



# Entrepreneurial identity and response strategies in the informal economy

Shelter Selorm Teyi<sup>a</sup>, Marcus M. Larsen<sup>a,b,\*</sup>, Rebecca Namatovu<sup>a</sup>

<sup>a</sup> Department of Strategy and Innovation, Copenhagen Business School, Kilevej 14, 2000 Frederiksberg, Denmark

<sup>b</sup> Department of Strategy and Entrepreneurship, BI Norwegian Business School, Nydalsveien 37, 0484 Oslo, Norway

## ARTICLE INFO

### Keywords:

Underdog entrepreneurship  
Entrepreneurial identity  
Informal economy  
Exploratory research design  
Ghana

## ABSTRACT

While entrepreneurs generally confront many challenges in running their businesses, those in the informal economy must do so in a state of constant environmental change outside the boundaries and support of formal institutions. We explore how the identity of such underdog entrepreneurs shapes their response strategies to situations of adversity that characterize the informal economy. Through an exploratory study of informal entrepreneurs in Ghana, we uncover four entrepreneurial identities (guardians, survival entrepreneurs, canvassers, and growth-oriented entrepreneurs) and discuss how these are closely related to three key response strategies (succumb, improvise, and push new boundaries). These findings show how resource scarcity and uncertainty shape underdog entrepreneurial behavior. We discuss the theoretical and practical implications of these findings.

## 1. Introduction

Entrepreneurial identity is an important determinant of variations in entrepreneurial strategies, behavior, and outcomes (Radu-Lefebvre et al., 2021). It refers to aspects such as who an entrepreneur is, which groups they belong to, what they do, what activities they are passionate about, or what society expects of them (Cardon et al., 2009; Navis and Glynn, 2011; Slade Shantz et al., 2018). We explore how the identity of entrepreneurs shapes their responses to situations of adversity that characterize the context of the informal economy, defined as “those actions of economic agents that fail to adhere to the established institutional rules or are denied their protection” (Feige, 1990: 990). Especially in developing countries, most entrepreneurship occurs in the informal economy, where otherwise legitimate business activities operate unregistered or fail to have the requisite legislative and regulatory approval (Salvi et al., 2022). However, it is not clear how the identities of informal entrepreneurs influence their response strategies to contexts of adversity.

Entrepreneurial activities in the informal economy are widely acknowledged for their entrepreneurial dynamism (Thai and Turkina, 2014). However, such activities are also closely associated with extreme adversity, resource constraints, and uncertainty (Sutter et al., 2019). Compared to entrepreneurs in the formal economy, entrepreneurs in the informal economy are typically more constrained by formal institutional voids, such as absent intellectual property protection, weak legal support and protection, unreliable transportation infrastructure, and fragile

financial support (Ehret and Olaniyan, 2023; Godfrey, 2011; Mair and Marti, 2009). While institutional support may be taken for granted for entrepreneurs in the formal economy, entrepreneurs in the informal economy must strategize around these uncertainties and resource constraints. It is often necessity-driven (Williams et al., 2017) and used as a survival strategy (Kistruck et al., 2011; Lee and Hung, 2014; Williams et al., 2016). Through their limited access to resources provided by government agencies, informal entrepreneurs represents a unique form of underdog entrepreneurship (Baron et al., 2018; Miller and Le Breton-Miller, 2017). To better understand the dynamics of this underdog entrepreneurship, we formulate the following research questions: (1) What are the types of entrepreneurial identities in the informal economy? (2) How do different informal entrepreneurs strategize when faced with adversity?

We employ an explorative research design that involved 92 semi-structured interviews with informal entrepreneurs in Ghana; a country with high levels of informality (Adom and Williams, 2014; Offori-Atta, 2020; Slade Shantz et al., 2018). We conducted fieldwork in five informal clusters, where a complex web of institutions (e.g., tribal, vocation, regulatory, and locational) influences entrepreneurial behavior. Despite being confronted with high uncertainty and resource scarcity levels, informal entrepreneurs in these clusters employ high-risk tolerance levels by devising creative solutions in their entrepreneurial endeavors. Therefore, the context holds promise for a greater understanding of entrepreneurial identity and responses in the informal economy. We analyzed our in-depth interviews and direct observation

\* Corresponding author at: Department of Strategy and Innovation, Copenhagen Business School, Kilevej 14, 2000 Frederiksberg, Denmark.

E-mail addresses: [st.si@cbs.dk](mailto:st.si@cbs.dk) (S.S. Teyi), [mml.si@cbs.dk](mailto:mm.lsi@cbs.dk) (M.M. Larsen), [rn.si@cbs.dk](mailto:rn.si@cbs.dk) (R. Namatovu).

<https://doi.org/10.1016/j.jbusres.2023.114047>

Received 30 June 2022; Received in revised form 12 May 2023; Accepted 13 May 2023

Available online 26 May 2023

0148-2963/© 2023 The Author(s). Published by Elsevier Inc. This is an open access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>).

data following the Gioia method (Gehman et al., 2018; Gioia et al., 2013).

A key finding is that entrepreneurs in the informal economy rely on their identities to guide their response strategies to the changing state of the informal economy. We uncover four types of entrepreneurial identities and explain how these are associated with three discovered response strategies. Specifically, we find that (1) *guardians* define their identity—be it an inherited or acquired status—as a result of societal expectations and thereby *succumb or improvise* in their responses accordingly; (2) *survival entrepreneurs* are more likely to *improvise* to sustain their existence; (3) *canvassers* constantly seek new opportunities and thereby respond by *improvising* mainly through exploring new markets, and (4) *growth-oriented entrepreneurs* respond to adversity by *improvising* and constantly *push new boundaries* for growth prospects.

These findings are important for understanding entrepreneurial identity and responses in the informal economy. We contribute to research on entrepreneurial identity by emphasizing the impact of not only who entrepreneurs are or what shared understanding society has of their role. More generally, we contribute by understanding how resource scarcity and uncertainty shape underdog entrepreneurial behavior (Miller and Le Breton-Miller, 2017). Responding to recent calls by management scholars to take a keen interest in the entrepreneurship and strategy nexus (Hitt et al., 2001; Ott et al., 2017; Wright and Hitt, 2017), we add novel insights by extending the boundaries of how entrepreneurs use atypical resources in the informal economy.

## 2. Theoretical background

### 2.1. Entrepreneurship in the informal economy

The informal economy is vast. A recent report from the International Labor Organization (ILO) finds that 48 % of the labor force works in the informal economy in North Africa, 72 % in Sub-Saharan Africa, 51 % in Latin America, and 65 % in Asia (ILO, 2018). It has been subject to economics, geography, and sociology research, but lately also management and entrepreneurship (Bruton et al., 2012; Godfrey, 2011; Siqueira et al., 2016). We focus on informal entrepreneurs engaged in legitimate business activities that are either unregistered or fail to have the necessary regulatory approval to operate, primarily governed by informal norms, values, and beliefs (Webb et al., 2009, 2013). As such, we target informal entrepreneurs that can be regarded as underdog entrepreneurs (Miller and Le Breton-Miller, 2017). Informal entrepreneurs have the underdog effect because others view them as unlikely to succeed (Nurmohamed, 2020; Salvi et al., 2022). They are indomitable and use unusual problem-solving approaches (Paharia et al., 2011).

By operating informally, entrepreneurs can work more freely with less exposure to costly bureaucracy, regulations, and taxes (De Soto, 2000; Rocha et al., 2018). For example, Webb et al. (2009) discuss how informal entrepreneurs are less restricted by formal legal boundaries than formal entrepreneurs. Due to the opportunities for exploration and experimentation outside the formal legal boundaries, Larsen and Witte (2022) argue that entrepreneurs that start informally are more likely to initiate exporting after registration than entrepreneurs that begin formally. At the same time, however, entrepreneurship in the informal economy is surrounded by considerable uncertainty. For example, entrepreneurs have ambiguous relationships with state agencies, and their functionality may undermine political institutions (Portes et al., 2005; Newman and Barney, 2023). The informal economy is shrouded in high levels of uncertainty that are further exacerbated by the “interconnectedness of the formal and informal economies” (Zoogah et al., 2015: 8). For example, Zoogah et al. (2015) argue that competing psychological, institutional, and sociocultural logics underlines the nature of uncertainty in the informal economy.

The unstable nature of regulatory regimes encourages informal economic activities in the informal economy, where firms “move between formal and informal arrangements based on regulations and

regulatory changes” (Godfrey, 2011: 257). Thus, entrepreneurs choose which regulations to abide by, especially in grey areas. This unstable regulatory environment triggers market uncertainties that may extend to consumer and institutional spheres. By combining these perspectives, we view uncertainty in the informal economy as consisting of the dynamics and interaction of consumers, communities, and institutions. For instance, the absence of effective policy, legal, and regulatory framework leads to high levels of imitation and stiff competition (Fonchingong, 2005; Godfrey, 2011). Therefore, others can easily appropriate the value created by informal entrepreneurs (Alvarez and Barney, 2004, 2014; Webb et al., 2019). In some rural parts of Ghana, entrepreneurs feel obliged to share their trade secrets with competitors, thereby reinforcing the pervasiveness of imitation (Slade Shantz et al., 2018).

While informal entrepreneurs can exploit the advantages of flexibility and low-cost operations, they face higher levels of resource scarcity and disparate conditions than their formal counterparts (Sutter et al., 2019; Webb et al., 2013). They have limited physical capital and often lack the tools, equipment, technology, machines, and premises to operate (Darbi et al., 2018). They have limited information and options regarding funding and lack the capital to start or expand their business (Lyles et al., 2004; Webb et al., 2013). Similarly, they often encounter financial challenges because they lack the collateral to take loans and face very high-interest rates from microfinance institutions (Olarenwaju and Olabisi, 2012; Webb et al., 2013). The inefficient regulations governing land tenure systems and property rights aggravate scarcity (Olarenwaju and Olabisi, 2012). Additionally, informal entrepreneurs cannot as easily draw on highly skilled human capital (Darbi et al., 2018). Typically, informal entrepreneurs face low levels of formal education; inadequate or low levels of skills and experience; absence of specific business skills; and a lack of training and technical support (Galdino et al., 2018; Lyles et al., 2004; Sutter et al., 2017). These challenges culminate in inefficient, labor-intensive operations (Sutter et al., 2017). Moreover, with little intellectual property protection from formal regulators (Webb et al., 2014), entrepreneurs are challenged should they wish to protect their innovations.

Entrepreneurs in developing countries and transition economies must respond to institutional complexity and uncertainty (Peng, 2000; Welter and Smallbone, 2011). A response strategy involves actors enacting a solution or action to address adversity (Lengnick-Hall and Beck, 2005). In situations of adversity and uncertainty, entrepreneurs balance action repertoires (Sutcliffe and Vogus, 2003) with varying attention and dedication. Informal entrepreneurs adopt varied strategies to respond to environmental challenges such as government agencies, competition, and norms and practices. In so doing, they can actively resist adversity or engage in more subtle forms of response strategies. Oliver (1991) proposed five strategic responses that organizations can enact in response to institutional pressures: acquiescence, compromise, avoidance, defiance, and manipulation. Unless an actor chooses the passive strategy of acquiescence (where they conform to institutions), they must actively respond to external pressures. Oliver argues there is a high likelihood of acquiescence, compromise, and avoidance response strategies and a lower likelihood of defiance and manipulation in uncertain environments.

### 2.2. Entrepreneurial identity

To understand how informal entrepreneurs respond to situations of adversity, we explore the role of entrepreneurial identity. Entrepreneurial identity provides a frame of reference with which entrepreneurs define “who they are,” “what they do,” and “how they relate to others” (Ashforth et al., 2008; Fauchart and Gruber, 2020; Powell and Baker, 2014). It is seen as pivotal in starting, running, or exiting an entrepreneurial venture (Cardon et al., 2009; Radu-Lefebvre et al., 2021; Rouse, 2016). Consequently, entrepreneurial identity underlies decision-making, resource mobilization, strategy, and venture outcomes

(Cardon et al., 2009; Howard et al., 2021; Radu-Lefebvre et al., 2021). Hence, entrepreneurial identity is a potent theoretical lens that enables us to understand entrepreneurs as economic and social actors (Mmbaga et al., 2020; Radu-Lefebvre et al., 2021).

Building on social identity theory (Tajfel et al., 1979), entrepreneurial identity provides the frame of reference that enables entrepreneurs as members of a group (or groups) to interpret their experiences and evaluate what to do (Alsos et al., 2016; Powell and Baker, 2014; Radu-Lefebvre et al., 2021). This perspective moves the field of entrepreneurship beyond the classical entrepreneurs, whose primary motive is self-interest or profit, to draw attention to other types of entrepreneurs whose primary motivation is a concern for others (Fauchart and Gruber, 2011, 2020; Gruber and MacMillan, 2017). In this respect Fauchart and Gruber (2011, 2020) argue that entrepreneurs' social identity shapes their motivations and explains the differences among three primary entrepreneurial motives, namely: serving self-interests (Darwinian), serving community interest (Communitarian), or serving political interests (Missionary). These motivations have a variety of implications for entrepreneurial strategies (Alsos et al., 2016; Fauchart and Gruber, 2011; Mmbaga et al., 2020).

Both formal and informal institutions drive entrepreneurial identity. Scholars have shown that formal educational and informal relations with family members, mentors, peers, role models, and community influence entrepreneurial identity (Fauchart and Gruber, 2011; Radu-Lefebvre et al., 2021; Stryker, 1968). Given that entrepreneurial identity serves as a cognitive frame that constrains entrepreneurs from enacting actions that are not consistent with their identities, we would expect that entrepreneurs with different identities will respond differently in the face of adversity and changing environmental situations (Powell and Baker, 2014, 2017; Wry and York, 2017).

While little research has explored the heterogeneity of informal entrepreneurs' identities, we believe there are reasons to expect significant variations. In particular, the literature on entrepreneurial bricolage (defined as "making do by applying combinations of the resources at hand to new problems and opportunities" (Baker and Nelson, 2005: 333)) suggests that strategies related to redefining, recombining, and repurposing resources in unaccustomed ways create breakthrough solutions and new sources of value. Entrepreneurs engaged in bricolage do not engage in deep cognitive exercises of formulating strategy but act on the fly by drawing on their meager resource troves to overcome their current limitations. The solutions created by bricoleurs may or may not become part of their long-term strategy (Ott et al., 2017). The quality of these solutions varies widely, with some being near perfection (Garud and Karnøe, 2003) and others substandard and imperfect (Lanzara, 1999). Additionally, making do implies that entrepreneurs refuse to enact limitations by constantly testing conventional limitations to determine their future course of action (Phillips and Tracey, 2007).

While we have limited knowledge of entrepreneurial identity in proximal contexts such as informal communities (Radu-Lefebvre et al., 2021), it is relevant to understand the multiplicity and heterogeneity of entrepreneurial identity driving response strategies (Welter et al., 2017). Unlike the formal economy, the informal economy lacks strong formal institutions and relies on diverse informal institutions. Given the number of institutions at work and the various mechanisms at play, entrepreneurs attach deep meaning to the institutions they self-select into (Fauchart and Gruber, 2011). Therefore, entrepreneurial identities are integral in that they signify relevance, decisions, and strategies (Powell and Baker, 2014). Specifically, entrepreneurs identifying with sociocultural logics rather than business or commercial logics will likely strategize differently (Haarman et al., 2022).

It is currently unclear how informal entrepreneurs' identities influence their response strategies when faced with adversity. Developing a distinct entrepreneurial identity may help explain why such underdog entrepreneurs who face similar challenges strategize differently. Thus, assuming that informal entrepreneurs experience significant heterogeneity in how they 'make do' with a lack of resources and challenging

environments, we aim to unpack the concept of entrepreneurial identity within the informal economy and underdog entrepreneurship. Importantly, this will allow us to understand how informal entrepreneurs make strategic decisions about their products and markets in response to situations of extreme adversity.

### 3. Methodology

#### 3.1. Setting

We conducted our empirical study in Ghana, a West-African country with about 90 percent of economic activity being informal (Offori-Atta, 2020). Ghana has long been recognized as a country with high levels of informality across many sectors (Hart, 1973, 2016). The Ghanaian economy is dominated by self-employed entrepreneurs and small owner-run firms, usually operating micro, small and medium-scale businesses (Adom, 2014). Most of these businesses are typically informal by not complying with formal regulatory requirements. However, the government has started to acknowledge the significance of the informal sector. It has begun to propose policies that align informal firms with formal regulatory requirements, such as registration with local municipal assemblies, assigning tax identification numbers, and registering employees for social security. The regulatory environment continues to evolve, implying that informal firms must comply with some formal regulatory requirements and procedures when operating (Aryeetey, 2015; Darbi and Knott, 2016; Zurek, 2019).

We used an exploratory, qualitative research design to answer our research questions, as is recommended when studying subtle or poorly understood phenomena (Strauss and Corbin, 1998; Yin, 2003). An exploratory design is well suited for understanding the subtleties of informal entrepreneurship because it provides a highly contextualized understanding of how individual dispositions influence entrepreneurial behavior in resource-constrained and uncertain contexts. Given our interest in identifying the existing scope (maximum variation) of informal entrepreneurs' identities and illuminating the link between an entrepreneur's identity and a strategic decision, we relied on theoretical sampling. Theoretical sampling involves data collection driven by an evolving theory based on concepts of places, people, or events to maximize opportunities of discovering variations among their properties and dimensions (Miles and Huberman, 1994; Neergaard and Ulhøi, 2007; Strauss and Corbin, 1998). Therefore, the theoretical sampling approach increased the possibility of collecting varied data on entrepreneurs' identities and strategies. It provided an opportunity to determine the range of variability (Glaser and Strauss, 2006; Miles and Huberman, 1994).

We interviewed entrepreneurs operating in five industrial manufacturing clusters in Ghana. An industrial cluster can be defined as "a socio-economic entity characterized by a social community of people and a population of economic agents localized in close proximity in a specific geographic region" (Morosini, 2004: 307). The entrepreneurs in the sample experienced environmental changes (e.g., technological, economic, sociocultural, and geographical) in addition to the overall regulatory changes in the informal sector. As such, the ventures experienced varied levels of uncertainty depending on their industrial sectors, physical environment, location, and degree of government intervention. The industrial clusters are further described in Table 1.

#### 3.2. Sample

We sampled 92 entrepreneurs across the five clusters. To increase the variety and provide more robust empirical data, we selected entrepreneurs based on the richness of the information we expected to gain from them (Patton, 2014). To identify the relevant entrepreneurs, we first considered entrepreneurs in the manufacturing sector because manufacturing generally symbolizes the recombination of scarce resources from raw materials to finished products and commercialization.

**Table 1**  
Description of clusters in the sample.

Cluster Name	Description	Environmental Changes
Suame Manufacturing	It is one of the largest clusters in Africa, with more than 9,000 firms and an estimated 200,000 informal workers (Hart, 2016). It hosts firms involved in manufacturing, vehicle repair, metalworking, and the sale of engineering materials.	Technological: Less educated entrepreneurs struggle to cope with new technologies (i.e., computer programming knowledge to repair newer car models).
Sokoban Wood Industrial Cluster (SWIC)	It hosts 8,000 workers and is a wood-based industrial cluster making various furniture products. Most of the entrepreneurs in the cluster have not registered their businesses nor paid taxes to the central government.	Geographical: The cluster was relocated to a new town.
Accra Newtown	It hosts firms involved in various printing services, such as analog and digital printing, designing, separation, engraving, lamination and binding, and selling and servicing inputs required in printing.	Technological and economic: Difficulties in acquiring and using new machine models and fierce competition from external firms.
Moro market cluster	Located in Kumasi, it hosts 500 informal entrepreneurs. It is the smallest cluster in the study. It constitutes firms predominantly in the footwear industry, for example, shoemakers, traders, and service providers of complementary inputs to the footwear-making business.	Economic: Fierce competition from China.
Bonwire Kente	It is rural based steeped in traditional Ghanaian culture. Bonwire indigenes are famous for making handwoven textiles reserved for social and sacred functions in Ghana. Most entrepreneurs are home based because weaving must be done in sheds in chilled environments. About 800 households are engaged in Kente weaving in Bonwire.	Economic: Fierce competition from China and irregular supply.

Second, the study started with entrepreneurs located in the principal streets of the industrial clusters. However, as data collection continued, we realized that most entrepreneurs operating in ‘temporal’ structures were more resource-constrained than those along the principal streets. Hence, we focused on those with fewer resources as they more significantly represented extreme cases of underdog entrepreneurship. This choice resulted in a diverse sample of entrepreneurial identities within different entrepreneurial behaviors and strategies, facilitating a comparative approach (Miles et al., 2014). Appendix A provides a summary description of the 92 respondents. It depicts their age, educational qualifications, experience in business, firm size (number of employees), and the main sectors represented. To offer a more qualitative sense of the entrepreneurs, we provide three vignettes of entrepreneurs who typify the respondents in Table 2.

### 3.3. Data collection and analysis

Data collection took place from late December 2019 to early February 2020 and was conducted in person by the first author of this

**Table 2**  
Exemplary vignettes of entrepreneurs.

Name, Business, Location	Description
<ul style="list-style-type: none"> <li>• Kwesi</li> <li>• Electric welding business</li> <li>• Suame Magazine</li> </ul>	Kwesi operates an electric welding business in one of Africa’s largest informal cluster - Suame Magazine in Ghana. He started his trade by building bugler-proof doors, gates, and metal containers (commonly used as stalls in Ghana), but now makes coal pots, hoes and rakes from scraps. Like many others in Suame, Kwesi operates from a wooden structure that barely has enough shelter from rain or the scorching sun. He has three apprentices who play essential roles, such as preparing scrap materials for production and following up on customers. Kwesi’s highest formal educational qualification is Junior high school, after which he later served as an apprentice to learn the trade of Electric welding and subsequently started his own business after four years of apprenticeship and service to his former master, as is the custom in Suame Magazine.
<ul style="list-style-type: none"> <li>• Joe</li> <li>• Printing press business</li> <li>• Accra New Town</li> </ul>	Joe has been running his printing press business in Ghana’s largest printing cluster in Accra New Town for the past eight years. Before that, he spent four years learning the trade and five additional years working in the industry to save and raise capital to start his own business. Joe has two industrial printing machines that he acquired through informal payment arrangements between himself and the supplier of the machines, who doubles as a long-time friend of Joe’s former master. He received formal education up to Junior high school. Joe works in a small metal container stall with one employee and three apprentices. He prints books, calendars, stickers, flyers, and souvenirs for schools, churches, businesses, and individuals. He mainly gets his business through third parties.
<ul style="list-style-type: none"> <li>• Boakye</li> <li>• Clothing production</li> <li>• Bonwire Tourist Center</li> </ul>	Boakye was born and bred in Bonwire, a town famous for producing a unique Ghanaian cloth known as Kente. At age 40, he has been operating his solo Kente weaving business for the past 13 years. He runs his business at the Bonwire Tourist Center, a government-built facility to support the Kente businesses and tourism in Bonwire. Boakye started Junior high school but could not complete it.

article. The data was collected qualitatively using a combination of interviews and informal observation. The primary data source was in-depth interviews with entrepreneurs. The interviews lasted 52 min on average and were semi-structured. The interview protocol (see Appendix B) served only as a guide. It was loosely followed to allow for more natural conversations structured around overall themes related to the entrepreneurs’ personal and firm background, the ventures’ challenges and strategies, resource use, and the relationship with the local community. The interviewer probed further on interesting themes that emerged from the interviews.

In the data collection process, we followed credibility strategies for achieving rigor in qualitative studies (Krefting, 1991). To boost familiarity and increase confidence, the interviewer engaged actively with cluster leaders by seeking permission from association leaders and using the local language (mainly Twi, and occasionally Ewe or English – the quotes presented below have been translated to English verbatim). Interaction with leaders and the community was significant in familiarizing the researcher with contextual nuances and subtleties in each cluster.

We used the Gioia method to analyze the qualitative data (Gehman et al., 2018; Gioia et al., 2013). Following this method, we systematically demonstrate the progression from data to theory by showing first-order codes (drawn from interviewees’ words), second-order themes (immediate emerging concepts), and aggregate dimensions (more abstract theoretical concepts). We first coded the interviews individually using in vivo codes that give voice to informants by capturing the words and phrases of the informants. Giving informants a voice helps uncover new concepts (Gioia et al., 2013). The following coding stage was to group 117 codes into categories per the similarities and differences as some idiosyncratic categories were dropped (Saldana, 2009). This



process resulted in 22 first-order categories/concepts from the initial list of 117 codes that included “using condemned raw materials,” “canvassing for the market,” “building machines that are easy to operate,” “focusing on core products in peak season,” and “following the path of my master”. In this coding round, we examined how entrepreneurs conducted business in the informal economy amidst resource constraints. Relatively early in the process, we identified concepts that are the core ideas of response strategies. We came to understand that the responses the entrepreneurs decided upon were coherent paths instigated by their identities. To arrive at the second-order themes, we had several rounds of extensive discussion to resolve concepts. For each categorization and concept introduced in the study, we had 100 % agreement. We also used the academic community to challenge and refine our theory. We presented working papers at workshops and conferences, attempting to clarify the patterns in our data. We used colleagues’ critical feedback to interrogate the data further and rework our theory (Denzin et al., 2005; Strauss and Corbin, 1998). The seven second-order themes were identified by grouping and linking first-order concepts into themes as researchers acted as ‘knowledgeable agents’ in assigning meaningful terms to the data (Gioia et al., 2013). Finally, taking note of the relationships between the categories and themes while analyzing the data, the second-order themes were organized into aggregate dimensions (Gioia et al., 2013). The data structure (see Fig. 1) shows the systematic process of moving from raw data to theoretical constructs (themes and aggregate dimensions). Thus, we reached the data structure by moving back and forth between the theoretical concepts emerging from the analysis and the raw data.

#### 4. Findings

We found that entrepreneurs in the informal economy in our sample can be classified into four distinct identities. In the following, we present the findings related to the entrepreneurial identities (guardians, survival entrepreneurs, canvassers, and growth-oriented entrepreneurs) before presenting the entrepreneurs’ response strategies (succumbing, improvising, and pushing boundaries).

##### 4.1. Entrepreneurial identities

It emerged from the data that there are differences in how entrepreneurs identify themselves. These differences result from their need to save face by perpetuating an identity they hold in society, their need for survival, an opportunity-seeking behavior, or the need to grow their business. Most of the entrepreneurs sampled can be classified into one of the four identities, with each identity differing from the other. These differences are underlined by their core beliefs and values about who they are and their motivations for being in business. We identify four identities of entrepreneurs dominating the informal economy: Guardians; Survival entrepreneurs; Canvassers; and Growth-oriented entrepreneurs. As such, we build on research that has developed different entrepreneurial identities (Fauchart and Gruber, 2011, 2020) but not within the informal economy. Specifically, we find three distinct response strategies of entrepreneurs facing adversity (succumb, improvise, and push boundaries). In the following, we outline the four identities before discussing the responses. We then discuss the implications of each entrepreneurial identity for the response strategies that the entrepreneurs may choose.

**Guardian entrepreneurs:** The first type of entrepreneur is the guardian entrepreneur. Guardian entrepreneurs may refuse to explore new opportunities because they value their perceived identity in society more. Guardians’ behavior comes from their commitment to preserving the identity they perceive that their local communities hold of them. They prioritize this social identity over the success of their business. Consequently, the guardians’ beliefs about ‘who they are’ in society and how

the community in which they operate perceives them shape their strategies. In the informal economy, entrepreneurs are often identified with their predominantly produced products. Guardians typically produce few product lines and stay true to those products. Guardian entrepreneurs highly desire to perpetuate an identity in society, whether inherited or acquired. On the one hand, such identities are inherited when guardians believe they owe allegiance to society, their masters (those who they learnt the trade from), or their family members (usually an uncle or father if he had been in the trade or is currently in it) to stay committed to a particular line of products. On the other hand, they acquire the identity when the entrepreneurs introduce new lines of business and remain committed to these over a period.

Irrespective of how this identity is gained, we find that guardians are highly committed to remaining true to their social identity. This sense of commitment has implications for the practices in which these entrepreneurs engage. While guardians may draw on already accumulated amateur skills, free or discarded resources, and their network resources, they are constrained by their identity in the type of opportunities they choose to pursue. For instance, guardians who could ‘make do’ by recombining their already acquired capabilities and or discarded raw materials to downsize to more straightforward and economically viable product lines will let such opportunities slip away.

As one carpenter narrates, although his main line of business (beds, doors, and door frames) has declined, he remains committed to his identity as a bed and door producer. He points out that although he has neighbors who have faced the same challenge and switched products, he would rather stay true to his identity in society than switch to products that are cheaper to produce and have a ready market:

*“It is like these people here [referring to a neighboring workshop]. They used to make doors but have realized that they are not moving fast. So now, they have completely stopped making doors and only making tables. For that one, people come to order. The kitchen stools and tables and those things move faster than those of us making the doors, door frames, and beds. So, we suffer. As I was learning carpentry, I didn’t have a plan. But as time passed, I decided that these doors and beds were what I wanted to do.” – (R#12 KA – Carpenter).*

*“Oh, in fact, it is like you have been doing one thing for a long time, and now you want to run away from it and go and do something else. Take, for instance, this bed. Every day I make beds, every day I do it, and now it is not going well, and I am getting hungry, but stopping this [beds and doors] to do that [make stools] is quite uncomfortable. It is like I feel sluggish, and I am shy about doing it. As I can see that this is what I do every day. Is it a kitchen stool that I now want to make? Let’s say I have a neighbor who is always making kitchen stools. He might even think I am envious of him. He might say that because people are buying his products, I am also doing some.” – (R#12 KA – Carpenter).*

When probed, he further clarified his point. In so doing, he indicated that his reluctance to explore new opportunities was driven by his perception of how his peers would view him rather than, for instance, the lack of knowledge or finance to capture other opportunities:

*“As for this part, you have to understand it very well. So, this thing that I am doing, for example, this neighbor of mine, every day, he is making tables. I am also continuing to make my bed. Let’s assume my money now cannot buy wood for making beds. But I can see that my money can buy Wawa for the kitchen stool and table. But when I buy the wood to come and do the kitchen table or stool, he will also say that because I am doing this, you want to do the same thing. So, because of that, let me also do what I am doing so that he will also do what he is doing.” – (R#12 KA – Carpenter)*

Similarly, in the printing cluster, we learned that making pocket-size notebooks is more profitable than bigger ones. However, an entrepreneur in the printing cluster confirmed that he is not interested in

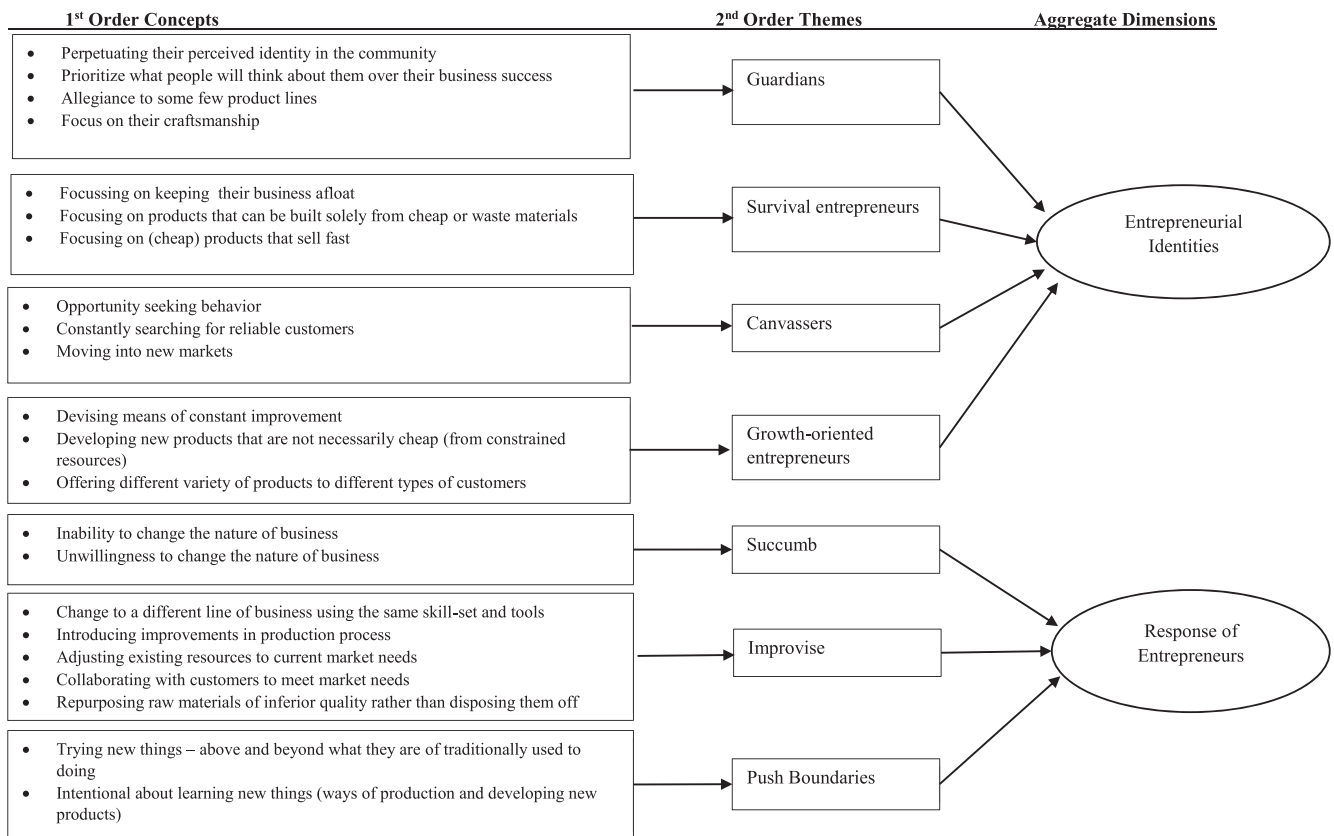


Fig. 1. Data structure.

producing pocket-size notebooks because he is now dealing in products that signal a higher status among his peers in the printing enclave:

*“I started with these [pocket size notebook]. I started with GH¢1.50. If my father were to be here, he would testify to you today: If you give me this [small pocket-sized notebooks] to do, I won’t do it. Some other shops like the place you went to [before coming to him] you see that, that is the only thing they also do. But this [foolscap] is not like that. One paper is GH¢310, and when you subtract your money [expenses], when you finish, for everyone [paper worth GH¢310] you get about GH¢50 [profit]. But when you use the GH¢310 to buy materials for this [pocket-sized notebook], you will get about GH¢150[profit].” – (R#3 SCA – Maker of Note Books)*

Despite demonstrating an appreciable understanding of the *tailor’s stool*<sup>1</sup> business, a carpenter indicated that while some products were profitable, they were below his status in society. Consequently, he would not complement his struggling business with product lines that he believed to be inconsistent with his social position, although he had the capabilities to produce such products:

*“As for the tailor stools, I think when they make them, they get some profit ... As for this job [the stool job], it is below my level. I can’t do this type of work again. I can’t. [...]. When they can make 15 stools and make a profit, in the end, they can make additional three stools. Then they get a total of 18. In this way, they will be increasing the outputs small, small.” – (R#8 AJ – Carpenter)*

In such situations, guardian entrepreneurs can be described as having self-imposed boundaries based on their beliefs about societal perception, which ultimately prevents them from seeking and exploring new opportunities readily available. Thus, they are not motivated to

introduce new products or adjust to product lines that may be more profitable than their current product lines. In this context, producing some kinds of products – foolscap or container for a shop – signals higher status or improvement in business, while other products – pocket-size notebook, rake, or kitchen stool – are not considered prestigious.

While the production of ‘capital-intensive’ products is not exclusive to guardians, they tend to produce more capital-intensive products than their peers in the same cluster. For instance, one respondent – a fabricator of articulator trailers trucks and Bedford trucks using ‘home used’ equipment and sometimes repurposed inputs – still holds on to continue in the product line of his deceased master to save face.

Guardians are also very relaxed about their market strategy, showing no market development or penetration efforts. Instead, they rely primarily on only their network of customers for new and continued business, as one respondent indicates below:

*“That’s what I said earlier that I make the products and display them here. And if people pass here and see it, they buy it. If the person doesn’t come here, there is nothing you can do.” – (R#12 KA – Carpenter)*

**Survival entrepreneurs:** Our findings indicate that survival entrepreneurs’ behavior is driven by their need to stay in business continually. Unlike guardian entrepreneurs, their behavior is not caused by any allegiance they may have towards keeping a particular social identity. Therefore, in the face of changes in environmental conditions, they employ different product-market configurations. Survival entrepreneurs usually have a wide array of products to serve the market. Because societal identity constraints do not bind them, they tend to branch into several product lines that their amateur skills can permit them to produce. They usually branch into product lines that can be seen as ‘low-hanging fruits’ that would keep their business afloat. These entrepreneurs draw from their existing resources - especially skills, capabilities, and raw materials – to produce goods for the market’s lower end. Essentially, these products are cheaper to produce, easier to sell, and

<sup>1</sup> A type of wooden stool that is used by most artisans in Ghana.

more stable in demand.

Although they have a wide array of products with which they serve the market, survival entrepreneurs focus on a limited number of product varieties – as they are resource-constrained. Compared with other entrepreneurs, guardians, and survival entrepreneurs tend to view themselves more as craftsmen than business people. Hence, they emphasize their product strategy but pay very little attention to their market strategy. However, survival entrepreneurs appear to be more sensitive to market needs as they carefully focus on a few products (out of their diversified portfolio) that occasionally meet market demands. One respondent puts it this way:

*“Gate, bugler-proof, containers, that is what we did. But I did not mention that work at first because I don’t often get jobs like that. Sometimes, you don’t get any work for one or two months. You come and open the shop. You won’t get any work. So, you have to try to do work that you will also eat (put food on the table). So, I turned the business to do this (hoes, rakes, and coal pots). This is what I am doing. It moves more than that one. As for this one, when I do it and send it, I will get ‘chop-money’”.* – (R#1 E.F – Electric Welder and Metal Fabricator)

An entrepreneur in the printing cluster shares how he has been able to reinvent his business from a mainstream printing press to the business of finishing, as he was unable to generate enough resources to stay competitive in the mainstream printing space:

*“Formerly, this machine was used for printing. When printing started, this was what I was using. [...] Now, the computer sets everything. Because the machine might be left idle – the machine is also durable – we have changed it to another useful thing. [...] What we are doing now at the end of the month, what you get, you will use to pay rent, light bill, school fees. In the end, you are still where you are standing. So, the difficulty. But when you don’t do it, you won’t eat.”* – (R#14 WA – Printing Press)

**Canvassers:** Canvassers are the third type of entrepreneur observed in our sample. They exhibit a high degree of opportunity-seeking behavior. Canvassers differ from guardians and survival entrepreneurs as they tend to be comfortable pursuing new opportunities. Although canvassers may have comparable craftsmanship as guardians and survival entrepreneurs, they place more emphasis on their market strategy. Consequently, they seek to sell more of their current product lines to their existing market segments. Canvassers also tend to actively push their products into new geographic markets - albeit nothing as comprehensive as seen in the formal economy:

*“When I started, I was in Accra. I have to take the initiative to go somewhere else. I went to Mankessim, Suhum, and other places. Swedru, I have roamed there. Asamankese, I have roamed there. [...]. At first, I used to supply his master [...]. He was also selling there. They were selling together. So, when he separated himself, then I went to see him and talked with him, and he said he also wants some. So, I supply to him.”* – (R#4 KA Maker of Note Books)

*“I used to send some of the products. I go as a marketer. –‘apempem store’[I carry the products on my head]’ I go like I am going for a trek. [...] So, you will meet customers. Some have stores, and they need some [the products]. [...] So, we have a special time when we go there. That place we go during some seasons. It’s not all the time. Once you are going, you meet different people.”* – (R#7 IA – Electric Welder and Metal Fabricator)

Of all the identities, canvassers pursue the most aggressive market strategy. They typically have a hands-on approach to their market strategy by moving from shop to shop in search of new customers. The purest canvassers would usually find markets for products he does not have the resources (or craftsmanship) to produce and subcontract it to other craftsmen while bearing much risk.

**Growth-oriented entrepreneurs:** Growth-oriented entrepreneurs are the fourth type observed in our sample. In many ways, growth-oriented entrepreneurs are very different from all the types of entrepreneurs already discussed. In the face of adversity, they challenge themselves the most in acquiring new skills in their area of trade and related trades and constantly developing new self-taught capabilities to improve upon the kinds of products they manufacture. Hence, they are better placed to meet the growing customer needs of their markets. They can also develop new technologies and products to serve clients traditionally outside their customer portfolio. Their desire for knowledge and growth is outstanding compared to all the other categories.

For instance, a machine fabricator had in his product portfolio a wide variety of products, spanning very costly as well as cheap products:

*“We do different kinds of machines. Some are very big. [...] The big one is GH¢25,000”.* – (R#2 MS – Machine Fabricator)

Through their persistence and continued acquisition of self-taught skills, they are also able to provide elaborate product solutions for new markets:

*“For instance, when I went to the Cultural Centre and saw their loom, that was my first time, so when I said I could do it, the instructor told me I can’t, that I brag a lot. And that even the grown men in this business couldn’t do it, then how much more me? That’s what even some of my brothers [referring to other artisans] say. If work comes and they can’t do it whenever I am around, I tell them I can and obviously do it. I don’t know, but I think that’s one of my gifts. No matter what you show me, I do it.”* – (R#10 AMK – Carpenter)

Growth-oriented entrepreneurs have the most robust product strategy. They have a more concrete product development strategy. Unlike the survival entrepreneur, whose product diversification is focused on low-hanging fruits at the low end of the market (product lines that are cheaper in terms of skills and raw materials used), growth-oriented entrepreneurs are actively involved in developing entirely new products that may or may not be low-hanging fruits. Essentially, they stretch their product lines mainly upwards – to the high-end market and downwards – to the low-end of the market.

A machine fabricator recounted how - in his days as an apprentice - he could follow through on a soap-making machine that his master was unable to build successfully and had given up. He indicated that his persistence and ability to fix the machine brought many customers to his master’s shop. He narrates that he was later able to exploit this capability to build a sugarcane juice extracting machine and, subsequently, a palm oil expeller machine:

*“I mold machines. My job is that I can do any machine you want by God’s grace. Especially in the Agric sector, I can do any machine. I learned this type of work but not the palm oil expeller. It is a God-given gift. I was there once when someone told me he wanted a machine that squeezes the juice from sugar cane. I was there when the idea came to me, and I told him I could do it. [...] People complain that the process of making palm oil uses a lot of manpower: cooking palm nuts and pounding with a lot of strength. So, I looked for little money to start making this [palm oil expeller machine]. When I made the first one, I made it small, and a certain man came to buy it and took it to the Eastern region. So I was there when someone called me to say that he wants some of the machine”* – (R#2 MS – Machine Fabricator)

While canvassers have the most aggressive marketing approach, growth-oriented entrepreneurs also have a strong market strategy. They make deliberate efforts to reach out to potential customers. For instance, one entrepreneur used very well-branded call cards and stickers to promote his business, which was instead an impressive deviation from the norm in his cluster:

*“I stick it there. Wherever the machine goes, if someone sees it [stickers] and wants some, he can call me”.* – (R#2 MS – Machine Fabricator)

<sup>2</sup> Money for the daily provision of food for the family.

From a product perspective, growth-oriented entrepreneurs are similar to guardians because they are the two categories of entrepreneurs who would typically be involved in producing the most capital-intensive products. A carpenter narrates his attempts to develop wood and sandals from sawdust, which is a significant by-product in the Sokoban Wood Village:

*“Right now, I have some work to do, but whenever I have less time, like leisure time, instead of thinking of what I know already, I don’t spend time on those things because I know them already. I plan on something new. So, do you know what happens when I am watching TV or on Facebook? Whenever I see something, I spend time on it and think of what they used in making it. [...] That’s what I do. It is not part of the business, but you shouldn’t just sit idle. Do you know that if I had done it and it was successful, I won’t buy wood again. Oh yes, like seriously. Then I will be able to make the sandals. I will use sawdust. Made in Ghana. You see how we have to use our senses. When they collect the sawdust, they just throw it away. The companies who make plywood, they collect it and use some for plywood. You see me here, although I am here, I think a lot. That’s how it is. That’s how my life is.”* – (R#10 AMK – Carpenter)

In contrast to guardians, however, growth-oriented entrepreneurs would typically be involved in capital-intensive products because they were personally driven to acquire the skills required to manufacture such products. Moreover, growth-oriented entrepreneurs emphasize developing new products for new markets more than guardians who focus on perpetuating the traditions of the trade of their training with little or no innovations. Growth-oriented entrepreneurs tend to be much more innovative in developing new products than other entrepreneurs.

#### 4.2. Response strategies of entrepreneurs

We also found three ways entrepreneurs in our sample strategically respond to their predicaments. These three responses (succumb, improvise, and push boundaries) can be viewed as a continuum of enacting one’s limitation on one end and refusing to enact one’s limitation on the other.

**Succumb:** To succumb is to respond to the challenges of severe resource constraints and market uncertainty that result from environmental change by doing nothing. It also reflects the position of entrepreneurs who are overwhelmed by their challenges. Succumbing refers to enacting one’s limitations by allowing one’s behavior to be governed by an individual’s limitations. It describes a response strategy that tends to perpetuate what has worked in the past. In one dimension, it shows a continual engagement of general bricolage behaviors regarding, for instance, human resources and physical inputs. In another dimension, it shows the inability or adamant response to reconfigure current product-market configurations in response to increased market uncertainty and resource scarcity challenges. Our data reveals that some entrepreneurs change nothing about their business strategy in response to contemporary challenges as they lack the willingness or capacity to change. They often take no initiative to address their challenges, as illustrated by the following quotes.

*“The contracts don’t come like first. That’s what brings all the problems or suffering. When you work every day, money comes. I have made money in the past. But today, it is lost. It’s not anything, and we keep praying.”* – (R#8 AJ – Carpenter)

*“But when you come and are seated idle as you find me, you don’t need anyone to tell you that business is not moving. It used to be good in the past, but now it isn’t. Like I said, if it is moving well, you have work to do. If all the time you have work to do, but in the case where it keeps long before you get work to do, that is not helpful.”* – (R#11 AB – Electric Welder & Fabricator)

While some entrepreneurs indicated that switching from their current product lines to those at the lower end of the market and, therefore, cheaper to produce, they also feared that such a move would make

people gossip about them. Others felt that some product lines were simply below their status in society. Others indicated they lacked the skills and capabilities to adjust their current resources to the changing business environment and market needs. For instance, in the quote below, an entrepreneur expresses his inability to build new networks that will enable him to respond to the evolutions in the printing business.

*“In the past, before you are given a job you had to have a press. But now, there are many potomanto press [middlemen]. Everyone finishes school and says he is a printer [...] We don’t have classmates. When you enter an office with grey hair, they say he is an old man. He cannot do the job, and they give it to their mates. That’s how things are going now. [...] The person won’t give it to you. He will give it to the potomanto person [...] As for the difficulties, they are many. You won’t get the job.”* – (R#14 WA – Printing Press)

Some respondents indicated that although their training would permit them to branch into other products, they felt that every craftsman had his God-given path to pursue and that switching meant that one had veered off from his calling. Hence it would be considered meddling in someone else’s business, and such actions were not regarded as healthy in their view. In responding to market uncertainties, succumbing implies that these entrepreneurs wait for customers to place orders and pay for the cost of production upfront before they produce. Alternatively, some produce as little as their current resources permit and wait until a customer can meet the selling price. In sum, some entrepreneurs do nothing in response to their changing business environment.

**Improvise:** Our data showed that many entrepreneurs engaged in an improvisation strategy. Improvisation is an inward-looking response strategy where entrepreneurs use their current resources to meet their challenges. Improvisation as a response means that entrepreneurs remain open to options and opportunities that come their way and recombining or reconfiguring their existing resources to their challenges:

*“I make other machines for outsiders to buy and give me money. I have small machines there like ‘nica-nica’ [corn-mill], tomatoes grinding machine and the like. When that happens, I make those small things for them. Then I make those things for them to make some money.”* – (R#2 MS – Machine Fabricator)

*“Now, the welding work is plenty. We have about ten things [products] we are making here. If this one is on, this will be off or if this one is off, another one will be on. So, all the time, we come to work. If this [product] is not requested, that [product] will be requested. Every time, there is something you are doing.”* – (R#7 IA – Electric Welder and Metal Fabricator)

*“During the peak season, I make Note three, Teachers and Foolschap notebooks only. Those are what the customers demand. But when here is not busy, that is when we do the singing (pocket-sized) notebooks. For that one, even if you bring money [in the peak season], the singing [pocket size] notebook, I won’t do it for you. (Interviewer asks: Why?) I won’t get the time to do it.”* – (R#4 KA Maker of Note Books)

One electric welder and fabricator recounts how he changed his business to a less capital-intensive business when faced with adversity. Using his existing skills and resources, he was able to switch to a set of cheaper product lines:

*“Because I can buy these for Gh¢20 and these for Gh¢30 [referring to his raw materials from the condemned market], so let’s say with Gh¢50 I can do business right now. When I take it to the market, I will get ‘chop-money.’ But the gate is almost GH¢1500 to GH¢2000 and the person is not paying. And you will be going back and forth with the person. So, I won’t do it. I won’t even come close. That is how the business is.”* – (R#1 E.F – Electric Welder and metal fabricator)

Improvisation does not require the development of any new competencies in response to the challenges of market uncertainty and



**Table 3**  
Entrepreneurial identity and strategic responses.

	Guardian entrepreneurs	Survival entrepreneurs	Canvassers	Growth-oriented entrepreneurs
Succumb	Will succumb if their current strategy is consistent with the perceived identity they hold in society.	Will succumb if only they can get by when their product or market strategy remains unchanged.	Very unlikely to succumb, given that they are always in search for new opportunities.	Are not likely to succumb, as they inherently desire to take on challenges and are often on a mission to defy the odds to build their business.
Improvise	Will only improvise if the new product line they would produce is consistent with their perspectives of their status in society.	Will improvise if they risk going out of business -because of the challenges they face, or if their current skills and capabilities permit them to develop new product lines that require minimal resources to produce.	Will improvise when faced with challenges by seeking new customers or new markets.	Will improvise only as a short-term measure of getting by.
Push Boundaries	Would lack any motivation to push boundaries, as they are typically satisfied with their current product and market strategy.	Not likely to push boundaries because they innately seek to build new competencies that will enable them to develop new products.	Not likely to push boundaries as they are primarily not interested in developing new capabilities to develop new products.	Will push boundaries because they are determined to go against all odds to be successful in business.

resource constraints. Improvisation is generally not initiated by entrepreneurs' proactivity but emerges as entrepreneurs come across new challenges and opportunities. As such, improvisation leans towards a reactive strategy, where entrepreneurs seize the moment to exploit an opportunity. It is inward-looking because entrepreneurs do not seek to develop new competencies or are focused on entering new market segments. We found three forms of improvisation among entrepreneurs in the informal economy. First, it could merely be a temporal response where the solutions developed may serve the business in the short term. It could also be a permanent strategy where the solutions developed may eventually become the firm's core business. Thirdly, it could be a blended strategy where the entrepreneur frequently oscillates between his core business and the new solutions discovered serendipitously, carefully choosing between the former and the latter occasionally. When entrepreneurs face market uncertainties, they resort to producing cheaper (petty) goods that require far fewer physical inputs than the core (original) product lines with which they are identified. Hence, they focus on products with relatively stable demand – essentially going to the low end of the market. Others resort to looking for new geographic markets to sell their (original) products. Another strategy is to expand one's network of customers and learn over a period to build long-term relationships with those who prove to be trustworthy with payments.

On the one hand, improvisation implies a cautious and selective approach to minimize the challenge of low reliability in market transactions, such as customer defaults in payment. On the other hand, improvisation involves tactics such as the cajoling and begging of customers until they fully pay for products bought through part payment.

**Push boundaries:** To push boundaries implies a response strategy that challenges conventional or widely accepted knowledge on the limitations of entrepreneurs. It indicates a more proactive and outward-looking response to adversity. Consequently, entrepreneurs are deliberate about developing new competencies to enter new markets. Pushing boundaries requires the refusal to enact the limitations of entrepreneurs' current challenges in their search for new opportunities. As shown below, boundary-pushing is not a denial of the challenges that entrepreneurs are confronted with but rather the desire and ability to face those challenges:

*"We have one problem here, most of our carpenters here always want to live with what they were taught that's why I like challenging myself." – (R#10 AMK – Carpenter)*  
*"As for the practicals, by God's grace, we know. But for me sitting here, I want the theory to add to my life. I see that I am okay with practicals, but sometimes some of the things beat us." - (R#2 MS – Machine Fabricator)*

Consequently, it involves strategic initiatives that transcend the entrepreneurs' current operations. A key component of boundary-pushing is the practice of constant experimentation, albeit with self-taught amateur skills, while making the most of available resources.

#### 4.3. Bridging entrepreneurs' identity to response strategy in adversity

Entrepreneurial identity provides a frame of reference for 'who entrepreneurs are', 'what they do' and 'how they relate to others' (Ashforth et al., 2008; Fauchart and Gruber, 2020; Powell and Baker, 2014). We find that informal entrepreneurs' response strategies can be ascribed to their identity. The entrepreneurs' response strategies are courses of action adopted when experiencing adversity (Lengnick-Hall and Beck, 2005). In this section, we discuss how the four entrepreneurial identities correspond with the three response strategies. A summary of this discussion can be found in Table 3.

First, guardians are typical to informal settings. They do not pivot when faced with adversity but succumb, staying true to their societal identity. Paradoxically, guardians' strategies usually respond to local social phenomena instead of broader economic and comprehensive knowledge. They are not likely to pivot ideas in response to adversity. Consequently, guardians succumb to adversity or improvise within the

confines of the society they identify. Given that they are less concerned with broad applications, guardians do not focus on the scalability of their ventures but instead pursue their chosen identity. The absence of a scalability strategy and the narrow focus on information to respond to controverts formal entrepreneurs' strategies. Formal entrepreneurs aspire for growth and devise strategies based on a comprehensive search for information.

Second, survival entrepreneurs rely on scavenging resources to get by. They will improvise whenever their businesses face the risk of failure. They have deep local knowledge to drive their improvisation strategy. Resources within their local communities are insufficient to facilitate them in pushing boundaries. Consequently, they can only afford to make small (sometimes crude) discoveries with no scalability potential. Regarding flexibility to pivot/ adjust, survival entrepreneurs resemble formal entrepreneurs. However, given that survival entrepreneurs are more resources constrained, they cannot engage in formal planning or benefit from knowledge beyond their local geographies as formal entrepreneurs typically would.

Third, canvassers, in contrast to survival entrepreneurs, seek knowledge from a slightly broader geography. They reconfigure processes and transfer to new (informal) markets for higher rewards. They do not succumb; their improvisation strategy aims for increased profits. The entrepreneurs' pursuit of profits is about improved status and not necessarily firm growth. For instance, canvassers will likely use their business profits to take their children to better schools and improve their home conditions before reinvesting in their ventures. Canvassers resemble formal entrepreneurs in the drive for profit but differ in how they redistribute the profits. For canvassers, venture scalability is not an immediate priority.

Finally, growth-oriented entrepreneurs resemble formal entrepreneurs. They often introduce significant changes in the local context. They are movers, pushing boundaries to replace dated systems with newer technologies, structures, and processes. They pursue new opportunities to grow their ventures. These entrepreneurs are most likely transitioning to formalization but remain opportunistic. They have goals and standards like formal entrepreneurs but reduce costs by operating in informal settings. In essence, informality is simply a laboratory to test their ideas. As a result, their capacity to grow rests on their ability to amass resources and penetrate larger markets more quickly.

## 5. Discussion and conclusion

We explore underdog entrepreneurs' identity and response strategies to the challenges of operating in an informal economy. We find four different types of entrepreneurial identities and three response strategies that entrepreneurs resort to when faced with dynamic market uncertainties and the severe resource constraints that bedevil entrepreneurs in the informal economy. As entrepreneurial identity is central to strategy (Fauchart and Gruber, 2011; Navis and Glynn, 2011; Powell and Baker, 2014), we highlight the implications of different identities on the response strategies of entrepreneurs in the informal economy. We argue that entrepreneurial identity either constrains or enhances the extent to which entrepreneurs 'make do' when faced with adversity. Consequently, the paper shows that the need for survival, growth, and opportunity-seeking behavior underpins how entrepreneurs respond in times of market uncertainties and resource constraints that underlie the environmental change of the informal economy. More generally, our results mirror (Miller and Le Breton-Miller, 2017) model of challenge-based underdog entrepreneurship. We show how adversity, resource constraints, and uncertainty in the informal economy lead to variations in adaptive requirements through heterogeneous identities, creating different response strategies.

Since guardians emphasize non-economic needs, such as their perceived social status, their strategy will remain unchanged, even under changing environmental conditions. Thus, guardians fail to reinvent themselves and their businesses. They succumb to challenges and improvise when their social identity is not threatened. Survival entrepreneurs focus heavily on using the resource at hand primarily to satisfy their sustenance. We argue that they will succumb to the extent that they can continue to make a living. However, survival entrepreneurs usually improvise by switching or expanding their product portfolio. As canvassers constantly search for new and more reliable markets, we argue that they are doubtful to succumb. Instead, they improvise by focusing on developing and serving new markets. Growth-oriented entrepreneurs tend to have the most robust response as they make do by reconfiguring their resources and acquiring new capabilities to overcome challenges. Consequently, they mainly tend to push the boundaries of their limitations.

Scholars have shown that entrepreneurial identity enables us to understand the different motives driving the entrepreneurial process (Alsos et al., 2016; Fauchart and Gruber, 2011; Mmbaga et al., 2020). Essentially, entrepreneurs' social identity can be driven by economic self-interest and non-economic social interests (Fauchart and Gruber, 2011; Zahra et al., 2009). By focusing on the informal economy context where beliefs, values, and norms govern entrepreneurial behavior, we contribute to this discussion in two ways. First, we find that guardians run their business with the primary motive of perpetuating their perceived social identity to save face in the community in which they are embedded rather than for (1) economic, (2) socio-economic, or (3) political motives, as discussed in prior literature (Fauchart and Gruber, 2011; Gruber and MacMillan, 2017; Zahra et al., 2009). Hence, we identify a fourth (non-economic) type of entrepreneurial identity in the informal economy. The guardian is remarkably different from other entrepreneurs discussed in prior literature and this study's other three types of entrepreneurs. They tend to ignore/sacrifice profitable business opportunities inconsistent with their perceived social identity, even when such decisions lead to a consistent business decline. In terms of relationship to other typologies, the conceptualizations more closely related to the guardian are (Miles and Snow, 1978) "defender" and (Powell and Baker, 2014) single identity "keeper of the bottom line." In the Miles and Snow typology, the defender (an organization) perceives their environment as stable and prioritizes efficiency by concentrating on only one market segment. Powell and Baker's singular identity, "keeper of the bottom line," relates more to the founder's role identity in pursuing profit. The resemblance may be fuelled by the perception that both "defender" and single identity prioritize one economic element (i. e., the bottom line and market efficiency). However, the social identity perspective highlights how entrepreneurs identify based on their social constructions. For example, in an uncertain environment, the guardian ignores adversity to forego economic gains in exchange for a social image in the local community. The guardian entrepreneur may help us understand why entrepreneurs succumb to precarious and changing environmental conditions and further enlighten us on why some entrepreneurs cannot reinvent their business models in times of adversity.

We show that the informal institutional pressures, be they real or perceived, such as the fear of being looked down upon by community members, may prevent entrepreneurs from exploiting some opportunities, even if they are aware of the profitable nature of those opportunities. While some entrepreneurs may actively select informal operations to avoid the bureaucracy associated with formal operations, scholars have argued that the role identity of entrepreneurs prevents them from exploiting some opportunities (Slade Shantz et al., 2018). For instance, Slade Shantz and colleagues (2018) argue that informal institutional mechanisms of fatalism in collectivist societies may limit

entrepreneurs to pursue only predetermined and inherited opportunities. In contrast, guardians are not limited to pursuing inherited identities. Instead, some entrepreneurs deliberately ascribe to certain identities in society and consequently choose to limit themselves from pursuing some opportunities. Again, providing further insight into prior literature (Alvarez and Barney, 2014; Slade Shantz et al., 2018), we find that while guardians imitate their masters, they are unlikely to imitate other entrepreneurs even if they have a good idea of their business models.

Additionally, we shed further insights on entrepreneurial identities driven by economic self-interest (Fauchart and Gruber, 2011) of entrepreneurs operating in the informal economy. We argue that survival entrepreneurs, canvassers, and growth-oriented entrepreneurs show varied motivations that underlie their response strategies. The growth-oriented entrepreneurial identity resembles the Darwinian identity (Fauchart and Gruber, 2011). The growth-oriented informal entrepreneurial identity is most aligned with formal entrepreneurship identities, given their aspiration for the traditional business-related goals of profit maximization and wealth accumulation. Yet, regarding response strategies, the growth-oriented entrepreneur lags behind the Darwinian entrepreneur because they must overcome their informality. The informality burden prevents them from devoting all their attention to activities to ensure business success. When faced with high uncertainty, growth-oriented entrepreneurs will most likely devise “under the radar” response strategies that can potentially jeopardize their profit and wealth creation goals.

### 5.1. Boundary conditions and future research

The study is set in five industrial clusters with a high concentration of informality, enabling us to explore our research question in varied industries. One may argue that the study is limited to a single country context, and the findings may not be relevant to other settings. However, we believe that Ghana is an appropriate context where entrepreneurs in the informal economy operate under similar conditions as other Sub-Saharan African countries and developing economies in general (Odera, 2013; Takyi-Asiedu, 1993; Vermeire and Bruton, 2016). However, while the study focused on informal entrepreneurs facing resource constraints and market uncertainty because of environmental changes, our findings may not be relevant to informal entrepreneurs in developed countries as they show stark differences in infrastructural development (Webb et al., 2014). Consequently, entrepreneurs operating informally in developed regions can draw on more advanced environmental conditions (Siqueira et al., 2016; Williams et al., 2017). We are also likely to see different results in individualistic cultures where the normative pressure to conform to the perception of one’s role in society may be less pronounced (Hofstede, 2011). In such cultures, we do not expect entrepreneurs to act primarily to save face.

Furthermore, it could be argued that the guardian identity might have resulted because the entrepreneurs sampled operated in industrial clusters where many other craftsmen of the same trade operated. Hence, the need for entrepreneurs to differentiate themselves. Under such conditions, inheriting or creating an identity and staying consistent with such an identity, even in the presence of adversity, may be a valuable approach to branding oneself. However, evidence from our data indicates that the Guardian identity is motivated by a non-economic need to save face. We encourage further studies to consider entrepreneurs not operating in industrial clusters.

Considering the underdog entrepreneurship research, we see several ways in which the findings of our study could be challenged and

extended. First, the nature and extent of adversity the underdog (informal) entrepreneurs respond to varies (Miller and Le Breton-Miller, 2017). Would the response strategies have been the same had the informal entrepreneurs faced more extreme nonmarket adversity (e.g., war and health pandemics)? While we think the core of our study highlighting informal entrepreneurial identity and response strategies provides insight into underdog entrepreneurship strategies, we anticipate more unusual approaches (Paharia et al., 2011) and different performance expectations (Nurmohamed, 2020). Future research to explore underdog entrepreneurship response strategies in extreme and extended nonmarket adversity could be insightful.

Second, while we believe our model has relevance for underdog entrepreneurship in the social-cultural context, underdog entrepreneurship is heterogeneous (Miller and Le Breton-Miller, 2017). It also includes cognitive, body, and emotionally challenged entrepreneurs, such as disabled entrepreneurs (Martin and Honig, 2020) and ADHD entrepreneurs. In this respect, we believe a comparative analysis of varieties of underdog entrepreneurship would forefront significant nuances of entrepreneurship response strategies. For example, would informal entrepreneurs’ response strategies differ significantly from disabled entrepreneurs or refugee entrepreneurs? What about when there is an intersectionality of underdog entrepreneurship, such as informal entrepreneurs with disabilities or informal refugee entrepreneurs? Future research to establish theories that explain differences in response strategies and how underdog entrepreneurship intersectionality influences response strategies will be significantly insightful.

As a result, future studies can pay attention to various methods for establishing response strategies. For example, using case studies and longitudinal surveys to follow underdog entrepreneurs over episodes of adversity and quasi-experiments to tease out what circumstances are likely to influence some responses and not others will provide a more nuanced perspective of underdog entrepreneurs’ response strategies.

### External funding

This project is funded by the Carlsberg Foundation under the grant “The firm in the informal economy” (funding number: CF17-0384).

### CRedit authorship contribution statement

**Shelter Selorm Teyi:** Writing – review & editing, Writing – original draft, Methodology, Formal analysis, Data curation, Conceptualization. **Marcus M. Larsen:** Writing – review & editing, Writing – original draft, Supervision, Methodology, Investigation, Funding acquisition, Conceptualization. **Rebecca Namatovu:** Writing – review & editing, Writing – original draft, Supervision, Methodology, Formal analysis, Conceptualization.

### Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

### Acknowledgements

We thank Editor Jie Li and anonymous reviewers for their comments and suggestions that significantly improved this paper. Marcus M. Larsen acknowledges the Carlsberg Foundation for its support to conduct this research (“The Firm in the Informal Economy”, CF17-0384).

## Appendix A. Summary description of 92 entrepreneurs

Respondent	No. of employees	Nature of business	Age of entrepreneur in years	Number of years in business	Years of formal education
R1	4	Electric Welding and Fabrication (EWF)	38	6	9
R2	5	EWF	47	11	9
R3	3	Book/Printing	45	8	9
R4	4	Book/Printing	46	5	9
R5	4	Book/Printing	50	20	9
R6	2	Book/Printing	35	8	9
R7	3	EWF	40	15	12
R8	3	Carpenter	43	18	8
R9	1	Carpenter	31	8	0
R10	4	Carpenter	30	14	9
R11	2	EWF	49	16	9
R12	1	Carpenter	35	15	6
R13	1	Carpenter	45	23	6
R14	1	Book/Printing	62	46	9
R15	1	EWF	44	20	9
R16	3	Printing	33	2	12
R17	2	Printing	61	40	12
R18	2	Printing	38	2	12
R19	5	Printing	52	22	16
R20	1	Printing	24	2	9
R21	1	Printing	38	0.5	9
R22	3	Printing	58	10	17
R23	1	Printing	22	2	9
R24	1	Printing	32	8	9
R25	1	Printing	28	5	12
R26	2	Printing	34	3	9
R27	4	EWF	65	20	17
R28	6	EWF	43	8	9
R29	4	Blacksmith	56	27	9
R30	4	Scrap dealer	44	20	9
R31	2	EWF	29	4	9
R32	1	Kente Weaver	39	8	9
R33	43	EWF	56	27	12
R34	3	Carpenter	31	9	12
R35	3	Wheelbarrow Manufacturer	61	15	10
R36	2	EWF	48	20	9
R37	1	EWF	68	43	0
R38	5	Safe Manufacturer	42	7	9
R39	3	Welding Machine Maker	56	20	9
R40	4	EWF	70	45	10
R41	1	Kente Weaver	43	10	11
R42	1	Kente Weaver	22	4	12
R43	1	Carpenter	33	7	6
R44	1	Carpenter	42	5	6
R45	4	Carpenter	53	19	12
R46	1	Shoemaker	21	1	9
R47	1	Shoemaker	41	15	9
R48	1	Carpenter	34	15	6
R49	2	Carpenter	65	41	10
R50	1	Kente Weaver	37	10	12
R51	1	Kente Weaver	23	1	12
R52	15	Kente Trader	54	25	9
R53	1	Kente Weaver	20	2	12
R54	1	Kente Weaver	28	7	9
R55	1	Kente Weaver	65	34	0
R56	3	Printing	30	9	9
R57	1	Book Making	32	4	9
R58	1	Printing	31	7	10
R59	1	Printing	37	5	11
R60	2	Electric Welding Machine Manufacturer	48	20	9
R61	1	Coal Pot Maker	46	24	4
R62	2	Blacksmith	47	21	6
R63	3	EWF	53	25	6
R64	1	EWF	58	32	10
R65	2	EWF	49	20	6
R66	1	Carpenter	30	10	0
R67	3	Carpenter	43	20	9
R68	2	Carpenter	31	11	12
R69	1	Carpenter	38	19	3
R70	1	Carpenter	40	20	6
R71	1	Carpenter	52	31	10
R72	2	Carpenter	47	19	6
R73	1	Carpenter	43	10	9
R74	4	Shoemaker	31	6	6

(continued on next page)



(continued)

Respondent	No. of employees	Nature of business	Age of entrepreneur in years	Number of years in business	Years of formal education
R75	2	Shoemaker	28	6	9
R76	2	Shoemaker	37	16	9
R77	2	Shoemaker	43	13	6
R78	2	Shoemaker	41	20	9
R79	1	Shoemaker	40	15	6
R80	3	Shoemaker	38	17	6
R81	7	Foundry	63	32	0
R82	1	Blacksmith	46	9	9
R83	1	EWf	38	10	11
R84	4	Kente & Souvenirs	40	13	12
R85	1	Artist (Kente)	54	21	12
R86	1	Kente Weaver	34	10	12
R87	1	Kente Weaver	70	46	0
R88	3	Kente Trader	65	43	6
R89	1	Kente Weaver	23	5	12
R90	1	Kente	41	13	7
R91	3	Kente and Kente Souvenirs	40	3	17
R92	6	Kente	42	16	7

## Appendix B. Interview protocol/guide

1. Background of the interviewee and their business.
2. How is a typical day (week) of business to you? [Probe] What products or services is the business offering?
3. Did you think about registering your business when you were starting? Can you think of a time when you felt registering your business would have been good? Why did you feel that way?
4. Can you tell me about the resources you use in your business? [Probe] Where did you get the resources from when you started?
5. Would you say that you are okay with the resources you have for doing business? [Probe] Can you give me some examples or scenarios?
6. What are the most important or valuable resources you need to run your business? [Probe] Do you have these resources?
7. Probe why and how each resource mentioned is important to them.
8. You have run this type of business for the past ... years. Is this what you had in mind when you wanted to start doing business (here)? [Probe] What exactly did you consider when you started this business? Has that changed much? Why or why not? How has it (not) changed?
9. Can you think about a time in your business when so much changed? [Probe] When was that? How did you manage the situation?
10. How do you typically deal with your stakeholders? [Probe] Specific stakeholders like customers, suppliers, associations (in the cluster), local authorities, central government authorities, financiers, etc.?

## References

- Adom, K. (2014). Beyond the marginalization thesis: An examination of the motivations of informal entrepreneurs in sub-saharan Africa. *Entrepreneurship and Innovation, 15* (2), 113–125.
- Adom, K., & Williams, C. C. (2014). Evaluating the explanations for the informal economy in third world cities: Some evidence from Koforidua in the eastern region of Ghana. *International Entrepreneurship and Management Journal, 10*, 427–445.
- Alsos, G. A., Clausen, T. H., Hytti, U., & Solvoll, S. (2016). Entrepreneurs' social identity and the preference of causal and effectual behaviours in start-up processes. *Entrepreneurship and Regional Development, 28*(3–4), 234–258.
- Alvarez, S. A., & Barney, J. B. (2004). Organizing rent generation and appropriation: Toward a theory of the entrepreneurial firm. *Journal of Business Venturing, 19*(5), 621–635.
- Alvarez, S. A., & Barney, J. B. (2014). Entrepreneurial opportunities and poverty alleviation. *Entrepreneurship: Theory and Practice, 38*(1), 159–184.
- Aryeetey, E. (2015). The informal economy, economic growth and poverty in sub-Saharan Africa. *Economic Growth and Poverty Reduction in Sub-Saharan Africa: Current and Emerging Issues, 159*.
- Ashforth, B. E., Harrison, S. H., & Corley, K. G. (2008). Identification in organizations: An examination of four fundamental questions. *Journal of Management, 34*(3), 325–374.
- Baker, T., & Nelson, R. E. (2005). Creating something from nothing: Resource construction through entrepreneurial bricolage. *Administrative Science Quarterly, 50* (3), 329–366.
- Baron, R. A., Tang, J., Tang, Z., & Zhang, Y. (2018). Bribes as entrepreneurial actions: Why underdog entrepreneurs feel compelled to use them. *Journal of Business Venturing, 33*(6), 679–690.
- Bruton, G. D., Ireland, R. D., & Ketchen, D. J., Jr (2012). Toward a research agenda on the informal economy. *Academy of Management Perspectives, 36*(3), 1–11.
- Cardon, M. S., Wincent, J., Singh, J., & Drnovsek, M. (2009). The nature and experience of entrepreneurial passion. *Academy of Management Review, 34*(3), 511–532.
- Darbi, W. P. K., Hall, C. M., & Knott, P. (2018). The informal sector: A review and agenda for management research. *International Journal of Management Reviews, 20*, 301–324.
- Darbi, W. P. K., & Knott, P. (2016). Strategising practices in an informal economy setting: A case of strategic networking. *European Management Journal, 34*(4), 400–413.
- De Soto, H. (2000). *The mystery of capital: Why capitalism triumphs in the West and fails everywhere else*. Basic Books.
- Denzin, N. K., & Lincoln, Y. S. (2005). Introduction: The discipline and practice of qualitative research. In N. K. Denzin, & Y. S. Lincoln (Eds.), *The Sage handbook of qualitative research* (3rd ed., pp. 1–32). Thousand Oaks, CA: Sage.
- Ehret, M., & Olaniyan, R. (2023). Banking the unbanked. Constitutive rules and the institutionalization of mobile payment systems in Nigeria. *Journal of Business Research, 163*.
- Fauchart, E., & Gruber, M. (2020). Entrepreneurship and Identity. In *The Oxford handbook of identities in organizations* (pp. 765–779).
- Fauchart, E., & Gruber, M. (2011). Darwinians, communitarians, and missionaries: The role of founder identity in entrepreneurship. *Academy of Management Journal, 54*(5), 935–957.
- Feige, E. L. (1990). Defining and estimating underground and informal economies: The new institutional economics approach. *World Development, 18*(7), 989–1002.
- Fonchingong, C. C. (2005). Negotiating livelihoods beyond Beijing: The burden of women food vendors in the informal economy of Limbe, Cameroon. *International Social Science Journal, 57*(184), 243–253.
- Galdino, K. M., Kiggundu, M. N., Jones, C. D., & Ro, S. (2018). The informal economy in pan-Africa: Review of the literature, themes, questions, and directions for management research. *Africa Journal of Management, 4*(3), 225–258.
- Garud, R., & Karnøe, P. (2003). Bricolage versus breakthrough: Distributed and embedded agency in technology entrepreneurship. *Research Policy, 32*(2 SPEC.), 277–300.
- Gehman, J., Glaser, V. L., Eisenhardt, K. M., Denny, A. G., Langley, A., & Corley, K. G. (2018). Finding theory-method fit: A comparison of three qualitative approaches to theory building. *Journal of Management Inquiry, 27*(3), 284–300.
- Gioia, D. A., Corley, K. G., & Hamilton, A. L. (2013). Seeking qualitative rigor in inductive research: Notes on the Gioia methodology. *Organizational Research Methods, 16*(1), 15–31.
- Glaser, B. G., & Strauss, A. L. (2006). *The discovery of grounded theory: Strategies for qualitative research*. New Brunswick, NJ: Aldine Transaction.
- Godfrey, P. C. (2011). Toward a theory of the informal economy. In *Academy of management annals* (Vol. 5, Issue 1, pp. 231–277).

- Gruber, M., & MacMillan, I. C. (2017). Entrepreneurial behavior: A reconceptualization and extension based on identity theory. *Strategic Entrepreneurship Journal*, 11(3), 271–286.
- Haarman, A., Larsen, M. M., & Namatovu, R. (2022). Understanding the firm in the informal economy: A research agenda. *The European Journal of Development Research*, 34(6), 3005–3025.
- Hart, K. (1973). Informal income opportunities and urban employment in Ghana. *The Journal of Modern African Studies*, 11(1), 61–89.
- Hart, K. (2016). Reflections on Ghana's Informal Economy at Fifty Years. *Humanity: An International Journal of Human Rights, Humanitarianism, and Development*, 7(1), 123–124.
- Hitt, M. A., Ireland, R. D., Camp, S. M., & Sexton, D. L. (2001). Strategic entrepreneurship: Entrepreneurial strategies for wealth creation. *Strategic Management Journal*, 22(6–7), 479–491.
- Hofstede, G. (2011). Dimensionalizing cultures: The Hofstede model in context. *Online Readings in Psychology and Culture*, 2(1), 919–2307.
- Howard, M. D., Kolb, J., & Sy, V. A. (2021). Entrepreneurial identity and strategic disclosure: Founder CEOs and new venture media strategy. *Strategic Entrepreneurship Journal*, 15(1), 3–27.
- ILO. (2018). *Women and men in the informal economy: A statistical picture*. Third Edition. ILO Publications (Vol. 28, Issue 1).
- Kistruck, G. M., Webb, J. W., Sutter, C. J., & Ireland, R. D. (2011). Microfranchising in base-of-the-pyramid markets: Institutional challenges and adaptations to the franchise model. *Entrepreneurship: Theory and Practice*, 35(3), 503–531.
- Krefting, L. (1991). Rigor in qualitative research: The assessment of trustworthiness. *American Journal of Occupational Therapy*, 45(3), 214–222.
- Lanzara, G. F. (1999). Between transient constructs and persistent structures: Designing systems in action. *Journal of Strategic Information Systems*, 8(4), 331–349.
- Larsen, M. M., & Witte, C. T. (2022). Informal legacy and exporting among sub-Saharan African firms. *Organization Science*.
- Lee, C.-K., & Hung, S.-C. (2014). Institutional Entrepreneurs in the Informal Economy: China's Shanzhai Mobile Phones. *Strategic Entrepreneurship Journal*, 30(8), 16–36.
- Lee, C.-K., & Hung, S.-C. (2014). Institutional Entrepreneurship in the Informal Economy: China's Shan-Zhai Mobile Phones. *Strategic Entrepreneurship Journal*, 8(1), 16–36.
- Lengnick-Hall, C. A., & Beck, T. E. (2005). Adaptivefitversus robust transformation: How organizations respond to environmental change. *Journal of Management*, 31(5), 738–757.
- Lyles, M. A., Saxton, T., & Watson, K. (2004). Venture survival in a transitional economy. *Journal of Management*, 30(3), 351–375.
- Mair, J., & Marti, I. (2009). Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of Business Venturing*, 24(5), 419–435.
- Martin, B. C., & Honig, B. (2020). Inclusive management research: Persons with disabilities and self-employment activity as an exemplar. *Journal of Business Ethics*, 166, 553–575.
- Miles, M. B., & Huberman, A. M. (1994). *Qualitative data analysis—An expanded source book*. Thousand Oaks, CA: Sage.
- Miles, R. E., & Snow, C. C. (1978). *Organizational strategy, structure and process* (p. 1978). New York: McGraw-Hill.
- Miller, D., & Le Breton-Miller, I. (2017). Underdog entrepreneurs: A model of challenge-based entrepreneurship. *Entrepreneurship Theory and Practice*, 41(1), 7–17.
- Miles, M. B., Huberman, A. M., & Saldana, J. (2014). *Qualitative data analysis: A methods sourcebook* (3rd ed.). London, UK: SAGE.
- Mmbaga, N. A., Mathias, B. D., Williams, D. W., & Cardon, M. S. (2020). A review of and future agenda for research on identity in entrepreneurship. *Journal of Business Venturing*, 35(6), Article 106049.
- Morosini, P. (2004). Industrial clusters, knowledge integration and performance. *World Development*, 32(2), 305–326.
- Navis, C., & Glynn, M. (2011). Legitimate distinctiveness and the entrepreneurial identity: Influence on investor judgments of new venture plausibility. *Academy of Management Review*, 36(3), 479–499.
- Neergaard, H., & Ulhøi, J. P. (Eds.). (2007). *Handbook of qualitative research methods in entrepreneurship*. Edward Elgar Publishing.
- Newman, A. B., & Barney, J. B. (2023). Entrepreneurial political action in the informal economy: The case of the Kumasi Petty Traders. *Entrepreneurship Theory and Practice*.
- Nurmohamed, S. (2020). The underdog effect: When low expectations increase performance. *Academy of Management Journal*, 63, 1106–1133.
- Odera, L. C. (2013). The role of trust as an Informal Institution in the Informal Sector in Africa. *Africa Development*, 38(3–4), 121–146.
- Offori-Atta, K. (2020). Ken Ofori-Atta: 'What does an African finance minister do now?'. *Financial Times*, 1–6.
- Olarenwaju, O. A., & Olabisi, Y. S. (2012). Women's access to entrepreneurial resources in informal economy: A qualitative analysis of Yoruba Women Textile Traders' Access to Entrepreneurial Resources at Balogun Market, Lagos – South-West, Nigeria. *Economic Insights – Trends and Challenges*, 64(3), 30–43.
- Oliver, C. (1991). Strategic responses to institutional processes. *Academy of Management Review*, 16(1), 145–179.
- Ott, T. E., Eisenhardt, K. M., & Bingham, C. B. (2017). Strategy formation in entrepreneurial settings: Past insights and future directions. *Strategic Entrepreneurship Journal*, 11(3), 306–325.
- Paharia, N., Keinan, A., Avery, J., & Schor, J. B. (2011). The underdog effect: The marketing of disadvantage and determination through brand biography. *Journal of Consumer Research*, 37, 775–790. <https://doi.org/10.1086/656219>
- Patton, M. Q. (2014). *Qualitative research & evaluation methods: Integrating theory and practice*. Sage Publications.
- Peng, M. W. (2000). *Business strategies in transition economies* (pp. 102–120). London: SAGE Publications.
- Phillips, N., & Tracey, P. (2007). Opportunity recognition, entrepreneurial capabilities and bricolage: Connecting institutional theory and entrepreneurship in strategic organization. *Strategic Organization*, 5(3), 313–320.
- Portes, A., & Haller, W. (2005). The informal economy. In N. J. Smelser, & R. Swedberg (Eds.), *The handbook of economic sociology*. Princeton: Princeton University Press.
- Powell, E. E., & Baker, T. (2014). It's what you make of it: Founder identity and enacting strategic responses to adversity. *Academy of Management Journal*, 57(5), 1406–1433.
- Powell, E. E., & Baker, T. (2017). In the beginning: Identity processes and organizing in multi-founder nascent ventures. *Academy of Management Journal*, 60(6), 2381–2414.
- Radu-Lefebvre, M., Lefebvre, V., Crosina, E., & Hytti, U. (2021). Entrepreneurial Identity: A review and research agenda. *Entrepreneurship Theory and Practice*, 1–41.
- Rocha, R., Ulyssea, G., & Rachter, L. (2018). Do lower taxes reduce informality? Evidence from Brazil. *Journal of development economics*, 134, 28–49.
- Rouse, E. D. (2016). Beginning's end: How founders psychologically disengage from their organizations. *Academy of Management Journal*, 59(5), 1605–1629.
- Saldana, J. (2009). *An introduction to codes and coding. The coding manual for qualitative researchers*. Thousand Oaks, CA: Sage.
- Salvi, E., Belz, F.-M., & Bacq, S. (2022). Informal entrepreneurship: An integrative review and future research agenda. *Entrepreneurship Theory and Practice*.
- Siqueira, A. C. O., Webb, J. W., & Bruton, G. D. (2016). Informal entrepreneurship and industry conditions. *Entrepreneurship: Theory and Practice*, 40(1), 177–200.
- Slade Shantz, A., Kistruck, G., & Zietsma, C. (2018). The opportunity not taken: The occupational identity of entrepreneurs in contexts of poverty. *Journal of Business Venturing*, 33(4), 416–437.
- Strauss, A. L., & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory*. Thousand Oaks, CA: Sage.
- Stryker, S. (1968). Identity salience and role performance: The relevance of symbolic interaction theory for family research. *Journal of Marriage and the Family*, 30(4), 558.
- Sutcliffe, K. M., & Vogus, T. J. (2003). Organizing for resilience. In K. Cameron, J.E. Dutton, R.E. Quinn, RE (Eds.), *Positive organizational scholarship* (pp. 94–110). San Francisco, CA, USA: Berrett-Koehler.
- Sutter, C., Bruton, G. D., & Chen, J. (2019). Entrepreneurship as a solution to extreme poverty: A review and future research directions. *Journal of Business Venturing*, 34(1), 197–214.
- Sutter, C., Webb, J. W., Kistruck, G., Ketchen, D. J., & Ireland, R. D. (2017). Transitioning entrepreneurs from informal to formal markets. *Journal of Business Venturing*, 32(4), 420–442.
- Tajfel, H., & Turner, J. C. (1979). An integrative theory of intergroup conflict. In W. G. Austin, & S. Worchel (Eds.), *The social psychology of intergroup relations* (pp. 33–47). Monterey, CA: Brooks-Cole.
- Takyi-Asiedu, S. (1993). Some sociocultural factors retarding entrepreneurial activity in sub-Saharan Africa. *Journal of Business Venturing*, 8(2), 91–98.
- Thai, M. T. T., & Turkina, E. (2014). Macro-level determinants of formal entrepreneurship versus informal entrepreneurship. *Journal of Business Venturing*, 29(4), 490–510.
- Vermeire, J. A. L., & Bruton, G. D. (2016). Entrepreneurial opportunities and poverty in sub-Saharan Africa: A review & agenda for the future. *Africa Journal of Management*, 2(3), 258–280.
- Webb, J. W., Bruton, G. D., Tihanyi, L., & Ireland, R. D. (2013). Research on entrepreneurship in the informal economy: Framing a research agenda. *Journal of Business Venturing*, 28(5), 598–614.
- Webb, J. W., Khoury, T. A., & Hitt, M. A. (2019). The influence of formal and informal institutional voids on entrepreneurship. *Entrepreneurship: Theory and Practice*. 104225871983031.
- Webb, J. W., Ireland, R. D., & Ketchen, D. J. (2014). Toward a greater understanding of entrepreneurship and strategy in the informal economy. *Strategic Entrepreneurship Journal*, 8(1), 1–15.
- Webb, J. W., Tihanyi, L., Ireland, R. D., & Sirmon, D. G. (2009). You say illegal, I say legitimate: Entrepreneurship in the informal economy. *Academy of Management Review*, 34(3), 492–510.
- Welter, F., Baker, T., Audretsch, D. B., & Gartner, W. B. (2017). Everyday entrepreneurship—A call for entrepreneurship research to embrace entrepreneurial diversity. *Entrepreneurship Theory and Practice*, 41(3), 311–321.
- Welter, F., & Smallbone, D. (2011). Institutional perspectives on entrepreneurial behavior in challenging environments. *Journal of Small Business Management*, 49(1), 107–125.
- Williams, C. C., Martinez-Perez, A., & Kedir, A. M. (2017). Informal entrepreneurship in developing economies: The impacts of starting up unregistered on firm performance. *Entrepreneurship Theory and Practice*, 41(5), 773–799.
- Williams, C. C., Shahid, M. S., & Martínez, A. (2016). Determinants of the level of informality of informal micro-enterprises: Some evidence from the city of Lahore, Pakistan. *World Development*, 84, 312–325.
- Wright, M., & Hitt, M. A. (2017). Strategic entrepreneurship and SEJ: Development and current progress. *Strategic Entrepreneurship Journal*, 11(3), 200–210.
- Wry, T., & York, J. G. (2017). An identity-based approach to social enterprise. *Academy of Management Review*, 42(3), 437–460.
- Yin, R. K. (2003). *Case study research*. Thousand Oaks, CA: Sage.
- Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5), 519–532.
- Zoogah, D. B., Peng, M. W., & Woldt, H. (2015). Institutions, resources, and organizational effectiveness in Africa. *Academy of Management Perspectives*, 29(1), 7–31.
- Zurek, K. (2019). *Two million Ghanaians register for TIN numbers - GRA - Graphic Online*. Graphic Online.

Shelter Selorm Teyi is a PhD student at the Department of Strategy and Innovation at the Copenhagen Business School. His research interests focus on various aspects of the strategies of entrepreneurs in the informal economy, such as entrepreneurial identities, pre-entry processes, and the multiple role of embeddedness and human capital.

Marcus M. Larsen is Professor (wsr) at Copenhagen Business School and Adjunct Professor at BI Norwegian Business School. His research interests include international business, strategy, and organizational design. His work has appeared in outlets such as Strategic Management Journal, Journal of International Business Studies, and Organization Science.

He is currently leading the research projects “The Firm in the Informal Economy” and “Firm Formalization and Sustainable Development”.

Rebecca Namatovu is Assistant Professor at the Department of Strategy and Innovation at the Copenhagen Business School. Her research interests lie at the intersection of entrepreneurship and development studies. She researches entrepreneurship mechanisms associated with informality, poverty, inequality, post-conflict, and sustainability. Her work is published in outlets such as Journal of Business Venturing and Academy of Management Learning and Education.