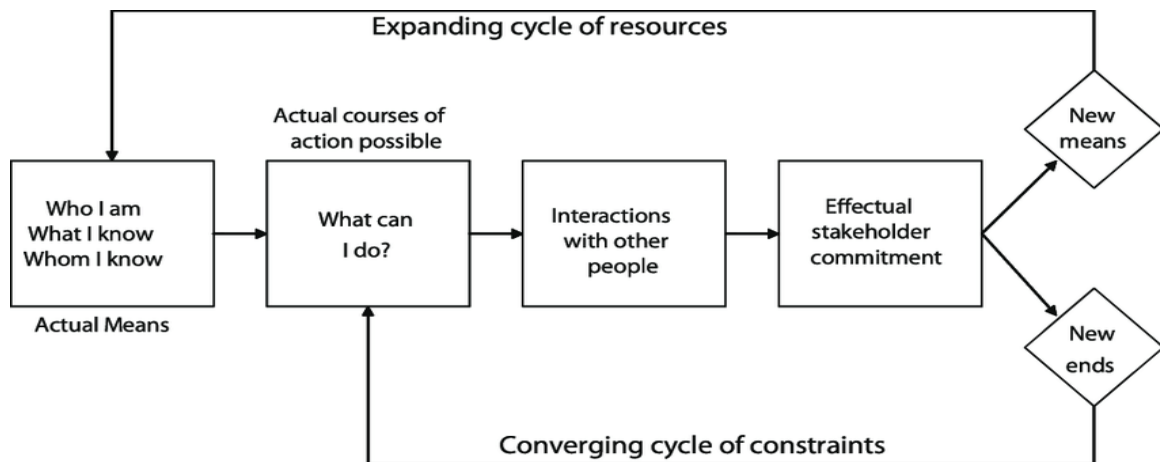
The theoretical notion of bricolage, rooted in anthropology, was first used by Claude Lévi-Strauss in 1996 to describe a way of thinking that involves assembling available resources to solve problems. The Lévi-Strauss (1996) model of bricolage is based on the creation of cultural meaning by reusing and recombining existing materials, ideas, or symbols, rather than inventing entirely

new ones. In the entrepreneurial context, bricolage is ‘making do by applying combinations of the resources at hand to new problems and opportunities.’ (Baker & Nelson, 2005; p 333). As discussed in the preceding sections, finding ways to be creative and resourceful is a defining characteristic of many necessity entrepreneurs in developing countries where formal planning, capital, and structured systems are a luxury. Since these informal entrepreneurs often cannot access formal financing, infrastructure, or institutional support, they rely on improvisation, recycling, networks, and adaptation to create value. Baker and Nelson (2005) therefore explain bricolage in the context of how resilience and innovation in resource-constrained contexts can advance value creation in informal economies. Their thesis underscores how contrary to strictly profit-motivated ventures, social enterprises thrive on creativity, adaptability, and community-based ingenuity.

3.2 Effectuation

Effectuation is a decision-making logic in entrepreneurial contexts under uncertain, dynamic, and resource-constrained environments. Entrepreneurs operating in this paradigm start with available means and allow goals to emerge over time. According to Sarasvathy (2001), unlike traditional causation logic, effectual logic becomes imperative when the future is highly uncertain, necessitating the entrepreneur to improvise in a dynamic sense. Contrary to formal enterprises in stable environments where forecasting and planning are front and centre of strategy, informal entrepreneurs often operate under extreme uncertainty. This means they often must prioritize adaptability by focusing on what they can control rather than predicting the future. Since access to finance, regulation, and formal education may be limited in informal markets, effectuation provides a realistic lens for understanding how informal actors create value. This typically involves navigating uncertainty without formal plans, relying on social networks instead of formal contracts, iteratively developing opportunities as they interact with customers and partners, and remaining flexible to adapt products or services as conditions change (Figure 1).

Figure 1: The dynamic cycle of effectuation



Source: Sarasvathy and Dew (2005:543)

Figure 1 shows that informality is not merely a constraint but a productive condition that fosters learning, improvisation, and innovation. The lack of rigid institutional boundaries encourages entrepreneurs to experiment, test ideas quickly, and repurpose resources creatively. In summary, while both bricolage and effectuation describe resourceful, improvisational behavior in entrepreneurial contexts, they focus on slightly different aspects of the value chain. While the former focuses on resource use and how entrepreneurs build things, the latter is more about decision-making under uncertainty. Bricolage explains the rationale behind the resource allocation decisions of informal enterprises under highly constrained and informal settings, while effectual logic applies broadly where the future is unpredictable. In the SSA context, entrepreneurship is not linear. Instead, it follows a dynamic, iterative cycle where entrepreneurs start with their limited resources under high uncertainty and continue to improvise by leveraging their networks to identify incremental innovation opportunities. This dynamic cycle extends effectuation theory by situating it in institutionally weak and informally structured contexts, showing that effectuation is not only a cognitive decision logic but also a socially embedded and iterative process that can reshape the very environment from which it arises.

4. Analysis and Discussion: A TVET Case Study

Not all informal employment is found in the informal sector; some can be in the formal or household sector as well. The informal sector includes a wide range of possibilities within and across economies, and such diversity is often defined by indicators such as employment status, income level, age, education attainment, sector, type and size of enterprise, workplace location, degree of coverage of social and employment protection, etc. (International Labour Organization, 2018).

4.1 Informal Apprenticeships

The discussion so far has focused on the need for inclusive theorization and accounting frameworks that recognize the contributions and validity of both formal and informal enterprises in value creation. Furthermore, rather than view rigid formalization frameworks as a silver bullet, our analysis underscores the importance of context-specific frameworks that consider Africa's unique socioeconomic and cultural landscapes when assessing knowledge development in entrepreneurship and innovation. This approach advocates for paradigms and views that support both traditional and alternative views of entrepreneurship vis-à-vis collaborative, open, and inclusive entrepreneurial ecosystems. Apprenticeships are widely regarded as a validated pathway for accelerated skills acquisition and employability. For instance, in Ghana and Nigeria, informal apprenticeships in trades like tailoring, carpentry, and mechanics train millions, often outside state-regulated systems. While attempts to formalize these efforts through national qualifications frameworks (NQFs) aim to recognize informal skills, they are susceptible to bureaucratic burdens which make such routes less desirable (Brown et al., 2024).



Formal sector apprenticeships are common in developed countries, while in much of the emerging and developing economies, apprenticeships are often confined to small-scale informal enterprises where the business owner doubles as the trainer (Teal, 2016). In these cases, informal sector apprenticeships far exceed formal vocational training programs (International Labour Organization, 2011). For instance, across SSA countries like Kenya, Nigeria, Ethiopia, Ghana, and South Africa, attempts to leverage public–private partnerships (PPPs) to bridge formal TVET with informal enterprises have not produced results because formal institutions often fail to accommodate the fluid, context-based learning styles of informal apprenticeships. TVET reforms have sought to integrate informal learning assessment across key domains, but the inherent tensions between standardization and local adaptability constitute a bottleneck. For example, while the link between TVET initiatives and the informal sector in Rwanda is strong with a high degree of collaboration between the public and private sectors, the reverse is the case in Nigeria, even though Nigeria’s informal sector is one of the largest in SSA. This paradigm reinforces an important factor: necessity entrepreneurship thrives in Nigeria, while formalization is a key goal in Rwanda (Table 1).

Table 1. TVET and informal sector dynamics across SSA countries

Country	TVET Strength	Informality	TVET– Informal Link	PPP Role	Key Orientation
Ethiopia	Strong (state-led)	Large	Weak	Low– Moderate	Industrialization
Rwanda	Strong (coordinated)	Moderate	Strong	High	Formalization & innovation
Nigeria	Weak (fragmented)	Very large	Very weak	Low	Survival entrepreneurship
Ghana	Moderate (reforming)	Large	Moderate– Strong	Growing	Hybrid system
Kenya	Strong (expanding)	Very large	Strong	High	Informal sector support
South Africa	Very strong (formal)	Moderate	Weak	Very high	Formal employment
Tanzania	Moderate	Very large	Moderate	Moderate	Gradual integration

Note: Sourced from authors’ estimates and expert interviews

4.2 TVET as a Formalization Strategy

TVET plays a crucial role in efforts to formalize the informal sector, particularly in economies where informal employment dominates labor market activities. Although the focus of labor market research, particularly issues related to unemployment, is often on the formal sector, the informal sector accounts for a large part of production and employment in Africa. Across the continent over the past few decades, TVET has become a pivotal strategy for addressing youth unemployment and absorbing workers from the informal sector, but major challenges remain. To develop a better understanding of the formalization–informalization debate and associated trade-offs, we examine the complex reality of how vocational skills development interacts with informal economies based on a TVET case study of Nigeria. In much of Africa, the TVET sector is positioned as a key driver for skills development, employability, and industrial competitiveness. However, most actual skills training and employment occur outside formal TVET systems, within informal apprenticeships, community workshops, and small-scale enterprises. As such, this creates an interdependent yet tension-filled relationship between formal and informal systems, a tapestry woven from both structured training frameworks and everyday learning-by-doing in informal settings.

4.3 A TVET Case Study of Informal Entrepreneurship

Using TVET as a case study of informal sector formalization is both relevant and insightful. Much of Nigerian entrepreneurial activity takes place in the informal sector, with only 2.8% of informal entrepreneurs in Nigeria motivated by passion; the rest launched their ventures by necessity (Business Day, 2025). Also, as alluded to earlier, since entrepreneurs in resource-constrained environments in Nigeria have to adapt quickly to the tough business environment, the informal economy has been characterized as ‘the real innovation hub’ (The Sun Nigeria, 2025).

To quote a former serial entrepreneur in Nigeria’s informal economy whose lines of business included importing automobiles, partnering in retail ventures, and co-owning a small fashion-fit shop:

We had no venture capital, only relationships and ingenuity. In Mandilas, fashion retailers reinvented styles weekly to keep pace with trends from Milan or Ankara. Everyone was an innovator out of necessity (The Sun Nigeria, 2025; para. 6).

The foregoing in the Nigerian informal context underscores how bricolage (resource-constrained improvisation) and effectuation (flexible means-driven action) are prevalent. As a case study, TVET illustrates how skills development, certification, and institutional support can serve as pathways for transitioning informal entrepreneurs into the formal sector of the economy.

Cases 1 to 7 below are based on the stories and circumstances of seven informal entrepreneurs analyzed from multiple interviews, newspapers, and blog articles across Nigeria, with each followed by commentary on how bricolage/effectuation logic appears and reflections.



4.4 Selection Criteria for Informal Entrepreneurs

The selection of the seven informal entrepreneurs was guided by purposive and theoretical sampling principles, designed to ensure contextual depth, diversity, and theoretical relevance to the study's focus on effectuation and bricolage within the Nigerian informal economy. Entrepreneurs were selected based on evidence (from interviews, news articles, or blog features) that their business decisions reflected means-driven action, resource improvisation, and adaptive learning. Indicators included: starting with minimal capital, repurposing available materials, leveraging personal or community networks, and adopting flexible business models. Only entrepreneurs whose stories were accessible through credible secondary sources such as in-depth newspaper profiles, blog interviews, or publicly available transcripts were included. This ensured data sufficiency for triangulation and qualitative content analysis. A key inclusion criterion was evidence of the entrepreneur's ability to learn, adapt, and evolve in response to constraints or opportunities. This quality made their experiences particularly relevant for understanding effectual and bricolage-based processes. The use of seven cases provides a balance between breadth and analytical depth by enabling a comparative analysis across different sectors and institutional conditions while maintaining enough detail to capture the nuances of informal entrepreneurial behavior. This approach aligns with qualitative multiple-case study methodology (Yin, 2018), which prioritizes theoretical replication over statistical generalization.

4.4.1 Case 1: *Cosmetic and Make-up Studio*

Background	Source	Rationale	Impact
This female founder is a university graduate of Accounting from the Southwestern part of Nigeria and an associate member of the Chartered Institute of Strategic Management. She owns a cosmetic and make-up studio in Nigeria where she trains young adults with skills to compete in the skin care industry.	In two different interviews, she recalls that as a young child she knew she wanted to become an entrepreneur, but her parents always encouraged her to focus on her academics (Capital Market News, 2014; Vanguard Newspaper, 2014).	She says she began her skin care business while she was a student at the university and had to maintain a good GPA to gain her parents' approval for her business. After graduation from university, she worked in the real estate and telecommunication sectors, but due to lack of job satisfaction, she left her full-time job to build her business.	Through her business, she trained more than 1,300 people. When asked what motivated her to establish a training component for the business, she said she observed more young Nigerians were acquiring TVET skills as a cushion to address unemployment, so she positioned herself as a key player in the make-up/skincare industry, thus, giving her business visibility.

4.4.2 Case 2: *Hair Beauty Parlour*

Background	Source	Rationale	Impact
This female founder is a university graduate of Industrial Chemistry from the Northeastern part of Nigeria.	In her interview with the Vanguard Newspaper (2012), she recalls her passion for hair styling began while in secondary school.	She owns a hair styling beauty parlor where she hires and trains university graduates in hair styling, make up, gele tying, etc.	She states she had always wanted to become an entrepreneur, but going to university gave her an edge in the industry.

4.4.3 Case 3: Fashion Design

Background	Source	Rationale	Impact
This male founder is a graduate of Project Management from the Southwestern part of Nigeria.	He runs a men's clothing firm in Nigeria.	He says the decision to become a fashion designer was due to the difficulty he experienced when trying to get a good placement for his Industrial Training. He did not want to sit idle so he proceeded to learn tailoring.	This founder is quite fulfilled while building a brand that is fast becoming a household name in Lagos, Nigeria with customers in Nigeria, Europe, and North America.

4.4.4 Case 4: Carpentry and Interior Design

Background	Source	Rationale	Impact
This female founder is a graduate of Environmental Chemistry from the Southwestern part of Nigeria. She also has a certificate in Interior Design from the Maven School of Interior Decoration and Design.	She currently works as a carpenter and interior designer. Popularly referred to as the Lady Carpenter, she recalls her six-month internship at the Nigerian Bottling Company was not fulfilling, leading her to the realization that she was not wired for a 9 to 5 job.	She ventured into entrepreneurship and began supplying furniture to different organizations. It was during this period she developed an interest in carpentry.	She dreams of birthing an IKEA-type business in Nigeria. She has won several awards recognizing her work in interior design and carpentry.

4.4.5 Case 5: Rice Farming

Background	Source	Rationale	Impact
This male founder is a journalist turned farmer. He holds a bachelor's and master's degrees in Economics, as well as another master's degree in Finance and Development – all from the United Kingdom.	He says his journey into agriculture began when he worked with Euromoney Magazine and covered several topics on the African space. Having the opportunity to visit several African countries exposed him to agriculture.	He moved back to Nigeria to explore opportunities in agriculture through his work manning the agriculture desk at a Bank, but he did not find this fulfilling.	He ventured into agriculture and now owns Nigeria's second largest commercial rice farm (by land size). His farm sits on 45,000 hectares and he employs more than 600 natives of Nasarawa State.

4.4.6 Case 6: Films and Photography

Background	Source	Rationale	Impact
This male founder is a graduate of Accounting from the Southwestern part of Nigeria. He previously worked with Virgin Atlantic and Virgin Nigeria.	He resigned to study photography in the United States and advanced editing at the London School of Photography. He moved back to Nigeria to establish his photography business. In a 2017 interview with Iludio, he recalls his passion for photography began in secondary school.	His desire to get a camera caused him to spend the money meant for his university entrance exam on a Fuji camera. He said with a little encouragement or proper counselling, he might have taken a direct route to entrepreneurship without going the academic route.	He believes his university education has contributed to growing his business. He is well-positioned to succeed in the event industry, which he refers to as the largest and fastest growing industry in the country.

4.4.7 Case 7: Aquatic Weeds and Agricultural Waste

Background	Source	Rationale	Impact
<p>This female founder is a graduate of Computer Science who began her career as a business analyst in the United States before moving back to Nigeria to set up her environmental consulting business. She encountered a scene in 2009 that altered her original business idea and led her to found MitiMeth, in 2011.</p>	<p>In her 2016 TedTalk, she recounts how she came up on a group of fishing boats that had been hemmed in by heavy mats of water hyacinth, thus halting the livelihoods of these individuals for as long as two weeks. A little research showed her the menace could be utilized and, consequently, she learned how to process and weave the water hyacinth into home items like baskets, bags, furniture, etc.</p>	<p>While she started with water hyacinth, this entrepreneur and her team have discovered other natural fibers including aquatic weeds (water hyacinth, typha grass) and agricultural waste forms (banana bark, maize husks).</p>	<p>She works with rattan artisans from around Nigeria to train people, thus creating employment from these natural fibres. Information on her company website shows she has trained over 400 artisans in 20 communities. They also assist these artisans to market their finished products through a variety of channels.</p>

The seven cases above underscore how the influx of university graduates into TVET-related businesses is expanding the informal sector. As already discussed, the informal economy is characterized by low productivity, poor working conditions, and a lack of certified skills. TVET programs can help informal entrepreneurs to formalize their businesses and improve entrepreneurial capabilities through industry-relevant skills acquisition and business management training.

4.5 Cross-case Insights and Key Takeaways

Below are six themes emerging from the seven mini-cases, framed via the lenses of bricolage and effectuation, with implications on the Nigerian informal entrepreneurial context highlighted.

4.5.1 Means Orientation and Affordable Loss

Across all seven cases, informal entrepreneurs begin with modest means (personal skill, local network) rather than big investment. This implies they limit what they can afford to lose. This in essence is effectual logic in action.

4.5.2 Improvisation and Resource Recombination

Whether developing an interest in carpentry while working as a supplier of furniture or working had to maintain a good GPA to gain her parents' approval for her cosmetic and make-up business (case 1), entrepreneurs are in the habit of continuously recombining available resources to create value. As highlighted in the literature and theoretical foundation sections, bricolage is a key innovation mechanism in developing economies where informal enterprises operate under weak institutional arrangements and in resource-constrained environments. This is consistent with research findings demonstrating that entrepreneurial bricolage is linked to a higher probability of innovation in products, processes, and marketing (Flaminiano, 2024).

4.5.3 Flexibility and Adaptation

The path is not strictly planned; entrepreneurs pivot, respond to market signals, tweak offerings, shift from formal job to informal business, and repurpose skills. For example, case 7 on aquatic weeds corroborates how an encounter in 2009 altered her business trajectory, leading her to found MitiMeth in 2011. This is effectuation; emphasis is on flexibility and contingency, rather than planning and prediction.

4.5.4 Social Networks and Partnerships

In the informal sector, social capital in the form of connections, trust, and networks can go a long way. Whether informal apprenticeships, family businesses, import agents, or local markets, entrepreneurs rely heavily on relationships for value creation. Case 5 on rice farming chronicles how the entrepreneur's journey began at Euromoney Magazine, thereby affording him the opportunity to visit several African countries, which then exposed him to agriculture. Even though he ended up working in the agriculture space manning the agriculture desk at a Bank, the partnerships and networks played a major role in the rice farming enterprise. This aligns both with effectuation's 'who you know' and bricolage's reliance on local resources.

4.5.5 Institutional and Infrastructural Constraints

Many entrepreneurs operate in conditions of weak formal institutions: limited access to credit, uncertain regulation, unreliable infrastructure. These informal sector actors compensate through informal arrangements, improvisation, and bricolage. For example, the former serial entrepreneur in Mandilas alludes to having no venture capital, just relationships. This highlights how the informal sector is shaped by necessity and constraint rather than ideal entrepreneurial ecosystems.

4.5.6 Necessity-driven Entrepreneurship

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As the Business Day statistic shows, most informal entrepreneurs in Nigeria are motivated by unemployment or insufficient income rather than purely opportunity-seeking. This drives a different rationale: survival and incremental growth, not giant leaps. This revelation aligns with the modest, improvisational logic of bricolage and affordable-loss effectuation discussed under the theoretical underpinning. In the same vein, survival entrepreneurship could also lead to opportunity-driven entrepreneurship as seen in the evolution of some of the entrepreneurs profiled above (see case 6 on films and photography).

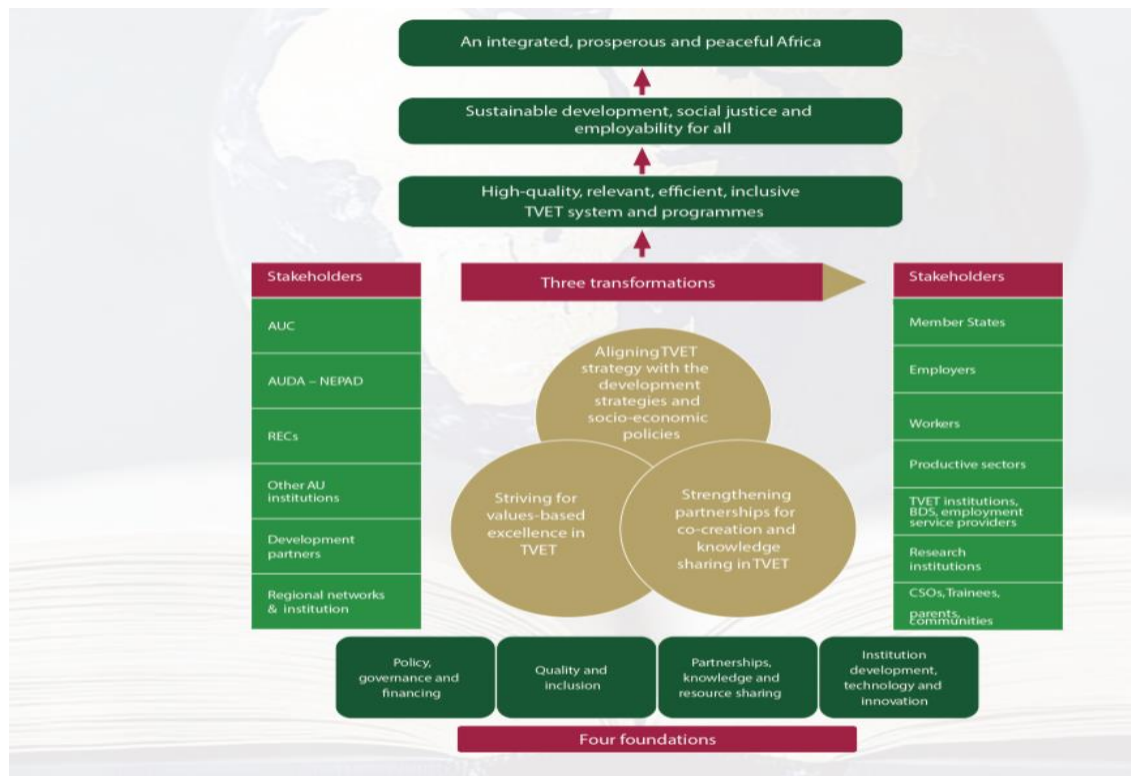
4.6 Implications of Findings

Epistemologically, this study challenges the universalist and positivist orientation of mainstream entrepreneurship research, which often elevates economics-based, Western-derived models (such as Schumpeterian innovation) as the gold standard. These frameworks presuppose stable institutions, efficient markets, and individualism, conditions rarely present in many African contexts. By foregrounding the lived experiences of Nigerian informal entrepreneurs, this study demonstrates that theorizing in entrepreneurship must be situated, reflecting the cognitive, cultural, path-dependent, and institutional realities of specific environments. The seven mini-cases above illustrate how bricolage and effectual entrepreneurship operate: small starts, means-driven, flexible, networked, resourceful. Recognizing this logic is crucial for practitioners and scholars alike. In the Nigerian context, informal entrepreneurship is not just about subsistence; it is a dynamic field of innovation under constraint. While the formal sector requires higher levels of education than the informal sector of the economy, curriculum reforms in Nigeria are increasingly prioritizing a shift from purely theoretical content to skills-based learning (Iyanuoluwa, 2025). As a developing country, the institutional environment in Nigeria is characterized by regulatory voids, weak formal infrastructures, and strong informal social institutions. Informal entrepreneurs often operate under severe resource and institutional constraints, and yet by leveraging what they have, improvising, recombining, adapting and forming partnerships, they enact the logics of bricolage and effectuation. These dynamics shape entrepreneurial behavior in ways that diverge significantly from neoclassical Western assumptions. Informal entrepreneurs in this context do not act as atomized, utility-maximizing individuals operating in efficient markets; rather, they are embedded in dense social networks, informal norms, and adaptive institutional logics that privilege bricolage and effectuation over predictive planning and venture capital-backed enterprises.

Given Africa's peculiar structural and institutional dynamics, interventionist policies must recognize the microeconomic realities of the continent's informal sector actors and households who constitute the backbone of the private sector. For instance, the African Union's 10-year TVET framework for TVET for the 2025-34 period recognizes the imperative of TVET and informal entrepreneurship for job creation and economy growth. The 2025-34 strategy is anchored on four key foundations for promoting effective TVET systems across African countries: (i) policy,

governance, and finance (ii) quality and inclusion (iii) partnerships, knowledge, and resource sharing, and (iv) institutional development, technology, and innovation (see Figure 2).

Figure 2. African Union’s continental TVET strategy 2025-34



Source: African Union Commission (2025)

From the perspectives of institutionalism and epistemology, this study supports the work of scholars who support contextualizing theory development in entrepreneurship (e.g., Welter, 2011; Morris & Tucker, 2023) and those that argue against elevating neoclassical Western models to universality because of their inherent tendency to generate inaccurate and acontextual predictions (e.g., Godfrey, 2011; Welter et al., 2015; Baker & Welter, 2020; Simba et al., 2023; and Simba, 2024). The varying levels of TVET attainment and completion rates across different subregions of the continent establish one thing: TVET development and informal entrepreneurship dynamics differ across countries on the continent. Paradoxically, while TVET attainment is generally low in central and western Africa, compared to countries in eastern and southern Africa, the share of jobs in the informal economy is relatively high for the former group (see Table 2).

Therefore, more disaggregated and emergent views of the entrepreneurial process, based on the lived realities of the individuals involved in informal enterprises as against institutional mechanisms, need to be theorized more. Individuals with higher levels of education are moving into the informal sector and building successful TVET-related businesses.

Table 2. Shares of TVET attainment and informal jobs

Subregion	Attainment	% of Job	Description
West Africa	Low-Moderate (~5 %-15 % range across countries)	Very High (~90 %)	West Africa boasts one of the highest shares of informal jobs globally.
East Africa	Moderate (~10 %+ in some countries)	High (~80 %)	TVET overall attainment in East African countries remains low, compared to actual need in countries like Tanzania and Kenya.
Central Africa	Low (many countries under 5 %)	Very High (~92 %)	Informal employment is very high due to limited TVET participation.
Southern Africa	Moderate-High (South Africa and Zimbabwe have higher engagement)	High (~85%)	Relatively higher TVET participation and lower informal share.

Note: Authors’ estimates based on discussion with experts

Across the seven case studies, while some of these individuals ventured into their businesses by chance due to lack of satisfactory employment opportunities (see case 1 and case 5), others always had a passion for their trades. As indicated in case 6, with a little encouragement or proper counselling, the informal entrepreneur might have taken a direct route to entrepreneurship. The strength and resilience of informal entrepreneurship cannot be overlooked. The stories of the individuals in the seven cases underscore the importance of the informal sector. Recognizing the role of the informal economy in employment generation, poverty reduction, and grassroots innovation is key to moving the needle. As argued under the discussion on necessity versus opportunity entrepreneurship (see Smallbone & Welter, 2001; Aidis et al., 2006), opportunity and necessity entrepreneurship can be complementary, since both can co-exist over time. In this context, increased recognition of informal skills and programs that can help individuals transition into regulated professions or access institutional support can go a long way. This underscores our earlier discussion under theoretical underpinnings on bricolage. Bricolage rewards adaptability and local embeddedness over efficiency or optimization in the presence of institutional barriers or resource scarcity. Rather than use a formal means to forecast the future, effectual entrepreneurs shape it with their current limited resources. Instead of overthinking scarce resource allocation pathways, they build partnerships rather than compete. The case studies above reveal fundamental

gaps in economics-based models of entrepreneurship that prioritize optimization and market efficiency at the detriment of the lived realities of the entrepreneurs. While opportunity-driven actors identify and exploit pre-existing market gaps within the context of relatively stable institutional and market structures, resource constraints and lack of access to capital, formal institutions, or established markets imply that since informal entrepreneurs often cannot optimize, they must improvise.

Simba et al. (2023) aptly capture this:

Indeed, informal entrepreneurship utilizes entrepreneurship skills and helps micro-entrepreneurs identify opportunities and exploit them in the same way as those who engage in formal entrepreneurship. Informal entrepreneurs play an essential role in economies, especially in the developing world, by not only delivering needed products but by also producing economic growth and neighborhood revitalization when formal sector businesses fail to do so and public funds are too scarce to accomplish the goal (p. 20).

Consistent with bricolage and effectuation being perspectives that offer richer analytical lenses, it is obvious that the economic actors in the seven case studies leveraged passion, creativity, social embeddedness, and the dynamic use of available resources in the value creation process. In many ways, these paradigms align more closely with entrepreneurial practices on the continent, where innovation is often a product of social cooperation, improvisation, and contextual adaptation rather than from formalized profit maximization and other market mechanisms. In closing, and consistent with the preceding argument, formalization is not a panacea. While it offers potential benefits, these are conditional on institutional context, firm characteristics, and other nuances related to the costs and benefits of specific propositions. Policies and interventions aiming to advance formal entrepreneurship and/or discourage informality must be nuanced, context aware, and supportive beyond mere registration. Formalization is a double-edged sword, and as such, tailored approaches which recognize heterogeneity among informal enterprises will go a long way in optimizing payoffs vis-a-vis growth versus survival. As well, it is important to recognize that formalization may not always be the best or first step. A dynamic pathway which supports informality while incentivizing incremental compliance is key. There remains much to understand about the mechanisms through which formalization influences growth, innovation and productivity in informal firms.

5. Concluding Thoughts

While the formalization of informal enterprises is often promoted as a pathway to economic growth and institutional development, this study cautions against assuming that rigid formalization frameworks automatically translate into entrepreneurial success or social inclusion. The need to examine this closely provided a major motivation for this paper. The evidence from Nigerian informal entrepreneurs demonstrates that such frameworks, rooted in Western-centric institutional assumptions, can overlook the adaptive logic, social embeddedness, and contextual ingenuity that



sustain entrepreneurship in resource-constrained environments. Formalization policies typically emphasize registration, taxation, compliance, and standardized procedures. However, these frameworks often impose transaction costs, bureaucratic complexity, and cultural misalignment that stifle the very creativity and flexibility that enable informal ventures to survive. African informal entrepreneurs frequently rely on personalized trust networks, reciprocal exchange, and iterative learning, practices that do not fit neatly within formal bureaucratic templates. For many informal entrepreneurs, informality is not merely a symptom of underdevelopment but a rational adaptation to institutional voids, where rigid rules are poorly enforced, and formal systems provide little real protection or support. Informal entrepreneurship, long viewed as a survival mechanism for marginalized populations, is increasingly being recognized as a channel for innovation, resilience, and adaptive problem-solving in resource-constrained environments. Informal entrepreneurs defy the odds through innovation and creative responses to structural barriers like regulatory exclusion, bureaucratic bottlenecks, limited capital and training, infrastructural gaps, and institutional support. Rigid formalization risks undermining the effectual and bricolage-driven logics that characterize informal entrepreneurship. These logics thrive on experimentation, improvisation, and the reconfiguration of available resources, qualities that cannot easily be codified into standard operating procedures. When formality is pursued without sensitivity to these local dynamics, it can inadvertently suppress innovation, reduce adaptability, and alienate entrepreneurs who depend on informal institutions for legitimacy and survival. Therefore, the path forward requires context-sensitive institutional design, not wholesale transplantation of formal models.

Ultimately, sustainable entrepreneurship in the informal economy depends less on rigid compliance and more on institutional empathy; the ability of policymakers, scholars, and ecosystem actors to understand and support the lived realities of entrepreneurs who innovate, organize, and thrive beyond the boundaries of formal structures. The methods and findings in this research are not without limitations. First, the seven cases are drawn largely from secondary reports and blogs, while responses from the informal entrepreneurs interviewed are illustrative rather than exhaustive. Also, because of informality, some of the ventures lack extensive formal documentation, making our insights provisional.

Finally, the diversity of sectors and personal backgrounds of informal entrepreneurs means we cannot generalize across many domains; however, the common patterns of bricolage and effectuation still emerge. More in-depth qualitative studies of informal entrepreneurs in emerging markets and developing economies would richly document how bricolage and effectuation interplay in these contexts. This offers opportunities for future research. Taken together, the synthesis and takeaways have interesting implications for scholarship, policy, and programmatic interventions. The notion that informality is all about subsistence is not helpful when it comes to theorization and interventions targeted at maximizing workforce participation. Equating informality strictly with subsistence implies that interventions must focus on employment

formalization to improve livelihoods. A pragmatic approach must account for fragmentation and other features of economies across Africa.

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No potential conflict of interest

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