Evaluating the nature of the relationship between informal entrepreneurship and the formal economy in rural communities

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Abstract: This paper evaluates critically the different theorizations of the nature of the relationship between informal entrepreneurship and the formal economy, which variously depict informal entrepreneurship as a leftover from a previous era, a survival practice for those excluded from the formal economy, and a complement or an alternative to participation in the formal economy. Reporting evidence from 350 face-to-face interviews in English rural communities, no single theorization is found to be universally applicable. Instead, all are shown to be valid in relation to different forms of informal entrepreneurship, and only by combining them is it feasible to achieve a finer-grained, more comprehensive explanation of this complex and multifarious phenomenon.

Keywords: informal entrepreneurship; enterprise culture; informal economy; rural economies; England

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Since the turn of the millennium, a small but growing stream of literature has begun to identify how some businesses start up trading wholly or partially ‘off the books’ and then continue to do so once established (Antonopoulos and Mitra, 2009; Llanes and Barbour, 2007; Rehn and Taalas, 2004; Small Business Council, 2004; Williams, 2006, 2009). Until now, however, few have evaluated critically the nature of the relationship between such informal entrepreneurship and the formal economy. The intention of this paper is to begin to fill that gap.

To achieve this, first, four competing schools of thought are identified that variously read informal entrepreneurship as a leftover from a previous era that is disappearing, a survival practice increasingly relied on by those from the formal economy, an alternative to participation in the formal economy that is voluntarily pursued for social, redistributive, political or identity reasons, and/or a complement to participation in the formal economy that arises out of, and is pursued alongside, one’s formal job or self-employment, and reinforces, rather than reduces, the disparities produced by the formal economy. Given that the validity of these contrasting theorizations of the relationship between informal entrepreneurship and the formal economy have not been evaluated, the second section will introduce a study conducted in rural England and the third section reports the findings. This will uncover that, although each theory is relevant in relation to specific types, no single universal logic underpins informal entrepreneur-
Entrepreneurship and innovation

Relationship between informal entrepreneurship and the formal economy

By declaration, however, a working definition of 'informal entrepreneurship' is required. Given that defining 'entrepreneurship' has for a long time proved elusive and that 'entrepreneurship means different things to different people' (Anderson and Starnawska, 2008, p 222), a working definition is adopted here appropriate to the task at hand. Defining an entrepreneur as someone actively involved in starting a business or the owner/manager of a business less than 36 months old (Harding et al, 2006; Reynolds et al, 2002), and informal work as monetary transactions not declared to the state for tax, social security and labour law purposes when they should be declared, but which are legal in all other respects (for example, see Evans et al, 2006; Renooij et al, 2004; Williams, 2006), informal entrepreneurship here refers to those starting a business or the owners/managers of a business less than 36 months old participating in monetary transactions not declared to the state for tax, benefit or labour law purposes when they should be declared, but which are legal in all other respects.

Theorizing informal entrepreneurship

Within the extensive literature on entrepreneurship, a small tributary of thought has long existed that draws attention to the negative aspects of entrepreneurship, such as how entrepreneurs do not always play by the rulebook (Collins et al, 1964; Bhide and Stevenson, 1990; Kets de Vries, 1977). In recent years, this has begun to expand greatly. Numerous studies have highlighted how entrepreneurs engage in illegitimate activities (Armstrong, 2005; Bouchard and Dion, 2009; Fournier, 1998; Friman, 2001; Frith and McElwee, 2008, 2009; Jones and Spicer, 2009; Rehn and Taalas, 2004; Sköld and Rehn, 2007; Smith, 2007; Smith and Christou, 2009; Storr and Butkevich, 2007) and also how those engaged in illegitimate activities, such as drug dealers (Bouchard and Dion, 2009; Frith and McElwee, 2008, 2009; Friman, 2001), prostitutes and pimps (Smith and Christou, 2009), often display entrepreneurial traits and attributes.

One prominent subset of this emergent literature is that which examines informal entrepreneurs, namely those trading in licit goods and services who do not declare some or all of their transactions to the authorities for tax, social security and labour law purposes when they should be declared (Antonopoulos and Mitra, 2009; Ram et al, 2007; Rehn and Taalas, 2004; Small Business Council, 2004; Valenzuela, 2001; Williams, 2006, 2007, 2008). Until now, various competing representations of the nature of the relationship between such informal entrepreneurship and the formal economy have been advocated.

Leftover perspective

Grounded in the assumption that goods and services were increasingly produced and delivered via the formal economy, informal entrepreneurship was traditionally depicted as a leftover from an earlier mode of production and consumption and as disappearing. Seen through this lens, the presence of informal entrepreneurship is a signifier of 'traditionalism', 'underdevelopment' and 'backwardness', whilst entrepreneurship, enterprise and work in the formal economy are a sign of 'progress', 'development' and 'advancement' (Geertz, 1963; Gilbert, 1998; Lewis, 1959; Packard, 2007).

Since the turn of the millennium, nevertheless, this depiction has come under heavy criticism. There has been widespread recognition that the informal economy in general (Charmes, 2009; ILO, 2002; Jütting and Laiglesia, 2009; Schneider, 2008), and informal entrepreneurship in particular (De Soto, 2001; Perry and Maloney, 2007; Williams, 2006), are extensive, enduring and expansive in many global regions. The result has been the rapid demise of this representation of informal entrepreneurship as some minor residue that is disappearing and the emergence of new theorizations to explain its persistence and growth.

Survivalist perspective

One such school re-reads informal entrepreneurship not as a leftover from some past era, but as an inherent part of a new emergent mode of production. With the advent of a deregulated, open world economy, the argument is that the growth of subcontracting has resulted in the materialization of dependent or false self-employment, which is largely unregulated, low-paid, precarious and insecure work conducted under 'sweatshop-like' conditions by marginalized populations excluded from the formal economy (Amin et al, 2002; Castells and Portes, 1989; Davis, 2006; Gallin, 2001; Portes, 1994).

From this perspective, informal entrepreneurs are unwilling and unfortunate pawns within an exploitative global economic system, and are pushed into this realm by their inability to find work in the formal economy (for example, see Castells and Portes, 1989; Gallin, 2001; ILO, 2002). Informal entrepreneurship is thus viewed as a substitute for engagement in the formal economy, conducted out of necessity rather than choice.

Alternative perspective

Another perspective that has emerged again views informal entrepreneurship as a substitute for the formal
economy, but views participation to be a choice. For
many years, the depiction of informal entrepreneurship as a
chosen alternative to working in the formal economy was argued primarily by neo-liberals, who viewed it as a resistance practice and the result of a rational economic decision to exit the formal economy voluntarily so as to escape overregulation (Biles, 2009; De Soto, 1989, 2001; Maloney, 2004; Packard, 2007; Perry and Maloney, 2007).

Recently, however, other approaches, instead of
viewing them more as social actors, and read informal entrepreneurship as either: a resistance practice, but pursued in response to the corruption and bribes that are part and parcel of operating in the formal economy, rather than in response to overregulation (Biles, 2009; Kudva, 2009; Round et al., 2008; Whitson, 2007); conducted for closer
social relations such as with kin, neighbours, friends and
acquaintances (Williams, 2004); undertaken more for
social and redistributive reasons rather than purely for financial gain (Persson and Malmer, 2006; Round and
Williams, 2008; Williams, 2004); or as a transformative
deeply entrenched in the formal economy, rather than in the formal economy. Here, in contrast, informal entrepreneurship is again viewed as a substitute for the formal economy.

Complementary perspective

The final perspective, in contrast, views informal entrepreneurship and working in the formal economy as complementary activities, rather than as substitutes, with
the two growing or declining in tandem both at the
macro- and micro-economic level. At the macro-level, the argument is that informal entrepreneurship and the formal economy grow or decline in unison, arguing, for example, that spending from a thriving informal sphere is spent in the formal economy (Dzvinka, 2002). At the micro-level, meanwhile, the assertion is that those benefiting most from the formal economy also benefit most from the informal economy (Williams, 2004), meaning that informal entrepreneurship consolidates, rather than reduces, the disparities produced by the formal economy (Williams, 2006). Here, in consequence, informal entrepreneurship is a direct result of one’s formal job and/or self-employment and reinforces rather than reduces the disparities produced by the formal economy (Williams, 2006).

Until now, these four contrasting perspectives on informal entrepreneurship have largely been viewed as mutually exclusive rival explanations. Most scholarly contributions have depicted the nature of the relationship between informal entrepreneurship and the formal economy in terms of a single universal logic, and even if the existence of other logics is recognized, the usual contention is that one particular explanation predominates (Amin et al., 2002; De Soto, 2001). Although recent years have witnessed some initial attempts to integrate contrasting explanations by suggesting that the survivalist perspective might apply to informal entrepreneurs in relatively deprived populations and the depiction of informal entrepreneurship as an alternative to the formal economy for relatively affluent populations (Evans et al., 2006; Gurtoo and Williams, 2009), there has so far been no empirical study to evaluate critically the validity of these four contrasting perspectives. It is to this that attention now turns.

Examining informal entrepreneurship in rural England

To evaluate the nature of the relationship between informal entrepreneurship and work in the formal economy, and whether this alters across populations, 350 face-to-face household interviews were conducted in affluent and deprived rural communities during 2002–03 in England. The UK government’s Index of Multiple Deprivation, which ranks all 8,000 or so UK districts according to multiple deprivation indicators, was used to shortlist a number of contrasting affluent and deprived rural districts spread across England, which was then discussed with regional officers of the then government’s Countryside Agency (the sponsors of the research). The outcome was that two affluent communities and three deprived communities were chosen reflecting a broad regional spread for study in this English Rural Districts Informal Economy survey. The two relatively affluent communities were:

- Fulbourn, Cambridgeshire – an affluent commuter village located outside the university town of Cambridge and at the heart of the UK equivalent of ‘Silicon Valley’ (known as ‘Silicon Fen’), comprised mostly of large private sector housing; and
- Chalford, Gloucestershire – this affluent community of some 5,600 in the Cotswolds has mostly private sector housing and low unemployment. A high proportion of the employed commute to cities some distance away (for example, London, Bristol).

The three deprived localities, meanwhile, represented varying types of lower-income rural locality:

- St Blazey, Cornwall – in a popular tourist area, this relatively deprived population of some 6,100 is characterized by a mix of housing tenures, high unemployment and relative social isolation;
- Wigton, Cumbria – this mono-industrial rural community where one factory dominates the local
labour market has little in-migration, a mix of housing tenures and low educational attainment; and

- Grimethorpe, South Yorkshire – an ex-coal-mining village with very high unemployment, a relatively uniform socioeconomic mix, low educational attainment, very little private sector housing and some breakdown of social solidarity following the decision to house ex-offenders in social housing in the village.

Although these diverse rural communities do not provide a representative sample of rural England as a whole, this was not the point of the choices. The point was to provide an analysis of the nature of the relationship between informal entrepreneurship and work in the formal economy in a range of locality types so as to understand whether variations existed.

To do this, a household (rather than business) survey was conducted. This is because a large proportion of businesses in the UK are home-based and would have been missed by a business premises survey, and also because a household survey enables this sensitive issue to be discussed in the more socially acceptable context of the ‘wide range of livelihood practices households use to get by in these difficult times’.

Households were selected for interview using a spatially stratified sampling procedure. The researcher called at every nth dwelling in each road, depending on the sample being skewed towards certain tenures, types of dwelling and different parts of each area being interviewed. For each household, furthermore, the ‘closest birthday’ rule was used to select respondents for interview amongst those available in the household at the time.

The household survey comprised a structured face-to-face interview using a mix of closed- and open-ended questions, and the sensitive topic of informal working was approached in a gradual manner in the context of a broader study of household livelihood practices. First, socio-demographic background data were collected on the household in terms of the age, gender, employment status and work history of household members as well as gross household income, including whether any household member had started up a business venture in the past 36 months. Second, a series of questions were asked about the type of labour the household last used to undertake 44 common domestic tasks (covering home improvement and maintenance, housework, car maintenance, caring, gardening and goods repair tasks), followed, third, by whether they had conducted any of these 44 tasks for other households and, if so, whether they were paid, and whether they had been paid ‘cash in hand’. Fourth and finally, open-ended questions were then asked on their informal working, including for those who had started up a business venture in the previous 36 months, whether their transactions had been wholly or partly ‘off the books’ and their reasons for trading in this manner. Although this generated data on a multiplicity of livelihood practices, the focus here is solely on the results concerning informal entrepreneurship.

Prior to reporting the findings, a brief note on the reliability of the data collected is required. Reflecting previous surveys of household livelihood practices (MacDonald, 1994; Pahl, 1984), respondents in this study talked openly about their informal work. Even if such endeavour is hidden from the state authorities for tax, social security and labour law purposes, interviewers discussed it in the same manner as they talked about their volunteering. Indeed, the total amount that customers reported spending on informal transactions in each community approximated to what suppliers reported they had received, intimating that respondents as suppliers do not underreport their informal transactions.

Evaluating the nature of informal entrepreneurship in rural England

In the 350 households surveyed, which comprised 534 working-age adults, 37 people (7% of the surveyed working-age population) had started up a business venture in the past three years, and a further 43 (8% of the surveyed working-age population) were established self-employed individuals. Of these 37 early-stage entrepreneurs, 28 (76%) reported that they traded ‘off the books’ and 31 (72%) of the established self-employed also did so. Given that the 2001 UK Global Entrepreneurship Monitor (GEM) survey found that 6.5% of the working age population were early-stage entrepreneurs (Harding et al, 2006), the finding of 7% in this survey is not too far from the norm. As such, and given the lack of other evidence, the finding that three-quarters traded off the books suggests that a significant proportion of early-stage entrepreneurs and established self-employed in rural England probably operate informally.

Who, therefore, engages in informal entrepreneur-
ship? The first clue that it is not always a survival practice is that among all early-stage informal entrepreneurs, 72% report that they are in formal waged employment, 25% are registered as self-employed and just 3% count themselves as unemployed or economically inactive. This is very similar to those starting up business ventures more generally in the UK (SBS, 2006), where 5% were found to be unemployed and 80% formal employees. Of the 31 established self-employed trading informally, meanwhile, 80% were registered as self-employed, 12% were formal employees operating their self-employed enterprise on the side, and 8% were registered as unemployed. The suggestion, therefore, is that many early-stage entrepreneurs operating informally eventually exit their formal jobs and become registered as self-employed.

This mirrors wider evidence that those starting up enterprises are in waged employment, and straddle the formal and informal economies in the early stages as a ‘risk-reduction strategy’ (McCormick, 1998), and that as their businesses develop, they become fully self-employed and more legitimate (for example, see Reynolds et al, 2002). Indeed, the employment histories of the 43 established self-employed reinforce this finding. Of those defining their employment status as registered self-employed, most (80%) had previously been formal employees, providing tentative evidence of a transition from employment to self-employment. This is apparent across both affluent and deprived rural districts.

Nevertheless, there are also marked spatial variations in the nature of informal entrepreneurship. In affluent districts, some 67% of early-stage entrepreneurs operate informally, compared with 87% in deprived districts. Similarly, 64% of the established self-employed in affluent rural districts trade informally, as opposed to 82% in deprived districts. Moreover, in the affluent districts, nearly all the informal entrepreneurs are in formal jobs and/or formal self-employment and operating their business ventures ‘on the side’, using their formal job to conduct relatively well paid informal self-employment. Examples include a lawyer who at weekends produces legal contracts for acquaintances as an on-the-side activity, and a horse-riding stable owner who conducts a proportion of the stable’s riding lessons ‘off the books’.

In the deprived districts, meanwhile, early-stage informal entrepreneurs are more likely to have no formal job (20% of them have no formal employment) and they are also more likely to engage in less skilled self-employment. Examples include an unemployed woman who works as a freelance domestic help, a youth who cleans out stables, and a woman who works as a seasonal fruit picker, all of whom are paid a fixed piece rate for their work that is below the official national minimum wage.

**Relationship with the formal economy**

How, therefore, can the nature of the relationship between informal entrepreneurship and the formal economy be explained? Is it a survivalist practice pursued by the marginalized who are excluded from the formal economy? Is it a chosen substitute for work in the formal economy, engaged in either by rational economic actors who weigh up the costs and benefits or by social actors for social, redistributive, resistance or identity rationales? Or is it a complement to their work in the formal economy that directly derives from their formal employment and/or self-employment and therefore reinforces, rather than reduces, the disparities produced in the formal economy?

To evaluate critically which, if any, explanation is appropriate in these English rural districts, those who had started up enterprises during the past 36 months and reported that they had traded informally were asked, ‘why did you decide to start this informal enterprise?’ The responses of more established entrepreneurs are not here analysed since the rationales for doing so will not be so fresh in their minds and they might instead engage in *post hoc* rationalizations. As Table 1 reveals, some 60% of the 28 early-stage entrepreneurs adopted the survivalist explanation that they participated out of economic necessity as a survival practice. Common explanations were: ‘it was my only choice’; ‘my benefits are not enough to cover the basics like food and rent’; ‘I did it to survive’; ‘it was this or going without’; and ‘there was nothing else available’.

Beyond these survivalist explanations, a further 30% asserted that it was a chosen alternative to formal employment. For one respondent, it was pursued chiefly due to the overregulation of the formal economy. As

<table>
<thead>
<tr>
<th>Table 1. Why did you decide to start up your enterprise? Informal entrepreneurs, rural England.</th>
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</thead>
<tbody>
<tr>
<td><strong>Primary explanation</strong></td>
</tr>
<tr>
<td>‘Survivalist’ explanation:</td>
</tr>
<tr>
<td>To generate sufficient income to survive</td>
</tr>
<tr>
<td>‘Chosen alternative’ explanation:</td>
</tr>
<tr>
<td>To escape overregulation in formal economy</td>
</tr>
<tr>
<td>Social rationales</td>
</tr>
<tr>
<td>Redistributive rationales</td>
</tr>
<tr>
<td>Resistance rationales</td>
</tr>
<tr>
<td>Identity rationales</td>
</tr>
<tr>
<td>‘Complementary’ explanation:</td>
</tr>
<tr>
<td>Emerges out of formal job/self-employment</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Source: English Rural Districts Survey, 2002/3.*
they stated, ‘the government wants you to do all these health and safety things, and pay all sorts of taxes. I couldn’t survive in business if I did all that.’ Others choosing informal entrepreneurship do not see themselves so much as rational economic actors, but more as social actors chiefly conducting such endeavours for social, redistributive, resistance or identity rationales.

First, engagement in informal enterprise was explained chiefly using social rationales: namely, ‘I do cash-in-hand odd-jobs for those I already know so as to firm up my relationship with them. They’ll then do something for me later when I need it.’ Second, participation was explained using primarily redistributive explanations: namely, ‘I do repairs for people I know who wouldn’t be able to afford it otherwise’. Third, informal entrepreneurship is sometimes seen as a resistance practice. As a male musician put it, ‘I disagree with this whole capitalist thing. I work like this just to earn enough for me to live how I want.’ Fourth and finally, some 14% engage in informal entrepreneurship to transform their lives, alter their work identity and/or reveal their true selves. They set up some ‘lifestyle’ business informally to enable them to pursue some personal interest – for instance, as a children’s entertainer, musician, seller of model railway parts or breeder of pets.

For a final group, the main rationale for informal entrepreneurship is simply that it arises directly out of their main formal waged employment or registered self-employment. It is a complement and a direct spin-out from their formal work. As respondents asserted, ‘I do small jobs on-the-side that I hear about through my job.

It is simply a nice little earner’; and ‘I do the smaller jobs that it wouldn’t otherwise be worth my while doing if I put them through the books’.

Superficially, one might therefore conclude that the survivalist perspective is largely applicable in these English rural communities and that the alternative and complementary perspectives are adopted by a small minority of informal entrepreneurs. Before doing so, however, the responses to two additional probes that followed this initial question must be reviewed. These first repeated the answer given by the respondent to the first question with an added inflexion (for example, ‘to earn sufficient money?’) and second, asked in an open-ended manner, ‘any other reasons?’

When the fuller explanations given following these additional probes are analysed, a rather different understanding of the nature of informal entrepreneurship

Table 2. Fuller rationales for participation in informal entrepreneurship following additional probes, English rural communities 2002/03.

<table>
<thead>
<tr>
<th>Fuller rationales</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solely survivalist rationales</td>
<td>11</td>
</tr>
<tr>
<td>Mostly survivalist but also alternative rationales</td>
<td>18</td>
</tr>
<tr>
<td>Mostly survivalist but also complementary rationales</td>
<td>21</td>
</tr>
<tr>
<td>Solely alternative explanation</td>
<td>3</td>
</tr>
<tr>
<td>Mostly alternative but also survivalist rationales</td>
<td>8</td>
</tr>
<tr>
<td>Mostly alternative but also complementary rationales</td>
<td>11</td>
</tr>
<tr>
<td>Solely complementary actor rationales</td>
<td>3</td>
</tr>
<tr>
<td>Mostly complementary but also survivalist rationales</td>
<td>3</td>
</tr>
<tr>
<td>Mostly complementary but also alternative rationales</td>
<td>8</td>
</tr>
<tr>
<td>All three rationales</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: English Rural Districts Survey, 2002/03.
emerges. As Table 2 displays, less than one-fifth (17%) of informal entrepreneurs simply rely on one explanation. Over four-fifths (83%) use two or more of these sets of explanations. The outcome is that the survivalist explanation of informal entrepreneurs is far less dominant. Just 11% rely solely on survivalist explanations. Instead, the vast majority who primarily cite economic necessity add alternative or complementary rationales when further probed, such as the fact that it directly arises out of their formal employment and self-employment, or that social, redistributive, resistance and/or identity rationales are also involved.

The character of informal entrepreneurship, moreover, also varies socially and spatially, and as a result, so too do explanations (see Table 3). Take, for example, the issue of how the nature of informal entrepreneurship varies by household income. Some 74% of informal entrepreneurs in the lowest income quartile of households have no formal job and their informal enterprise is commonly a survival practice and poorly paid work. Examples include domestic cleaning, window cleaning, fruit picking, shop or delivery work and working as an occasional farm hand. Informal entrepreneurs in the higher-income quartiles, meanwhile, more usually participate in relatively well paid off-the-books entrepreneurship, which is commonly a direct by-product of legitimate employment or self-employment (that is, the complementary perspective). Examples include self-employed plumbers, electricians and builders who conduct a portion of their trade off the books and professionals such as lawyers doing a portion of their trade informally.

Informal entrepreneurs’ explanations also vary temporally. In the first instance, it might be pursued for primarily survivalist reasons, but this does not mean that this remains the case as time progresses. Asking informal entrepreneurs whether and how their rationales have altered over time, a clear pattern emerges. As Table 4 displays, of the 26% claiming that their rationales had altered, three-quarters (76%) asserted that the change was away from chiefly survivalist rationales and towards primarily alternative and complementary explanations. Survivalist informal entrepreneurs therefore act as a seedbed out of which more agency-oriented entrepreneurs emerge, who are recognized to make a positive contribution to economic development (for example, see Harding et al., 2006; Minniti et al., 2006; Reynolds et al., 2002), meaning that it would be erroneous to write off survivalist entrepreneurs operating informally as not being potential future catalysts of economic development.

Conclusions

This paper has evaluated critically the competing views regarding the nature of the relationship between informal entrepreneurship and the formal economy. To assess these, a 2002/03 survey conducted in affluent and deprived English rural districts was analysed. The overarching finding is that no single theorization is universally applicable to all the informal entrepreneurs interviewed in these English rural communities. Instead, each explanation is valid in relation to different populations, and only by combining and using all of them can a more nuanced finer-grained explanation be achieved of the complex, multifarious nature of informal entrepreneurship in these English rural communities.

In consequence, the argument of this paper is that, rather than portraying these as competing theorizations of informal entrepreneurship, they should be seen as applying to different forms of informal entrepreneurship. Given that the balance between different types of entrepreneurship will vary across populations, there is also a need for the weighting placed on various explanations to differ socio-spatially. When theorizing informal entrepreneurship in disadvantaged populations, therefore, more emphasis needs to be placed on the survivalist explanation. Turning to informal entrepreneurship in more affluent populations, meanwhile, greater emphasis perhaps needs to be placed on the more alternative and complementary accounts, such as the fact that it arises directly out of their formal employment and self-employment, or that social, redistributive, resistance and/or identity rationales are also involved.

Adopting this more integrative comprehension of the multifarious varieties of informal entrepreneurship helps transcend the portrayal of these explanations as mutually exclusive rival theories, despite each theory talking about very different types of informal entrepreneurship. It also facilitates the emergence of a more nuanced policy approach towards tackling informal entrepreneurship, helping identify those forms that might be eradicated (for example, low-paid sweatshop-like, off-

<table>
<thead>
<tr>
<th>Changes</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Rationales unchanged</td>
<td>74</td>
</tr>
<tr>
<td>From mainly survivalist to mainly alternative rationales</td>
<td>13</td>
</tr>
<tr>
<td>From mainly survivalist to mainly complementary rationales</td>
<td>6</td>
</tr>
<tr>
<td>From mainly alternative to mainly survivalist rationales</td>
<td>0</td>
</tr>
<tr>
<td>From mainly alternative to mainly complementary rationales</td>
<td>0</td>
</tr>
<tr>
<td>From mainly complementary to mainly survivalist rationales</td>
<td>0</td>
</tr>
<tr>
<td>From mainly complementary to mainly alternative rationales</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: English Rural Districts Survey, 2002/03.
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Relationship between informal entrepreneurship and the formal economy

Entrepreneurship, People and Innovation, Vol 9, No 4, pp 221–230.

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The books entrepreneur), those that might be encouraged to become formal entrepreneurship (for example, complementary forms arising out of formal employment) and those that might be tacitly condoned (for example, small-scale identity or lifestyle forms of off-the-books entrepreneurship), rather than adopting a ‘one-size-fits-all’ approach that treats all forms of entrepreneurship in the same manner.

This study, nevertheless, represents but a small survey with a limited sample size. As such, its results need to be treated as highly tentative and with caution. To move towards understanding more fully the nature of the relationship between informal entrepreneurship and the formal economy, and the socio-spatial variations in the nature of this relationship, more extensive studies will be required in a wider variety of different contexts.

In sum, if this paper facilitates further critical evaluation of the validity of these various explanations for informal entrepreneurship in other rural areas and also other societal contexts, so as to achieve a more comprehensive context-bound understanding of the nature of informal entrepreneurship, it will have achieved its intention. If in doing so such evaluations also engender a wider recognition of the multifarious nature of informal entrepreneurship, and the different ways in which public policy needs to respond to such diversity, then it will have achieved its fuller objective.

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