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DEPARTMENT OF MARKETING AND CORPORATE STRATEGIES**



**AN EVALUATION OF THE PROSPECTS AND CHALLENGES OF
ENTREPRENEURSHIP IN THE INFORMAL ECONOMY: A CASE OF THE
CENTRAL MARKET, KOFORIDUA IN THE EASTERN REGION.**

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KNUST



DECLARATION

I hereby declare that this submission is my own work towards the MSc. and that, to the best of my knowledge, it contains no material previously published by another person, nor material which has been accepted for the award of any other degree of the Institute, except where due acknowledgement has been made in the text.

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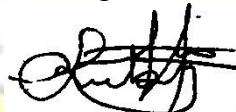
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This thesis is dedicated to my son.



This journey began because of you and I believe that with you on my mind, I can achieve anything.

DEDICATION

ACKNOWLEDGEMENT

Words are not enough to say —thank youll to the Almighty God for His faithfulness and grace. I am extremely grateful. Glory to God Most High. I am full of gratitude to my family for all the love, support and prayers showered upon me through this journey. May God strengthen our bond and may Ubuntu’s phrase, —I am because we arel forever be our guiding principle. I also wish to express my profound gratitude to Professor Ahmed Agyapong, my supervisor for your guidance, insightful comments and motivation to the end of this work. God bless you Prof. I am thankful to the staff of the New Juabeng South Municipal Assembly (NJSMA), especially to the Planning Department for your cooperation and useful responses during my field work. Again, my appreciation goes to all the informal entrepreneurs in the Koforidua Central market for their time spent in responding to all questions pertaining to my study. I pray God rewards each and every one. I also owe a great deal of gratitude to Mr. Godwin Kotoku. Your concern for my wellbeing, your undying support and constructive criticism is unmatched. Sir, may God continue to make you great. Finally, I am thankful to my MSc Marketing colleagues especially to the two course reps, Mr. Timothy Sanahe and Mr. Francis Osei for your efforts & dedication towards the success of the class. God bless us all.

ABSTRACT

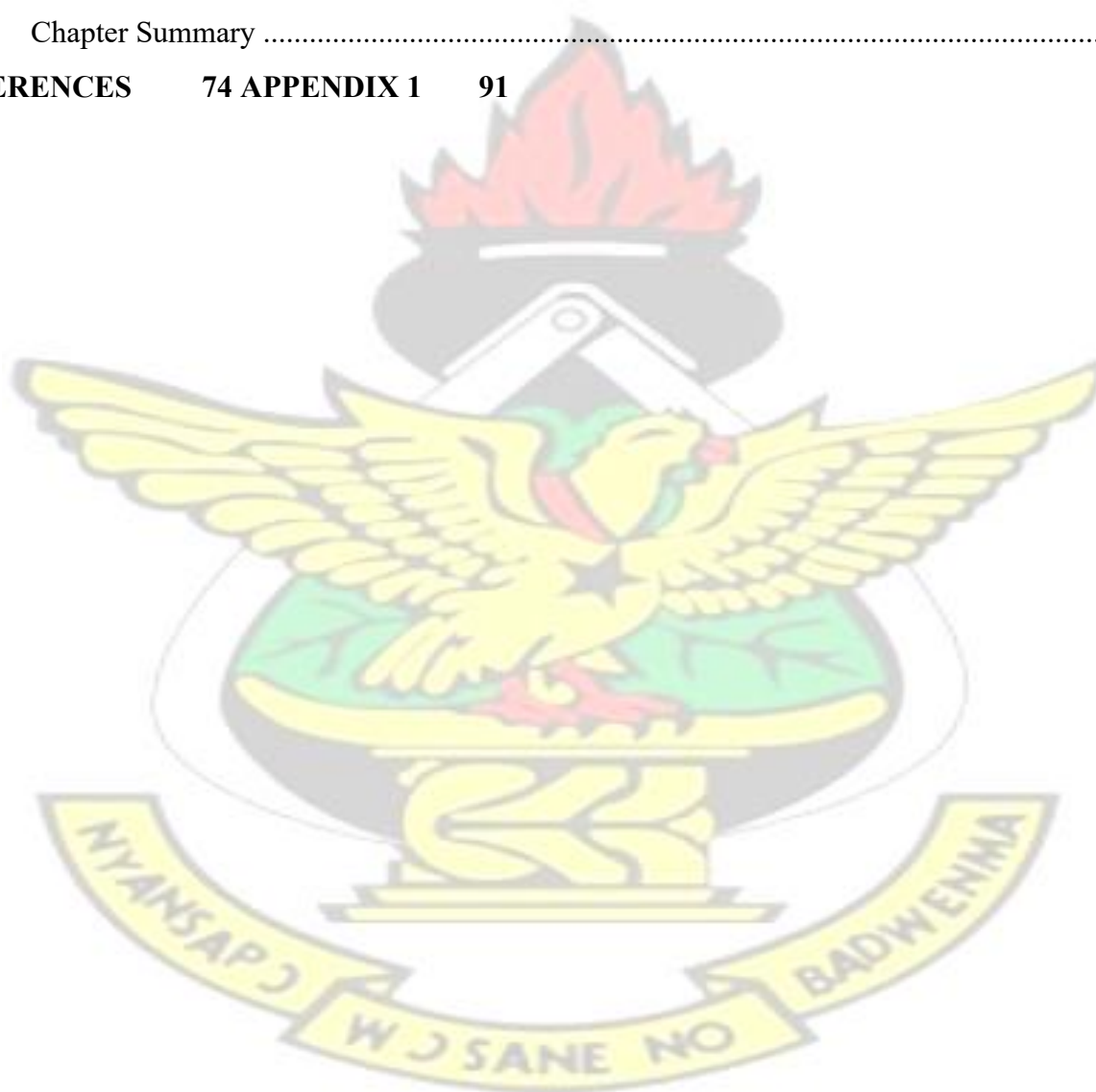
The aim of this study was to find out about the prospects and challenges of entrepreneurship in the informal sector. Entrepreneurship has increasingly gained grounds in the informal sector over the last decade for various reasons. The informal entrepreneurs in Koforidua central market were interviewed with the help of an interview guide to get information on entrepreneurship for the study. The Research revealed that majority of people who enter into the informal sector, have little or no formal education and do not possess any certificate for formal jobs. These entrepreneurs usually face a lot of challenges from city authorities but their

major challenge is land and space acquisition for business operation. The research also revealed that though the economy is tough and slow currently, most people would still opt for entrepreneurship in the informal sector since they acquire their source of livelihood from there. The research then recommended that policies should include stringent rules and laws to govern the sector and encourage easy formalization of businesses among others.

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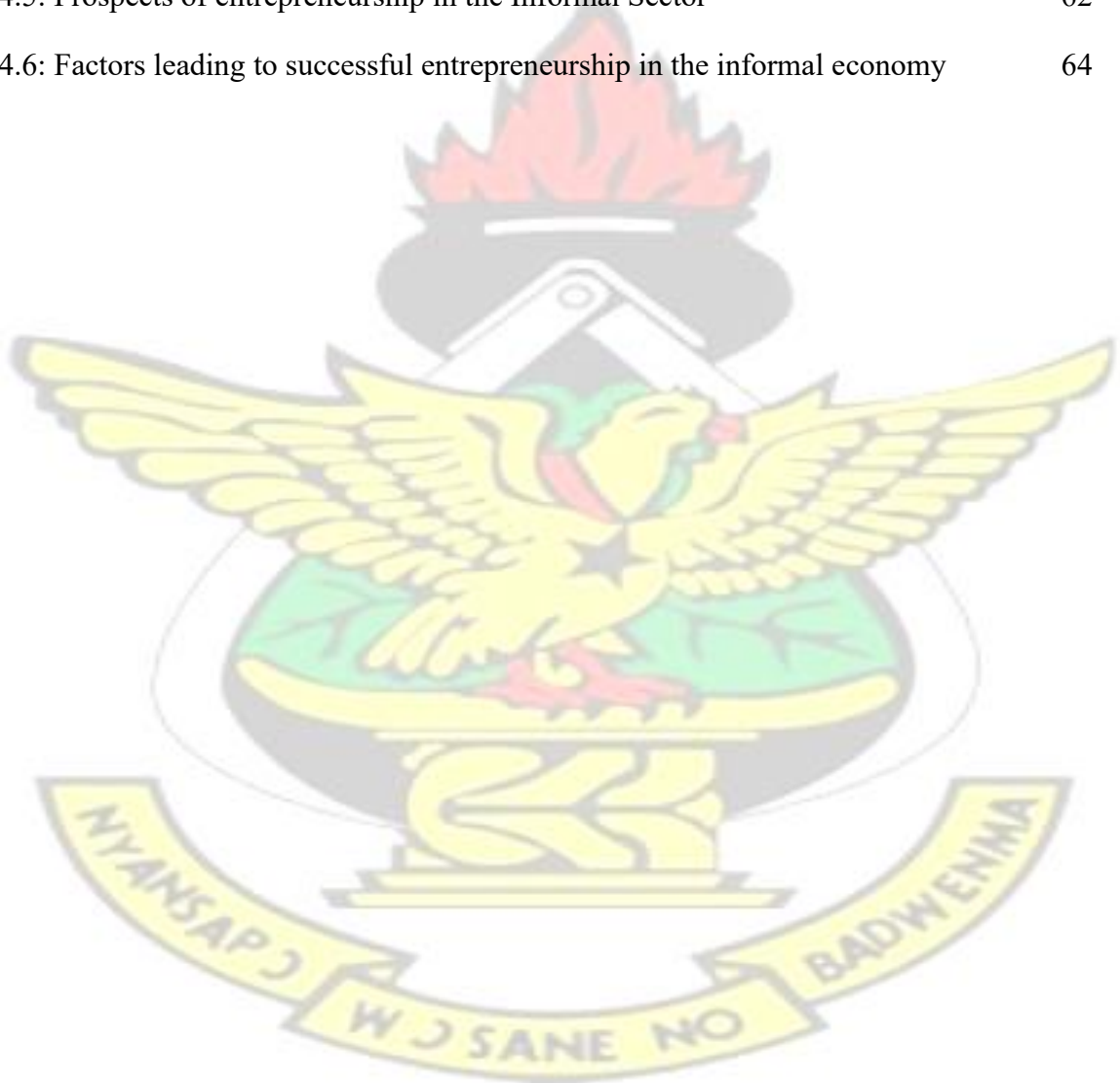
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LIST OF ABBREVIATIONS

COVID - Corona Virus Disease

GDP - Gross Domestic Product

HND - Higher National Diploma

ILO - International Labour organization

JHS - Junior High School

LA - Los Angeles

MCE - Municipal Chief Executive

MA - Municipal Assembly

NJNMA - New Juabeng North Municipal Assembly

NJSMA - New Juabeng South Municipal Assembly

OECD - Organization for Economic Cooperation and Development

R204 - Recommendation 204

SHS - Senior High School

SSM - Suruhanjaya Syarikat Malaysia

UN - United Nations

UNEP - United Nations Environment Programme.

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

This thesis evaluates the prospects and challenges of entrepreneurship in the informal economy; taking into consideration the Koforidua central market. Chapter one delivers the background to the study. It continues with problem discussion, the purpose of the research, research questions, significance of the research, scope of the research, overview of research methodology, structure of the research, limitations of the research, summary of the chapter and the outline of the thesis.

1.2 Background of Study

The informal sector of most economies has seen a surge in entrepreneurship recently and especially over the last few years. Here after, the term —informal economy‖, —informal sector‖ and —informal entrepreneurship‖ are used interchangeably in this study to refer to —entrepreneurship in the informal economy‖.

Informal entrepreneurship is a global phenomenon extensively known (Dau & CuervoCazurra, 2014; Thai & Turkina, 2014). It speaks about "entrepreneurial activities that are unlawful but continue to be regarded as legitimate by significant sections of a society." (Webb et al., 2020, p. 511). Individual entrepreneurs in the informal sector who discover and utilize opportunities engage in such entrepreneurial activity (Ireland & Webb, 2007; Shane, 2003) in a socially accepted way.

However, they do not follow all the legal guidelines related to offering goods and services in a certain nation (such as those regarding unregistered activities and off-the-books Company dealing). For policymakers, practitioners, and academicians, the actions of entrepreneurs in the informal sector have major social and economic ramifications. Informal entrepreneurship refers

to starting a business in the informal economy (Sauka, Schneider, & Williams, 2016; Siqueira, Webb, & Bruton, 2016). It is a development of the modern global economy

(Gunhidzirai & Tanga, 2017; La Porta & Shleifer, 2014; Luttikhuisen & Kazemier, 2018). (Kasim & Jayasooria, 2001) define the informal economy as the historical portion of the financial sector that is not subject to taxation or governmental regulation.

More so, the informal economy, as defined by the International Labour Organization or ILO (2015b), is comprised of economic activities carried out by entities that lack official or legal structures. Also, the Organization for Economic Cooperation and Development (OECD) defined entrepreneurship in the informal economy as "the production and sales activities that are legitimate in all aspects with the exception that these activities are purposely concealed from public authorities to avoid taxes, and has noncompliance with legal standards, rules, and regulations such as minimum wages, safety or health standards, social security contributions." The concept was mostly used in earlier studies as chaotic, unregistered, and small-scale activities taking place beyond the borders of the formal economy and within the informality setting (Mehtap, Ozmenekse, & Caputo, 2019; Williams, Martinez-Perez, & Kedir, 2017; Williams & Nadin, 2012).

According to (Acs & Virgill, 2010; Gurtoo & Williams, 2009; Hallam & Zanella, 2017), the informal economy denotes an important financial sector globally, especially in poorer nations. According to Medina & Schneider (2018) and Schneider (2002), informal economic activities typically represent 10 to 20% of the yearly Gross Domestic Product (GDP) in developed nations and up to 60% of the annual GDP in underdeveloped countries. Millions of employees' employment prospects, quality of life, and income are all greatly impacted by informal entrepreneurship (ILO, 2018; Pratap & Quintin, 2006).

ILO (2018) suggests that, the informal economy employs two billion people worldwide. For instance, 61.2% of occupations worldwide are, predictably, in the informal sector (ILO, 2018). Williams, Martinez-Perez, and Kedir (2017) asserted the informal sector to be a key advancement in entrepreneurship study given the significance of the informal sector contributions to emerging economies. Despite the significant contributions made by entrepreneurs in the informal sector to economic growth, these activities are inextricably linked to social irresponsibility, tax evasion, and regulation-avoidance (Floridi & Wagner, 2016). Unregistered businesses have traditionally been thought of as having a negative impact on firm performance (La Porta & Shleifer, 2014). From the results of significant research, entrepreneurs operating in the informal sector operate less effectively and efficiently than those doing so in formal institutional settings.

Further, during the 104th session of the ILO General Conference (2015), the adoption of Recommendation 204 (R204) for increased measures to manage informal economic activity was suggested. The R204 aims to formalize financial operations, recognize all employment as taxable revenue sources, and ease worker and economic unit transitions from informal to formal economies (ILO 2015b). In this sense, R204 is a comprehensive approach that ensures chances for entrepreneurship, income stability, and livelihood while assisting in the formalization of informal business activities. The R204 also offers practical solutions for policymakers, like the Malaysian government, to support the transfer of local informal enterprises to the formal economy. In accordance with R204, the government must properly evaluate the variables driving economic informalities in order to execute laws and make the transition to a formal economy. To safeguard employees' fundamental rights and social protection, the suggestion encourages entrepreneurial development, preservation, and sustainability with respectable jobs in the formal sector (ILO, 2015b).

Against this background, there is a need to pay attention to this line of businesses, especially in Ghana as the importance of informal entrepreneurship has already been revealed in other researches as important aspect of the economy of most developing nations. In Ghana for instance, the informal sector is the "conventional" economy, accounting for around 80% of all national sector jobs (Adom & Williams, 2014; Adom, 2014; Debrah, 2007). Unregistered or legal status of informal business firms does not matter; the informal sector nevertheless makes significant contributions to social and economic development and employment, according to some aspects of research.

It is crucial to make clear that the term of informality used in this study excludes both criminal activity and actions deemed to be illegal or illicit forms of commerce in goods and services (ILO, 2002; Smith & Christou, 2009). Prostitution and human trafficking, among other things, are not regarded as informal activities in the context of the study. As a result, the informal sector is defined in this study as visible trade activities and services that, although being illegal in terms of paying "normal taxes" (based on income) and registering businesses, contribute to the production and distribution of legal commodities and services in the economy.

However, given the abundance of opportunities in the informal sector, many entrepreneurs also encounter a wide range of difficulties that impede their ability to conduct business. Their productivity and sales are among the things that are hampered by such difficulties (Kantor 2000). Hence, it is now vital to explore the prospects and challenges of entrepreneurship in the informal economy.

1.3 Problem Statement

Past studies have however, not sufficiently examined the challenges and prospects of informal entrepreneurs in Ghana (Azmat 2013; Muhammad, Akbar & Dalziel, 2011; Singh & Belwal, 2008; Adom, 2016). Therefore, to adequately identify and address the negative effects of

informal entrepreneurship in Ghana, Adom (2016) recommended urgent research in that direction.

According to Josephine et al. (2018), informal entrepreneurship has a negative impact on the scope of government action, public revenues, and sustainable entrepreneurial development, particularly in relation to economic and social policy. Eventually, such complexities would result in unbalanced institutions, unfair competition, and impede inclusive development (ILO, 2015a; Nixon, 2017). In the end, it is deduced that informal entrepreneurship has a detrimental impact on business owners, employees, and the government. Therefore to make that best out of that sector in developing countries and for that matter, Ghana, more research into the sector would be helpful as suggested by Adom (2016).

(Knox et al., 2019; Ramasamy, 2017; Struwig, Krüger & Nuwagaba, 2019) claimed that informality hinders business growth and lowers production. For instance, a high level of informality is caused by a low national GDP (Acs & Virgill, 2010). As unregistered and undeclared enterprises complicate loan applications (International Finance Corporation, 2013; Kamath & Ramanathan, 2015; Tassin, 2014), informal entrepreneurs tend to be the vulnerable economic segment (Doorn, 2018; ILO, 2015b). Their inability to access sufficient capital limits their ability to produce and expand their businesses (ILO, 2016; Tassin, 2014; Kasim & Jayasooria, 2001).

Inadequate social protection, job rights, and favorable working circumstances are additional consequences of this informality (ILO, 2018). According to Zahiid (2018), having an ambiguous or unregistered employment status through informality reduces worker protection under Malaysian law, and include the ability to abuse the labor market, pay workers below the minimum wage and without social protection, and lead to work in dangerous conditions.

According to Williams and Horodnic (2016), tax non-compliance results from people's tax evasion and reluctance to pay tax (Din, 2016; Saad, 2014; Williams & Horodnic, 2016). Tax evasions consequently result in lost tax income and insufficient government funding for economic development (Ching, 2013; Mohamad, Zakaria, and Hamid, 2016; Pickhardt & Prinz, 2012).

On the other hand, as the unregistered or legal status of informal business firms does not change their importance; the informal sector nevertheless makes significant contributions to social and economic development and employment. That is why this research is to evaluate the prospects and the challenges of entrepreneurship in the informal sector in order to provide useful information that can consequently help in policy decisions. This can eventually improve the general economic wellbeing of developing and under developed nations

Moreover, United Nations Environment Programme [UNEP] (2009) asserts that economic tools that may be effective for a particular set of issues in one country may not be enough to solve more serious issues in a different country. Hence, the research would basically contribute to addressing the challenges faced by informal entrepreneurs in Ghana and elsewhere by offering creative and successful techniques to address some economic issues.

In view of the above, this study aims to evaluate the prospects and challenges of entrepreneurship in the Ghanaian informal economy focusing on the traders in the Central market, Eastern Region. Since Central Market is one of Koforidua's largest informal settlements and is home to several informal trading operations from various locations throughout Ghana, it serves as the ideal environment for our study. This study looks at the conditions and actions of these market women and men and how they look for solutions to the problems they encounter in the unregulated market.

1.4 Research Objectives

The general aim of this study is to evaluate the prospects and challenges of entrepreneurship; identify the strategies developed to deal with challenges in entrepreneurship in the sector and find out about prospects of entrepreneurship in the informal sector of Koforidua. The exact objectives of this research are as follows:

1. To identify the challenges confronting entrepreneurship in the informal economy.
2. To explore the steps the entrepreneurs in the informal economy take to curb the challenges they face.
3. To identify the prospects of entrepreneurship under the informal economy of the Koforidua Central market.

1.5 Research Questions

In order to achieve the above objectives of this research, the researcher is guided by the following specific questions:

1. What is the nature of the challenges of entrepreneurship in the informal economy?
2. How do these entrepreneurs in the informal economy mitigate the challenges they face?
3. What are the prospects of entrepreneurship in the informal sector?

1.6 Significance of Research

The significant nature of this study falls in three (3) main ways: theoretical, political, and practical. The theoretical aspect of this study provides academics and researchers empirical evidence from the study to focus on the actual prospects and challenges of informal entrepreneurs in the central market. Consequently, this fills the information gap in the literature with respect to the issues of entrepreneurship in the informal sector in Koforidua and across

other Regions in Ghana and beyond by delving into the important concerns of entrepreneurship in the informal sector.

In terms of managerial and policy perspectives, this study offers useful data on the applicability of entrepreneurship to the Ghanaian economy in order to boost appropriate development of the nation. Policies to lessen or regulate the difficulties these informal entrepreneurs encounter are suggested. Structures for accommodating the services of unregistered business owners in the sector can be incorporated into policies. This will for instance, lessen the constant harassment carried out by city officials through the seizure of goods of these informal entrepreneurs since they lack or cannot afford proper location to conduct their business operations.

Additionally, it would help strengthen procedures for foreigners to enter the nation easily, by assisting informal entrepreneurs in growing their enterprises and launching new ones in the industry. This study serves as a product for the formalization of the informal economy by the government, and it similarly offers essential information.

In view of the practicality, the study highlights accessible market and industry information to players in the informal sector. Entrepreneurs can utilize this to help them decide how to best run their business given the challenges and prospects that exist there. Again, it encourages and gives informal entrepreneurs the tools they need to understand the core of the difficulties they encounter and to shed more light on the solutions they must find for themselves.

1.7 Scope of the Research

The study covers both market women and men in central market. The central market was chosen since it is thought to be Koforidua's largest informal settlement (Afenah, 2010).

Additionally, a sizable portion of the population of the nation is still included.

1.8 Overview of Research Methodology

The research employed a qualitative method and included data from both primary and secondary sources. The survey research method was selected since it is widely used to gather data about a specific population. In a qualitative study, Creswell (2003) suggested that the best sample size is between five (5) and twenty-five (25) participants. This accentuates the fact that the sample size chosen was twenty-three (23) people. The area of study of the research is within the New Juabeng South Municipality of Ghana and the sample population of the chosen market may reflect the entire market. The information gathered through surveys and papers were edited, classified, tabulated, and translated into frequencies.

1.9 Structure of the Research

This study is characterized into five chapters. The first chapter highlights on the introduction of the research, the background provided in the study, the problem of the study, the research objectives, scope of the study, significance of the study, overview of study and limitations of study.

The next chapter, which is Chapter two, concentrates on reviewing literature on the concept, entrepreneurship in general, dimensions of entrepreneurship, informal economy, informal entrepreneurship, significance of informal entrepreneurship, informal entrepreneurship in Ghana, internal factors to operate in the informal economy, external factors to operate the informal economy, challenges faced in the informal sector, steps needed to curb the challenges faced in the informal sector, as well as the prospects of informal entrepreneurship.

Chapter three gives a thorough overview of the methodology of the research. It expounds the research design, the study population, sampling technique/procedures, source of data, instrumentation, method of data analysis, reliability and validity, and ethical principles. Then, chapter four provides the final outcomes and full discussion of the analysis. Where as, the final

chapter, which is Chapter five, presents the summary, conclusion, and recommendation, based on the findings of the study.

1.10 Limitations of Research

The study is limited in scope; it concentrates on Central market, which is situated in Koforidua, the Eastern Region. Therefore, it is unknown if the results of the research apply to other business centers in the region or beyond.

In tallying, the handling of the data was largely and primarily done in a manual way. It might have human limitations. Due to the massive amount of records that were generated, it's possible that not all of the problems that occurred received careful attention; instead, only the major problems that were integrally linked to the study were looked at. This is because attention was given to issues that respond to the research questions and objectives.

1.11 Chapter Summary

This chapter gives introduction to the study; it outlines the problem statement, the research purpose, the research objectives, and the research questions. It also gives an overview of the study area, discusses the significance of the study and finally, puts the subsequent chapters in perspective.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the relevant literature and other studies which have been conducted around the study topic with a brief overview of entrepreneurship, as well as concept and dimensions of entrepreneurship. The chapter goes on with historical background of the informal economy, entrepreneurship in the informal economy of Ghana and significance of

entrepreneurship in the informal sector. It then continues with informal entrepreneurship, challenges of entrepreneurship within the informal sector as well as the internal and external factors that push entrepreneurs to operate in the informal economy.

2.2 Entrepreneurship in General

Though, entrepreneurship has been crucial to the development of many nations, it has no agreed definition. Ulijn and Brown (2004). According to the Oxford Advanced Learner's Dictionary, —entrepreneurship is the activity of making money through the founding or running of businesses, particularly when such activity involves taking financial risks.

Regarding the context in which it is employed, different scholars have varied opinions on it. (Shuaibu et al. 2021). Eventhough, coming up with new ideas by individuals in the quest to solve major societal problems form the bedrock to entrepreneurial activities, the concept of entrepreneurship remains elusive.

For instance, according to Licht, A.N., & Siegel, J.I. (2005), entrepreneurship is viewed by the psychologist (behaviourist) as —the need for achievement, perceived locus of control, and risk-taking propensity. To the economist, it involves dealing with the factors of production (land, labor, capital, and entrepreneur) and taking the risk of making purchases at predetermined prices and sales at varying prices. While the sociologist views it as the ability to recognize and seize commercial possibilities in order to deliver social services. Actually, none of these approaches is sound and all-embracing because each focuses on some aspects of entrepreneurship but not all. Licht et al (2005). Hence, there are various concepts of entrepreneurship.

2.3 Concept of Entrepreneurship

The word entrepreneurship comes from a French word of the 13th Century, “*entreprendre*”.

In the 1730s, Richard Cantillon coined the term "entrepreneur," which is simply French for "undertaker," to refer to people who engage in self-employment and accept an uncertain income. Licht, A.N. & Siegel, J.I. (2005). Different studies have sought to categorize entrepreneurs based on the nature and mode of operation.

According to Shuaibu H. et al (2021) entrepreneurs are categorized into three different groups, namely, Craftman, Promoters and Opportunists Entrepreneurs. They refer to the Craftsman entrepreneurs as people who desire autonomy, usually own small businesses and are self-employed. Craftman Entrepreneurs acquire the technical know-how or skills through training in vocational or technical centres/ schools. They are found in businesses like joinery, carpentry, hair dressing, tailoring, welding, and electronics repair-work, among others. Then the Promoters Entrepreneurs who are also called Traditional Entrepreneurs establish, grow, develop, and sell different businesses or business ideas in the quest to make profits. They usually initiate ideas, develop them and later relinquish them for profit.

Thirdly, there are the Opportunist Entrepreneurs also known as Managerial Entrepreneurs who use a structural approach when starting a business. They build small businesses and nurture them into bigger or large scale enterprise. These entrepreneurs are educated, professional, experienced and versatile. Their main focus is on the industrial setting's production, sales, marketing, and financial management. They have a high social prestige as a result of their successful business management, are proficient in the administration of both human and material resources, and are well compensated.

However, Schumpeter (1934: 93-94), the patron saint of all entrepreneurs, believes that people rather embark on entrepreneurship because of a certain motivation. He portrayed that the motivation of entrepreneurship lies in the satisfaction of producing, in the accomplishment of tasks, or simply in the use of one's creativity and ingenuity. Economic activity in his perception

is akin to sports, implying that the financial outcome is always the last thing to be taken into consideration. Schumpeter's central claim that businesspeople don't want money in order to increase consumption seems to go counter to popular perceptions of economic agents; however, his argument has recently been supported by others.

According to Hamilton's (2000) research, the median wages of American entrepreneurs after ten years in business are 35% lower than the anticipated alternative income for a position of a similar tenure. Hamilton uses a self-selection model, which demonstrates that entrepreneurship is rather embarked on by higher ability workers than lower ability ones as may be the presumption. It is also demonstrated by Moskowitz and Vissing-Jrgensen (2002) and Kerins, J. Smith, and R. Smith (2004) that entrepreneurs forego financial gains in order to pursue entrepreneurship.

In line with the above assertions, a research was conducted by Amit et al. (2001). A comparison was made between Canadian entrepreneurs with senior managers. It was discovered that in comparison to a total of eight other decision-making factors (namely, vision, stability, power, lifestyle, leadership, innovation, independence, ego, contribution, and challenge), achieving riches was substantially less important to entrepreneurs. This further brings us to the different dimensions of entrepreneurship.

2.4 Dimensions of Entrepreneurship

Several authors talk about Entrepreneurial orientation, giving important consideration to the value of thinking and acting entrepreneurially and the dimensions of entrepreneurship. It is believed that apart from coming up with new ideas and starting a business from the scratch, career advancement is facilitated by entrepreneurial ideas and behavior. Entrepreneurial Orientation is necessary in every business and so non-entrepreneurial organizations stand the

risk of being left behind as the world is rapidly changing. Consequently, there are 5 different dimensions of entrepreneurship which are autonomy, competitive aggressiveness, innovativeness, proactiveness and risk taking. Certo et al (2009).

Autonomy talks about the tendency to bring forth new ideas and the ability to bring it to completion. It is relevant to assess whether the teams or individuals within the organization are given the freedom to develop new ideas and see to its finishing or not. Considering autonomy, an organization that develops quickly does not allow certain traditions or norms to hold individuals back and as such individuals are more able to successfully research and promote fresh ideas. Certo et al (2009). An example of some large organizations that benefited from encouragement of autonomy is the Canadarm development programme which was signed over to NASA (National Aeronautics and Space Administration) in February 1981, at Spar's Toronto. Doetsch et al. (2013).

Furthermore, competitive aggressiveness talks about the tendency to rather challenge rivals intensely and directly instead of avoiding competition. Aggressive moves may be carried out in different spheres of life even in the political arena. Certo et al (2008). For instance, when Justin Trudeau became the leader of the Liberal Party in Canada, he was subject to ads targeting his judgment and, specifically, his comments on the economy, terrorism, and the legalization of marijuana (Maloney, 2014). Aggressive moves may include price-cutting and increase in spending on marketing or quality etc. However, too much aggressiveness may impede success of an organization or aggressiveness may even backfire.

In addition, innovativeness refers to the propensity to seek out new concepts, create process and explore. It aims to create new products, services and processes. It does not matter so much whether it improves existing skills to make incremental improvements or entails novel concepts that call for brand-new abilities and degrade existing skills. (Certo et al, 2009). FedEx unveiled

the Smart Package, which enables shippers and recipients to keep an eye on the location, temperature, and humidity of their packages. For those in the business of carrying delicate commodities, such as human organs, this kind of innovation is a welcome addition to FedEx's lineup. (Lumpkin et al, 1996)

However, in his book, Strategic Management, Reed Kennedy suggests that autonomy and innovations can reinforce one another by citing examples of Google and Fedex allowing employees room to come up with new ideas as part of their jobs and also meet the very need of customers by coming up with those ideas.

Proactiveness also talks about the tendency to anticipate and act on future opportunities rather than rely solely on existing products and services. Such organizations are usually the first to enter new markets or are the ones who quickly improve on a new idea by another organization to gain a better standing. They are always looking for opportunities. (Certo et al, 2009). Proactive Communication, a small firm in Texas for instance, which has lived its name very well provided their services in Iraq and other hostile areas where other telecommunications firms feared to operate and so carved a niche for themselves.

Then the last but not least talks about risk taking which refers to the propensity to behave bravely rather than cautiously. (Certo et al, 2009). For instance, in 2009 Starbucks introduced a brand-new instant coffee called VIA Ready Brew, which was a dangerous move.

Numerous coffee lovers have long regarded instant coffee as a bland beverage, but Starbucks determined that the chance to provide its product in several "make-at-home" formats was worthwhile despite the danger involved in linking its name to instant coffee.

Although it's a misconception that entrepreneurs always take risks. Research indicates that this is not the case. Actually, the majorities of entrepreneurs only act after employing planning and

forecasting to lessen uncertainty and so do not view their activities as risky. (Simon et al, 2000). Entrepreneurs may therefore operate under the formal economy or the informal economy depending on their forecast and strength.

Additionally, when considering developing nations, entrepreneurial endeavors are firmly anchored in the formal as well as the informal sectors (Olarenwaju & Olabisi, 2012). The actions of informal entrepreneurs have consistently been characterized as having a wide range of potential and being a crucial component of economic development (Kus, 2014; Chong & Gradstein, 2007; Van Stel, Carree & Thurik, 2005; Ahmad, Ibrahim & Ismail, 2011). For instance, many people started businesses in the informal economy to revive the sector in Malaysia during the Asia Financial Crisis in 1997–1998 when the country's economy slowed down and there were no jobs available (Suhaimi, Al Mamun, Zainol, Naw, Permerupan, & Malarvizhi, 2016). People gained the opportunity to make ends meet due to the ease of entry into the sector as well as the available places they could do businesses (Idris & Siwar, 2003). For the purpose of this study, the focus would be on entrepreneurship in the informal economy.

2.5 Significant History of the Informal Economy

Early civilization can be used as an introduction to trace the informal economy's history. Since it involves bartering for goods and services, it is thought to be an ancient means of exchange (Arthur & Sheffrin, 2003). Before money was created, people engaged in barter trade which is a type of informal trade, by exchanging what they had for different commodities and services. The idea that impoverished nations with low incomes may develop into modern nations with competent producers and traders was discussed in the 1950s and 1960s. The formal economy will subsequently include more informal jobs as a result. The assumption of the right blend of policies and economic resources was reinforced by the reconstruction of the industrial expansion during World War II in Europe, Japan, and North America.

The success of the economy's expansion in the 1960s gave us the opportunity to discuss issues relating to the overspread of unemployment in developing nations.

The International Labor Organization (ILO), which expressed worries about this issue, developed the idea of "employment missions" in several less developed nations. The phrase "informal sector" was first used in 1971 by British anthropologist Keith Hart while researching economic activities among migrants in rural Ghana, namely in the Greater Accra Region (Hart, 1973).

In addition, (Hart, 1973) came to the conclusion that a significant percentage of migrants were actively engaged in unofficial activities that had independent sources of income despite capitalist dominance and outside restrictions. In Kenya in 1972, the International Labor Organization (ILO) conducted its first employment mission. According to the mission team's findings, the informal economy had not only survived and thrived but had also accepted advancements like being more successful and effective. The idea continued coming up when Hart and the Kenyan missions both mentioned how resilient, effective, and creative the industry is. On the one hand, a sizable group of people mentioned the informal sector as peripheral and common in less wealthy economies since it is unrelated to contemporary capitalist development. With modern industrial development or economic expansion, it was believed, the informal economy would disappear.

On the other hand, some people believe that the expansion of informal employment and the creation of industries may take place in emerging nations rather than advanced economies. In the 1980s, the argument was expanded to include changes in established industrialized nations when the production of goods was reorganized into decentralized, small units. The modifications relate to the informalization of the workforce. Standard employment became atypical jobs, while non-standard jobs evolved into hourly-paying jobs with limited perks.

According to Portes, Castells, and Benton (1989), the informal economy became an ineluctable aspect of capitalist development, although one that was dependent and subordinate. Economic disaster in Latin America and Asia in the 1980s and 1990s, respectively, showed that people who are unable to keep their employment in the formal sector find themselves jobs in the informal sector in order to make a livelihood. Moreover, families must supplement their formal employment income with money from the informal sector of the economy when there is high inflation. Standing (1999), notes that during the 1990s, modernisation of the economy played a role in the informalization of the labor force across a wide range of industries and nations.

Since its conception, Chen (2012) writes, there has been debate about the informal economy's role in economic growth. According to other researchers, the informal economy acts as a "cushion" during economic downturns or a "pool" of entrepreneurial skills (Boyle & Joham, 2013). Some argue that the informal economy presents problems because employees there purposefully avoid paying taxes and complying with regulations (Chen, 2012). In contrast to earlier forecasts made about the informal sector, it has nonetheless been growing and emerging in novel and unusual ways. According to Chen, Jhabvala, and Lund (2002), it is now acknowledged as a crucial component of the workforce in economic development.

Therefore, by changing the term from "informal sector" to "informal economy," the 2002 global recognition and size of the informal sector revealed a substantial movement in informality (Baicu & Corbu, 2016). According to prior studies (Al Mataani, Wainwright & Demirel, 2017; Webb et al., 2013; Williams & Baric, 2014), enterprises engaged in the informal economy are unregistered businesses that sell counterfeit goods in violation of labor rules. However, according to Al-Mataani, Wainwright, and Demirel (2017), the informal sector has also been referred to as the cash-in-hand, shadow, undeclared, and hidden economies.

2.6 Entrepreneurship in the Informal Economy

According to its definition, those who operate in the informal sector are referred to as informal entrepreneurs (owners or managers) who actively participate in starting a business. The only illegal activity that informal sector firm owners engage in is engagement in unregistered or hidden operations from tax authorities (OECD, 2002; Sauka, Schneider & Williams, 2016; Siqueira, Webb & Bruton, 2016). According to Adom & Williams (2012), Keling & Entebang (2017), and Setareh, Mohammadreza & Ahmadreza (2018), entrepreneurial traits play a key role in the success of informal entrepreneurs' firms. Age, gender, educational attainment, and work experience are among demographic factors that may affect how entrepreneurs operate in the informal economy (Hartati et al., 2015; Williams & Shahid, 2016).

According to Fisher, Martiz, and Lobo (2014) and Islam et al. (2011), many human characteristics (personality traits, entrepreneurial orientation, and entrepreneurs' self-efficacy) motivate informal entrepreneurs to work in the informal economy. Examples of the inner beliefs that push informal entrepreneurs to work in the informal sector include personal autonomy and having a positive outlook (Hartati et al., 2015; Williams & Gurtoo, 2011). This study linked the traits of entrepreneurs to the internal drivers of informal economy operations (described in the following sections).

In relation to Welter, Smallbone, and Pobol (2015), entrepreneurship in the informal sector is a global characteristic of entrepreneurial activity. According to earlier research, the existence of informal businesses is rather frequent in the majority of developing nations (Hallam & Zanella, 2017; Pratap & Quintin, 2006). In developing countries, the emergence of market stalls, street vendors, casual trading businesses, and employees engaging in informality are social norms (Raflis, Omar & Ishak, 2016; Suhaimi et al., 2016). Over the years, informal entrepreneurship has expanded quickly (Santos & Ferreira, 2017; Schneider & Buehn, 2013; Williams, 2011).

According to Schneider (2002), state regulatory initiatives as well as hefty tax and social security payments may be the primary contributors of the informal economy's size and expansion.

2.7 Entrepreneurship in the Informal Economy of Ghana

In Ghana, which is a developing nation with a sizable informal economy (Raflis, Omar & Ishak, 2016; Suhaimi et al., 2016), informal business activities are accepted by the general public and the appropriate authorities (Baharudin et al., 2011). According to the Department of Statistics (2016), informal entrepreneurs and their businesses are defined as being unregistered with Suruhanjaya Syarikat Malaysia (SSM) or Los Angeles (LA), have at least one good or service for sale or barter-based transactions, and employ people without providing them with any legal protection from labor laws, social security rules, or collective agreements.

According to the National Informal Sector Workforce Survey Report 2017 (Department of Statistics, 2017), a sizeable portion of the local workforce was employed in the informal sector. 10.6% of non-agricultural employment in 2017 came from the informal sector. 1.36 million workers, or 9.4% of all local employment, are employed in the informal economy. Following are the categories for the 2017 workforce survey data.

(i) By strata: with an annual growth rate of 5.1%, the urban region constituted 82.1% (1.12 million) of the informal employment. Nevertheless, compared to 391.2 thousand jobs in 2015, 17.9% (244 thousand) of the informal employment came from rural regions, and this number declined by 23.6% annually. (ii) By industry: the proportion of informal economy employment was the highest in the service Industry (62.1%), followed by construction (20%), and manufacturing (17.2%).

(iii) By employment status: independent workers were more employed in the informal economy with an economic impact of 69.4%.

Contrarily, following previous research (Tellegen, 1997; Ahmad, Rahman & Ismail, 2011; Williams, 2011) and rural residents' migration to urban areas, rural areas did not report increasing informal entrepreneurship and employment. Williams (2011) affirmed that the inability of rural communities to gain employment in urban areas led to informal business establishments in urban locations.

Based on the report, informal entrepreneurship activity included all business sectors, including manufacturing, services, and construction (Department of Statistics, 2017). Suhaimi et al. (2018) ascribed the distribution to the ease of setting up enterprises in the service sector.

Meanwhile, due to compliance with numerous rules, the construction and manufacturing industries exhibit relatively low informality (Wells, 2007). The survey also showed that the majority of independent employees in the informal sector (Department of Statistics, 2017) were self-employed people or unregistered business owners.

2.8 Significance of Entrepreneurship in the Informal Economy

According to Blades, Ferreira, and Lugo (2011) and Charmes (2012), entrepreneurship in the informal economy is important for advancing financially. In-demand GDP results and unstructured job prospects were previously highlighted as the two main contributions of informal entrepreneurship to national economies (Duarte, 2014; Bureau & Fendt, 2011; Williams & Windebank, 2000). Schneider (2002) calculated that the informal economy contributed between 10% and 20% of GDP in developed nations and between 10% and 60% in their developing counterparts. Based on Charmes (2012), Sub-Saharan Africa reported the highest informal economy contribution to the GDP (62.6%), followed by India (54.2%), and Central and Eastern Europe (19.5%). Webb et al. (2013) stated that such activities occur within informal institutional boundaries (social norms, values, and beliefs) and outside formal counterparts (rules and regulations).

In the opinion of Williams, Martinez-Perez, and Kedir (2017), informal entrepreneurial activities are deemed harmful to capitalist economic growth or financial development. According to Gunhidzirai and Tanga (2017), such activities signify productive endeavors that reduce poverty as a result of few possibilities for employment. The majority of people are employed in developing countries by the informal economy, according to ILO (2018). In line with earlier research (Blades, Ferreira, and Lugo, 2011; Williams & Windebank, 2000), informal entrepreneurship promotes job opportunities as the main source of unofficial employment in developing countries.

International Labour Organization (ILO) revealed that, Africa accounts for over 85.8% of all informal employment, followed by Asia and the Pacific (68.2%), Saudi Arabia (68.26%), the Americas (40%), Europe (25.1%), and Central Asia (25.1%). Particularly in underdeveloped nations, informal entrepreneurship has a big impact on opportunities for employment being generated. The ILO (2018) estimates that two billion people (61.2%) around the world were working in the informal economy. In addition, compared to their developed counterparts, developing countries have larger informality shares. Over two-thirds of the employed people (69.6%) are found in developing countries, whereas less than one-fifth (18.3%) of the working population comes from developed countries.

Similarly, Berman (2018) and Weng (2015) noted that emerging nations have a higher proportion of informal entrepreneurs than their developed counterparts due to a greater rural population that predominantly relies on subsistence agriculture for income. Hence, the importance of entrepreneurship especially in the developing countries cannot be overemphasized.

2.9 Challenges of Entrepreneurship within the Informal Economy

Entrepreneurs within the informal economy generally have low representations of voices that have negative effects on informal entrepreneurial activities. The United Nations (UN) Conference for Trade (2001) mentions that legal imbalances in the legal structure are the fundamental issues informal entrepreneurs face. Some of the challenges faced by informal entrepreneurs include inadequate access to finance (World Bank, 2012; Vossenberg, 2013), technological challenges (Adom, 2016), environmental challenges (Osei-Boateng & Ampratwum, 2011), and transportation challenges (Rwigema, Urban & Venter, 2008).

It is well known that access to financing is difficult for business owners in the informal sector (Cook, 2001). While the formal economy benefits from the credit market, the informal sector is denied access to financing. According to Spring and McDade (1998), this is due to the fact that unregistered business owners in developing nations are unable to provide the necessary collateral for loans or because the interest rates charged by banking institutions are too high. As a result, the informal sector is forced to rely mostly on unofficial channels for obtaining credit or from the unorganized credit market. For instance, Ozsoy, Oksoy, and Kozan (2001) find that business entrepreneurs in Turkey rely on family resources for financial assistance. The Scholars point out that Turkish businesses' ability to expand is constrained by a lack of or insufficient access to financing.

Also, the informal sector continues to face difficulties due to poor environmental conditions. This occurs when individuals operate from both their houses and from the market, often setting out goods on a table to sell and doing so while seated under a tree (Osei- Boateng & Ampratwum, 2011). According to Mitullah (2006) and Sidzatane and Maharaj (2013), business owners who labor in unfavorable environments exacerbate their health problems. This is because business owners in the informal sector are ignorant of risky procedures. Just a few of

these health problems include the flu, malaria, and cholera. According to Kwankye, Anarfi, Tagoe, and Castaldo (2007), the issue is not simply how the environment affects those who work in the informal sector but also how to lessen the difficulties.

In a similar vein, Horn's (1998) research in Zimbabwe discovered that the country's small businesses had been hindered by their inability to obtain bank loans. Similar to this, a research by Ariyo and Jerome (2004) on small businesses in Nigeria shows that the majority of Nigerian businesses are denied access to financing because banks view small businesses as risky business operations. These problems are not unique to Ghana, as Chamlee-Wright (1997), contends that informal entrepreneurs suffer a number of challenges, including difficulty accessing financing.

The issue of electricity and technology is yet another difficulty faced in the informal sector. The state of human understanding regarding how to assemble resources to address issues, bring about desired outcomes, gratify desires, or meet needs is referred to as technology. The informal economy faces significant electricity-related challenges. For instance, frequent power outages while employees are at work cause the majority of damage to their equipment or facilities (Tonelli & DalGLISH, 2012). In a similar line, technology is confirmed by Auyeung (2004) to be one of the difficulties faced by informal businesses in Nigeria.

In addition to the issue already discussed, Okpara and Wynn (2007) note that people working in the informal sector have limited access to contemporary resources like the internet because the majority of them are unable to conduct basic internet searches. The only skill required is the ability to make and receive phone calls. Making and receiving phone calls is the sole skill required; in addition, effective communication is challenging in much of Nigeria. Therefore, Aiyedun (2004) advises the necessity for the government to offer effective communication, decent water supply, good roads, and rural wireless telephony, among other things.

Most developing nations including Ghana face similar situations. For instance, the majority of those working in Ghana's informal sector find their activities hindered by the country's relatively weak electricity supply (Chu et al., 2007). Some few years ago, this gained the distinction of being known locally as "Dumsor" (to wit: on and off) (Adom, 2016). As a result, the unreliable power supply has made business owners even more unhappy, especially those in the industrial industry. Additionally, some researchers (Ofori & Osarenkhoe, 2009) contend that the technology used in Ghana's informal economy is almost usually in poor conditions. This is a result of the fact that independent entrepreneurs often make their own tools because there isn't the right technology, therefore they have a tendency to rely extensively on labor-intensive manufacturing processes.

Transporting their goods from one place to another is another challenge for a lot of illiterate entrepreneurs. This is partially due to the fact that some transportation networks do not reach the homes of informal traders, and in those instances where they do, it becomes expensive for them to use the service. Additionally, the types of commodities that can be transported on a bus are sometimes limited for informal traders. If this occurs, it may encourage informal traders to use people as carriers to move the items (Rwigema, Urban, & Venter, 2008). This reduces profitability and delays the release of items onto the market. After all the challenges discussed above, it is important to know what influence people to pursue or refrain from entrepreneurship in the informal economy which leads us to the rest of the literature discussed below.

2.10 Internal Forces that Encourage Entrepreneurs to Engage in the Informal Economy

People participate in the informal economy for a various reasons. According to earlier research, an entrepreneur's traits influence whether or not they choose to work in the informal sector (Suhaimi et al., 2016; Williams, Shahid & Martinez, 2016). Similarly, this research saw characteristics of entrepreneurs as internal factors motivating informal entrepreneurs. In order

to support business owners' participation in the informal economy, Williams and Horodnic (2016) used tax morale, or business owners' intrinsic drive to pay taxes.

According to Williams and Horodnic (2016), entrepreneurs with low tax morale are more likely to engage in informal entrepreneurship, and the opposite is also true. According to Williams and Shahid (2016), Abiola et al. (2017), and Suhaimi et al. (2016), informal businesses in Pakistan, Nigeria, and Malaysia exhibit low tax morality and a high level of tax avoidance. This finding is consistent with their findings. Previous studies (Djafar, Garba, & Mansor, 2013; Giacomini et al., 2011; Kandasivam, 2018) also looked at participation motivations in the informal economy based on the necessity-opportunity dichotomy. According to Williams, Shahid, and Martinez (2016) in Pakistan and Kumi and Mensah (2017) in India, necessity-driven entrepreneurs are forced to engage in informal entrepreneurship due to the lack of or dissatisfaction with other employment alternatives (Williams, 2008).

Unemployed people are compelled to start their own businesses in Oxenfeldt (1943) in order to survive. According to the research, entrepreneurs who are motivated by necessity engage in informal trade since it helps them to support themselves. Thus, the inability to find employment in the formal sector motivates entrepreneurs to participate in the informal economy (Tellegen, 1997).

Based on Webb et al. (2009), one of the factors influencing entrepreneurs' participation in the informal market is their lack of confidence in the formal economy. High uncertainties regarding formal institutional competency exist in economies that are plagued by sociopolitical inconsistencies and corruption (Fuentelsaz, González, & Maicas, 2019; Pejovich, 1999). Entrepreneurs who distrust such institutions stay in the informal sector instead of entering the formal one.

According to Ouédraogo (2017), formal economy corruption and bribery may cause people to lose faith in governmental institutions and may make the chances available in the informal sector appear greater. In a 2017 interview, Henning and Akoob discovered that women in rural communities who were self-employed did so informally in order to earn more money. It is regrettable that women in poor nations have more difficulty obtaining high-paying jobs due to their lower social position (Williams & Gurtoo, 2012). As a result, many people are forced to work in the informal economy in order to increase their income. Per the research of Khan and Khan (2009), women prefer to start their own businesses in order to raise the standard of living for their families and improve their quality of life.

Aside women business owners, other people also work in the informal economy for financial gain. The assertion was in line with Meier and Rauch's (2005) theory that people's desire for more money creates opportunities for greater revenue in an informal setting. Since the informal economy is thought to have more beneficial effects than negative ones, some business owners opt to operate there (Neill, Lynn, & Jonathan, 2017; Williams & Nadin, 2012). Entrepreneurs engage in informal business for a variety of reasons, according to Williams (2007a), including financial gain, social standing, and operational flexibility. Williams and Nadin (2014) also said that because informal entrepreneurship is so common, informal entrepreneurs do not notice the negative effects of their activity.

2.11 External Forces that Encourage Entrepreneurs to Engage in the Informal Economy

In operating within the informal sector, entrepreneurs are influenced by external stimuli (people, surroundings, and cultures), according to previous research (Chepurensko, 2018; Kiggundu & Pal, 2018). As stated by the OECD (2007), external factors that affect entrepreneurs' retention in the informal economy include the obstacles to operating formal firms. Opportunity-driven counterparts are wealthy people who work in the informal economy

to take advantage of business opportunities that exist there, as opposed to necessity-driven entrepreneurs who are forced to do so in order to survive (Giacomin et al., 2011; Kandasivam, 2018; Williams, 2008).

Opportunity-driven entrepreneurs have little alternative but to operate in the informal sector in order to manage as many possibilities as they can, following Bögenhold and Staber (1991) and Djafar, Garba, and Mansor (2013). De Beer, Fu, and Wunsch (2013) further confirmed that the informal economy's desire for inexpensive goods and services offers a wealth of fulfillment prospects. Such people frequently look for work in the informal labor markets as a result of the unemployment caused by an excess of human resources in the official labor market (Davies & Thurlow, 2009; ILO, 2002).

Due to the low job criteria, such as minimal compensation, some business owners choose to use informal labor (Jolly, 1973). Additionally, Ram et al. (2017) acknowledged that as their employees are not registered with the labor organization, businesses continue to operate in the informal economy. For example, business owners are hesitant to register on behalf of their employees. Due to the skillsets of informal workers resembling those of formal workers, however at lower pay rates (Leonard, 1998), Kumi-Kyereme (2012) argued that business owners who cut business operation expenditures, such as spending on human resources, further participate in the informal economy.

Economic incentive is one of the external elements impacting entrepreneurs' operation in the informal sector due to low business operation costs (Adele et al., 2015; Ren, 2012). According to Shapland and Heyes (2017), formal entrepreneurship (enterprise endeavors in the formal economy) has higher costs as a result of paying taxes and adhering to legal obligations. As a result, it is thought to be more efficient and advantageous to operate informally because the advantages (social security and infrastructure investments) outweigh the disadvantages (taxes,

policy, and regulatory restrictions) (Webb et al., 2013). As a result, this research came to the premise that entrepreneurs participate in the informal sector when the financial rewards for doing so are greater.

The participation of entrepreneurs in the informal economy is also externally influenced by official laws and regulations. In order to avoid following the law, such as paying taxes and abiding by labor rules, informal entrepreneurs opt to engage in informal business (OECD, 2002; Williams & Nadin, 2012; Williams, Martinez-Perez & Kedir, 2017). Torgler & Schneider (2009), Shapland & Heyes (2017), and Williams, Horodnic, & Windebank (2015) all go into great detail on the claim. In Torgler & Schneider (2009), Shapland & Heyes (2017), and Williams, Horodnic, & Windebank (2015), this argument is discussed in great detail. Many entrepreneurs find it difficult to follow established laws, so they engage in less controlled informal activities. For instance, high registration costs for businesses and difficult registration procedures deter entrepreneurs from starting formal businesses, hence sustaining the informality (Webb et al., 2013).

Also, entrepreneurs' decisions to choose the informal economy are influenced by the discrepancy of the formal and informal economies (Webb et al., 2013). According to an institutional perspective, (i) the level of bureaucracy in institutional settings, (ii) social acceptability within informal economic activities, (iii) enforcement in formal institutions, (iv) strict and radical changes of policies, (v) ambiguous jurisdictions, and (vi) conflicting interests across institutional centers may all be factors that promote participation in the informal economy (Webb et al., 2013). According to Bureau and Fendt (2011), such situations lead entrepreneurs to rely on the informal economy's current norms, values, and beliefs. Williams and Shahid (2016) also showed that there are more informal business establishments when there is a high degree of incongruence between formal and informal organizations.

Given people's living situations, social factors "pull" entrepreneurs to participate in informal entrepreneurship (Prelipcean, Bucaciuc, & Baicu, 2016). Entrepreneurs would be encouraged to break the law in a society that prioritizes social situational considerations (Webb et al., 2009). Owing to the social customs of neighborhood hawkers, some entrepreneurs engage in informal commerce. Rafliis, Omar, and Ishak (2016) made a similar claim, claiming that entrepreneurs will copy those around them. Chepureenko (2018) also emphasized, under the heading of social issues, how family ties affect family-oriented entrepreneurs' participation in the informal economy in a way that resembles that of those who came before them.

2.12 Summary of the Chapter

In summary, the concept of entrepreneurship may be elusive and the various dimensions and mode of operations may impact on one's success, developing countries have more entrepreneurs in the informal economy than developed ones. This might be because there are more people living in rural areas, and in developing nations and the majority of them depend on informal agricultural activities for a living. However, the informal economy, often known as the cash-in-hand economy or the hidden economy, can be traced back to the dawn of civilization.

In reality, entrepreneurship in the informal sector consists of operations that are entirely legal, with the exception of the fact that businesses are either unregistered or kept a secret from tax officials. According to studies, informal entrepreneurship makes important contributions to national economies in the form of GDP outcomes and opportunities for informal employment. Therefore, individuals may be coerced by internal or external forces into the informal sector, despite the fact that entrepreneurship in this economy is fraught with difficulties like poor voice representation, limited access to capital, technological, environmental, and transportation difficulties.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter discusses in detail the methodological approach used to answer the research questions. The methodological techniques used in the study are described in detail in this chapter. The research design, data sources, data collecting techniques, data analysis, validity and reliability, ethical considerations, and the study area are all covered in this chapter.

3.2 Research Design

Research design, as per Kothari (2000), is the plan for data gathering, measurement, and analysis. This study attempts to evaluate the prospects and challenges of entrepreneurship in Koforidua. This study uses research methodologies that are descriptive and explanatory. Explanatory research was employed to figure out what kind of cause-and-effect linkages there were, whereas descriptive research was used to explain the circumstance or more commonly, categorical descriptions. It does not address how, when, or why the qualities developed, but rather the "what" issues.

3.3 Sampling and Sampling Techniques

3.3.1 Sample Size

The entire number of items that the researcher is concerned with, which could be an event, a group of individuals or objects that the study would like to learn more about, is referred to as the target population. The population for this study comprised male and female workers at the Koforidua Central Market, including barbers, food processors, crafters, agro-based workers, hairdressers, petty traders, fish processors, seamstresses, cooked food vendors, health sanitation workers, and garages (auto mechanics, television repairers, etc.). Due to time

constraints, it would not be suitable to investigate all of the informal traders who make up the informal sector. As a result, it is considered appropriate to concentrate on this population.

Although women are generally thought to be faced with these problems in the informal sector, the study included both men and women who were involved in informal entrepreneurship which is in line with the study of Halkias, Harkiolakis, & Caracatsanis, 2011. The use of both male and female informal entrepreneurs presented a global perspective on the challenges experienced by informal entrepreneurs in their business endeavors.

3.3.2 Sample Size

Since a qualitative study's emphasis is more on the sample's adequacy than its size (Bowen, 2008), a total of twenty-three (23) respondents were selected and contacted for this study, which was adequate to get the information needed to answer the research study's questions Marshall (1996). Again, Creswell's (2003) suggestion that the best sample size for a qualitative study is between five (5) and twenty-five (25) individuals justifies the use of a sample size of twenty-three (23) participants. The composition of the sample for this investigation is displayed in Table 3.1, with the number of individuals chosen from each category being random.

3.3.3 Summary of Sampling Size

Table 3.1: Summary of Sampling

Size Agency	Number of Respondents
Dressmakers	2
Artisans	2
Petty traders	2
Craftworkers	1
Agro-based workers	2
Garages (auto mechanics, Tv repairers)	2

Health and sanitation workers	1
Size Agency	Number of Respondents
Graphic designers	1
Food Processors	2
Cooked-food sellers	2
Barbers	2
Hairdressers	2
Fish processors	2
Total	23

3.4 Data Source and Method

The research examined both primary and secondary data sources to better understand the target population. Primary data was collected using interview guides as a tool with notes made of observations made by the researcher. Secondary data was gathered from a range of sources, including articles, correspondence, and documents, as well as blogs, websites, and published papers.

The interviewees however, comprised of workers from hairdressers, to auto mechanics to fish processors who knew much about the market and had been in the sector for more than two years. Even though, the interviewees did not ask their identity to be concealed, a code was generated to protect their identity. According to the research, participants were identified as RES 1, RES 2 and so on, where —RES| refer to Respondent. Hence, the RES 1 to RES 23 were interviewed. Further, the interview was done in the Akan which is predominantly the language spoken by the people of the Koforidua Central market.

3.5 Data collection tools

The informal nature of the respondents meant the deployment of interview guides was appropriate. This allowed for face-to-face interactions with players in the informal entrepreneurial space and follow-ups when necessary. The researcher also took notes of observations at the time of the interviews including facial expressions, and voice pitches. Some conversations were recorded with the consent of respondent for future reference and easy recollection. The researcher was able to do this in order to offer useful examples and viewpoints and even actual quotes from significant contributors. That way, the author can avoid embellishments and preserve the integrity of the material due to an abundance of qualitative data from the interviews.

3.6 Data Analysis

The study deployed content analysis in making meaning of the content of the interview. According to Krippendorff (2012), this method enables a complete interpretative analysis of the common social processes of discussion, action, and communication arising from interviews. The interviews coalesced into manageable forms for report writing. Each interview was captured under the three main objectives of the study relying heavily on illustrative quotations while accounting for the context of the interviews.

3.7 Validity and Reliability

Validity and reliability of research help to ensure accurate results and quality data.

3.7.1 Validity

Validity relates to how well data-gathering processes catch what they were designed for (Leiva et. al., 2014). Validity relates to whether or not the outcomes are genuinely representative of just what they purport to be representative of. A wide range of measurements was used to establish the study's validity. Data was initially acquired from trustworthy sources, from

interviewees with greater experience in entrepreneurship. So as to validate the accuracy of the study; survey questions were created as a result of the studies and frame of reference. Additionally, the researcher used appropriate research procedures, such as the research methodology and philosophical foundations, to increase the validity and reliability of the study. This study and its accompanying publications used a question derived from previous research on the evaluation of the prospects and challenges of informal entrepreneurs. An adequate investigation by an expert was also taken to guarantee the accuracy of the instruments.

3.7.2 Reliability

The degree to which a device measures in a consistent manner every time under the same circumstances is referred to as reliability. Internal consistency and a high level of similarity between interview statements are achieved via reliability. Smeeton (1985), different approaches, such as test-retest reliability, internal consistency reliability, and equivalent form reliability, can be used to calculate dependability. The internal consistency reliability approach was used to examine interview reliability in this study. We may calculate the connection between each question in the survey using this means. Furthermore, this would not need more than one test or the creation of two equivalent forms to be completed. Likert scale surveys employ the Cronbach alpha (α) approach to verify the constructs' convergent and discriminating validity, according to Malhotra and Birks (2007). To verify the questionnaire's reliability, Cronbach's alpha was determined for each statement. If the Cronbach Alpha is more than 0.6, a construct or variable is considered dependable (Bell and Bryman, 2007). Cronbach's Alpha in this study is 0.804 (Table 3.2), which is higher than 0.6, indicating that these variables are reliable in this study.

Table 3.2 Reliability statistics

Cronbach's Alpha	No of Items
0.804	4

Source: Author's own Survey, 2023

3.8 Research Ethics and Consideration

The study of ethics is concerned with morality, or the application of responsibility and obligation to a moral framework (Nation, 1997). According to Israel and Hay (2006), researchers must safeguard research participants, build trust with them, uphold the integrity of the study, prevent misconduct and improper behavior that could reflect poorly on their organizations or institutions, and deal with new, difficult issues. Also according to Israel and Hay (2006), concerns of personal privacy through online data gathering, the role of the researcher in cross-cultural contexts, authenticity, and credibility of the research report, and other concerns are all bringing up ethical questions in today's world.

Moreover, the study's participants were all provided with enough information concerning the study's objective before commencing the interviews, and their willingness and consent were gained. Respondents were told that they may accept to engage in the interviews or decline to participate in the study at any time and that their participation or non-participation would have no negative implications. Furthermore, no information was edited or modified; as a consequence, data was presented precisely as it was received, and all of the literature gathered was acknowledged in the reference list for the purposes of this study.

3.9 Study Area

The research area is primarily in the Koforidua Municipality of Ghana, the central market precisely. I believe the sample population of that market may reflect the entire market situation

in the Region. Koforidua Central market was chosen as the study's target location because we may find individuals of varied ethnicities, faiths, socioeconomic positions, and literacy levels.

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CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents and discusses the findings in order to meet the study's questions and objectives. This chapter talks about the findings and analysis of the findings. After interviewing the twenty-three people using the interview guide, it was realized that all the entrepreneurs are motivated by certain factors to engage in entrepreneurship in the informal sector; they face myriads of challenges and solve challenges they face in various ways. Hence, five major thematic areas were deemed relevant to help in the analysis of the data gathered and they are as stated below;

1. Reasons for engaging in entrepreneurship in the informal economy
2. Challenges of entrepreneurship in the informal economy
3. Measures implemented by entrepreneurs to address the challenges they encounter in the informal sector.
4. Prospects of entrepreneurship in the informal economy
5. Elements that make entrepreneurship in the informal sector successful

4.2 Data Analyses

Data was analyzed based on the data gathered from the market.

4.2.1 Profile of Respondents

People's social backgrounds generally impact their thinking pattern and actions; hence, it is relevant to always consider socio-economic characteristics in studies. Below is a breakdown of age, marital status, and level of education, type, age and status of business of the respondents.

Table 4.1: Profile of Respondents of the Study Area

Profile	Measurement	Percentage
Age	20-30	9%
	31-40	26%
	41-50	48%
	51 and above	17%
Marital status	Married	65%
	Single	35%
Level of education	No formal education	57%
	High school	22%
	HND	12%
	Bachelor's	9%
	Master's	-
	Others	-
Type of business	Service	32%
	Manufacturing	20%
	Retail	48%
Age of business	1-5	17%
	6-10	13%
	11-15	48%
	16-20	9%
	21 and above	13%
Status of business	Registered	96%
	Unregistered	4%

Source: Author's field data, 2023

As seen from the table, respondents are from the age of 20 years and above with majority from 41 years to 50 years. Fewer people are from 20 to 30 years and this can be attributed to the facts that those in that age group are mostly without the capital to start their own business. The majority of respondents are married and the case may be so because married people may join the informal sector as a way to support their spouses and the home. The consideration for those in the single marital status are divorced, widowed or never been married.

Moreover, more than half of the respondents had no formal education and only two people had Bachelor's degree, culminating from the fact that people with no form of education, in their quests to make ends meet, start their own business in the informal sector. Notable from the table, majority of respondents interviewed are into the retail business and manufacturers being the least among the respondents. Since most people in the informal sector, lack formal skills or technical education, they resort to buying and selling or farming and selling in the unregulated market to make profit. Others engage in services like barbering, hair dressing, cleaning among others.

Also, almost half of the respondents have been in entrepreneurship in the informal sector for 11 to 15 years. Hence, informal entrepreneurship in the Koforidua Central Market can be considered relatively old. This suggests that business in the informal sector is lucrative and sustains a lot of people over time and that is why they continue to operate in that sector of the economy. Considerably, recognition, support and investments into the sector would therefore go a long way to enhance economic growth.

Also from the table, a good number of people have joined the sector within the last five years. There are different reasons for this and the global pandemic, Covid 19 is one of them. Further, discussions reveal more reasons behind this. Lastly, on the legal status of business, only one person from the respondents has registered his business. This can be traced to misconception,

lack of information on importance and procedures of registration as revealed from the responses given by majority of the interviewees.

4.2.2 Reasons for Engaging in Entrepreneurship in the Informal Economy

Findings revealed that people of the Koforidua Central market joined entrepreneurship in the informal sector for the following reasons in the table below.

Table 4.2: Reasons for Engaging in Entrepreneurship in the Informal Economy

Reasons	Percentage
Lack of formal education	44%
Unforeseen situations	17%
Seasonality of some businesses	22%
Use of God-given talent to make a living	17%

Source: Author's field data, 2023

Literature reviewed suggested various reasons for people to engage in informal entrepreneurship which include quest to avoid payment of tax and bureaucratic processes involved in the formal registration of businesses among others. However, the reasons for engaging in entrepreneurship in the informal sector by the entrepreneurs of the Koforidua central market has further revealed that people may venture into entrepreneurship because of lack of formal education, unforeseen situations, seasonal nature of some businesses and use of God-given talents.

Firstly, **lack of formal education** turns out to be the most pressing reason why people get into entrepreneurship in the informal sector. Majority of the respondents (44%) had either no formal education or dropped out of school along the line and so do not have any certificates or knowledge for formal jobs. Some respondents said the following;

“If you have been to school, what would you be doing in a market selling palm oil? These kinds of jobs are reserved for us, the illiterates. People who go to school are the nurses, teachers, bankers and people like you”. (RES 11) said, implying that formal jobs are for educated persons and jobs in the informal sector are for uneducated people. RES 10 also buttressed the notion by saying

“I wanted to support the home and since I had not been to school, I decided to sell at the market which is a place for the uneducated. I always admire nurses. It is their uniform that even kills me. I would have been a nurse if I had gone to school.” (RES 10)

This implies that to them, education is the only way to secure a formal job and that they ended up in entrepreneurship in the informal sector only because they lacked formal education. There were some responses that also suggested that the entrepreneurs in the informal sector felt marginalized and inferior since they have not been to school. For instance,

RES 7 retorted, *“If you have not been to school, is it not these kinds of jobs you will do? Which other sector will employ people like us. Some of us are here because we don’t have a choice like those who have received formal education and are respected like teachers, police or nurses among others. I am doing this plumbing work so that I can take care of the home.”* (RES 7)

“I had been doing so many odd jobs before becoming a barber because I did not go to school like my junior brother who finished SHS and became a policeman. I won’t stop this current job because I think I like barbering and that is why I have rented this shop. I like what I do but most times I see that my junior brother is more respected than me because he is a Policeman. I think if you don’t go to school, this sector is where you can make a living.” (RES 17)

Actually, most of them see no reason to formalize their businesses since they hold the misconception that the economy is divided between the uneducated and the educated. Hence, those with formal education engage in businesses under the formal sector whilst those with no or low level of education and with no certificate engage in entrepreneurship in the informal sector. This is in consonance with the conclusions of Williams (2011) who concluded that most informal entrepreneurs end up establishing enterprises in the informal sector since they are unable to get jobs in the formal economy.

In view of the responses given, it is possible most of the entrepreneurs in the informal sector of Koforidua, given the opportunity, would rather work with the government or a formal organization instead of where they currently find themselves provided they had formal education or certificates. The implication here is that if majority of the populace are able to obtain formal education, there could be a major shift from informal entrepreneurship to formal entrepreneurship in the economy of Ghana.

Another reason given by respondents for venturing into entrepreneurship in the informal sector is **unforeseen situations**, which is represented by 17%, according to the table. Some respondents claim certain untold situations pushed them to begin work in the informal sector. They were left with practically no other choice than to turn to that sector for survival. For instance, RES 6 said she and her husband were private school teachers but during the locked down because of COVID (Corona Virus Disease) pandemic, they both lost their jobs and moved home, to Eastern region when things became too tough for them in Accra. She said,

“We started this provision shop with our savings when things started normalizing after the pandemic. My husband applied to work in several schools and later got back to teaching in a Private school here in Koforidua then we decided that I quit teaching and continue to manage the shop. We don’t want to put all our eggs in one basket like before.” (RES 6)

RES 8 whose case was quite different from the above also said,

“Growing up, I learnt a bit of hairdressing from my aunt who owned a salon. When I got married and had my first baby, there were complications and my job as an office assistant in a private company was always affected so my husband asked me to stop and care for the baby and the home. Since I already had some skills in hairdressing, I further learnt a few things about hairdressing on the internet whilst at home and caring for the baby. When my baby started school, my husband and I opened this shop with some savings we had. I have been doing this for almost 11 years now and we have three children at the moment. Since I am the madam here, I can have time to see to the children and the home though it is not all rosy.” (RES 8)

This revealed some sort of flexibility that comes with informal entrepreneurship when it comes to raising children and taking care of the home. Further, RES 12 who was also hit by the effects of the Pandemic has had what he calls a breakthrough since in comparison, he is happier with the informal sector and the business he is doing now. He shared his ordeal and breakthrough.

“I used to work in a hotel as a chef and a waiter. Though the salary was not that good I was hoping to rise to senior chef through my good work and earn better so I killed myself for the job. I did several overtime shifts without complaints or request for commissions. However, when things became difficult during the locked down for the hotel, most of us were laid off without any proper compensation. Life became difficult but by the grace of God and help of my brother in law I managed to get this space to make my own fried rice for sale. What I get here is so much better than what I was getting from working at the hotel that is why I call this my breakthrough.” (RES 12)

To justify his preference for the business under the informal economy, he went further to say, *“if you work for people they will use you continuously and give you very little for your service*

and when they don't need you anymore, they can easily sack you so for me, if you have the means, I advise you do your own business” (RES 12)

These revelations mean that the informal sector in deed acts as a safety net for people in this country. Factors such as job loss, ailments, bereavement among others can push people to find something to do in the unregulated market since entry and exit is free and since operations in this sector is not closely monitored by any officials. Even, some people with formal education may be pushed by certain situations to start a business in the informal sector.

Furthermore, another reason for engagement in entrepreneurship in the informal economy according to the study is **seasonality of some businesses**. This was the second most pressing reason why people delved into entrepreneurship in the informal sector. The respondents here were into selling of food stuff and fruits, retailing, among others. They explained that the informal sector supports such businesses because of its ease of entry and movement. Below are some of the responses gathered.

—Actually, this is not what I do every time. I don't always sell roasted plantain. I sometimes sell roasted maize, kelewele or even do something totally different. When I hear any business is booming, I involve myself in it. Sometimes too the food stuffs that are in season determine the business I engage in since in this market, anyone is free to sell any legal goods that is good for them to make profit” (RES 23)

“For me, I am selling these plastic bowls and bottles because school has reopened and I know children will need them for school. I usually sell these items before first terms of the academic calendar. When it is getting to Christmas, I will bring in Christmas dresses and shoes for boys

and girls. As for me, I operate here more because I can easily switch to a booming business without stress or any paper work.” (RES 15)

The findings suggests that people operating in the informal sector do not just jump into any business but engage in certain businesses after careful assessment of major profitability factors in the market within a certain time frame. They insisted that one can study the market terrain and become sure businesses would boom before choosing them. This resonates with what Simon et al, (2000) purports that the majority of entrepreneurs only act after employing planning and forecasting. Further, registrations of their businesses mean nothing to them since they can switch easily from one type of business to another or from selling certain types of goods to another.

However, some respondents simply made the decision to set up businesses in the informal sector. Per the profiling, some respondents said they decided to operate in the informal sector to be able to use their **talents to serve others and make money** as well. They believe registration is for big set ups not such small businesses. Some respondents even said they dropped out of school to pursue their talents. Their responses include the following;

“From childhood my father would say, as for Kobby he has to take after me. This was because I was naturally good at fixing things. When my friends’ bicycles got spoilt, I easily fixed them without much stress. I helped my father at his fitting shop sometimes to solve problems he and all his workers and apprentices found difficulty in solving.” (RES 19)

He further explained that he personally did not know how he managed to easily find solutions for mechanical faults. He continued,

“...It is like my brain quickly pictures how something should be fixed to help other parts function properly. Though I was very good at school, after Junior High School (JHS), we all

decided I should help my father at his fitting shop because my cousin and some of his friends had finished Poly and were still at home after searching for jobs for more than two years. Everyone advised that with job search getting difficult and with my beautiful talent, it was better I made use of my talent and here I am now in my own fitting shop after almost 12 years.”

(RES 19)

He expressed happiness and pride especially for the fact that he feels he is doing better than some of his colleagues who continued education to the tertiary level. RES 2 also shared a similar story of how she quit school after JHS to be an apprentice in a dress making shop. She said she had no idea she was good at sewing until her vocational skills teacher introduced them to dress making and needle work in class 6. Though she was not a good student, she always did well in her Vocational skills practical work. She said her teacher ever passed a comment like, —won’t you quit school and go and learn how to sew and you are here wasting all this talent. School is not for everyone. With such comments she convinced herself that she was born to be a seamstress not to study and work in an office. She continued,

“[...] so after JHS, my parents who were not impressed with my grades and were well aware of my sewing skills enrolled me into apprenticeship at a neighbour’s tailoring shop and I graduated about 11 years ago. Now see my shop and my workers” (RES 2). She said that with pride.

Another respondent, a herbalist expressed satisfaction for being able to provide cure for many ailments people suffered from. He stated in his reason the following,

“My grandfather was a herbalist and since I grew up with him, I picked up some knowledge from him on how to get good mixtures for certain medicines. I completed sixth form but didn’t continue schooling because I rather enjoyed working with grandpa. I helped him farm and also

helped him in preparing medicines for people who had travelled near and far to seek his help to deal with one ailment or another. I always knew I would become a herbalist too. It was like my talent and I have been doing this for more than 30years.” (RES 1)

Interestingly, the interviewees who claimed to join the informal sector based on their talents, expressed contentment and pride for being in that sector compared to other groups of entrepreneurs. The herbalist had even gone ahead to register his business.

The study has however, revealed deeper reasons for engagement in informal entrepreneurship contrary to the assertion put forward in previous studies that in general, illegal economic activity is linked to social irresponsibility, tax evasion, and regulation avoidance (Floridi & Wagner, 2016). (La Porta & Shleifer, 2014). Per the findings of this study, people may engage in entrepreneurship in the informal economy because they lack formal education, due to unforeseen situations, seasonality of some businesses and also to use their God given talent to make money.

On the other hand, some of the reasons given by the entrepreneurs in the market for venturing into entrepreneurship in the informal economy may also be in line with previous study findings by other researchers like (Djafar et al, 2013 and Giacomini et al, 2011). That the necessity-opportunity dichotomy may be responsible for the entrepreneurial motivations, according to (Djafar, Garba, & Mansor, 2013; Giacomini et al., 2011; Kandasivam, 2018). This hence, supports the reasons given by some entrepreneurs in the market. Further, this study revealed reasons that linked to a study by (William, 2008) that due to the lack of or dissatisfaction with other employment options, necessity-driven entrepreneurs are forced to engage in informal entrepreneurship just like the case of RES 6, 8 and 12.

4.2.3 Challenges of Entrepreneurship in the Informal Economy

Though entrepreneurship in the informal economy has been a safety net for many unemployed people in the economy, some challenges can however, be identified. This study sought to understand the challenges faced by entrepreneurs in the informal sector. Details of the responses are presented below:

Table 4.3: Summary of Challenges of Entrepreneurship in the Informal Economy

Details	Percentage
Land/Space Acquisition	44%
Poor economic conditions and access to capital	26%
Bullying by city Authorities	13%
The proliferation of fake products	17%

Source: Author's field data 2023

It is evident from the table above that **acquisition of land or space for business operation** is the major challenge facing entrepreneurship in the informal economy of the Koforidua Central market. The respondents expressed their frustration on the price of space and terms of renewal of rent given by the Council office of the Municipal Assembly (MA). The study also revealed that some officials of the NJSMA take advantage of the nature of business in the market to charge exorbitant fees from them for small sized spaces for business operation. They also complained that sometimes for one reason or another, after payment for a particular location or space in the market; they can still be relocated to a different place in the market with little or no compensation. Below are some responses certain respondents gave.

“Just look at this small room, take out the shed because I created it myself, you won't believe how much I am charged per month? The price of space is too expensive” (RES 13)

RES 3 also complained bitterly, *“I used to work under someone at Accra but because of certain problems, I had to move to Koforidua. When I came here I went to the Assembly to get a place and permit to continue my wood carving business in this market. My sister, I followed these people severally but they kept telling me to go and come many times. Eventually I used part of the money meant for setting up for other things and when I finally got this space, paying for was a headache. In fact, getting this space stressed me financially, mentally and physically and even affected my vim for coming to Koforidua to set up my own business.”* (RES 3)

RES 15 also shared her frustration,

“Madam, how much do you think I make from these things I sell here? But these Council people (Officials from NJSMA) wanted me to use all my profit to rent one of those small stores inside the market. Since I could not raise such funds, I had to come and sell by the streets and even with this, still I pay a daily toll and weekends are not excluded.” (RES 15)

From their responses, it is evident that any corrupt practices from the officials of the Municipal Assembly can go a long way to impede productivity, profit margin and well-being of these entrepreneurs in the informal sector of the economy.

However, the findings of this study is contrary to the assertion that is purported by (Idris & Siwar, 2003) that people gained the opportunity to make ends meet and work in the informal economy due to available places for business. Obviously, this is not the case of entrepreneurs in the Central Market of Koforidua as entrepreneurs struggle for space which is also expensive to rent or maintain when obtained.

Actually, entrepreneurship in the informal economy may be affected by several challenges but this study revealed that land acquisition in a central market for business is a huge challenge for many. Also, in this research, it is revealed that, not only is looking for space for business

difficult, the majority of people in the Koforidua Central market have a challenge with price of available spaces, formalities in acquiring spaces and payment of rent for these spaces.

More so, the study revealed that **poor economic condition and access to loan** is also a big challenge of entrepreneurship in the informal economy. The respondents revealed that enough money in majority of people's pockets is directly proportionate to success of entrepreneurship in the informal sector. This means that when the people (customers) are well to do, their businesses boom. However, poor economic conditions and access to capital hamper growth of their businesses. Below are some responses revealing this notion.

RES 8 complained, *"For me, access to credit facility is my biggest challenge. Since I started working on my own, I have not been able to take loan by myself. It was easy for me to take loan from the bank when I was an office assistant to support our projects but now it is only my husband who can access loans from the bank and sometimes we need more than what he as an individual can secure from the bank to accomplish some projects..."*

She further stated rather with mischief,

"...and you know this business can be good on Monday but extremely bad on Tuesday because clients may not always come. When people have money, they want to do manicure and pedicure when they come to wash their hair unlike hard times for them when they only wash hair and go. Meaning when times are hard for them, we don't get enough money; they keep their little moneys which could have also been our profit, you see" (RES 8)

In consonance with RES 8's revelation, RES 3 expressed his challenge and used the opportunity to call on the government to do something about the economic hardships to ease their plight in the informal economy.

“Most people in this country see these crafts as luxurious and so don’t buy them often. Recently, with economic hardship everywhere, our situation has gotten worse because people hardly buy. Times are worse for us when they are bad for other people. The government has to be able to do something to turn things around for us. Now if I don’t sell something else on the side, I can’t feed my family. That is why I am selling these key holders, locks and padlocks alongside the crafts I make.” (RES 3). This however, reveals that people have the chance to easily combine different businesses under one space in the informal economy to make more money.

In addition to the above, some respondents also expressed frustrations from the risen cost of materials for production due to economic hardship and instability in the country. They explained that the selling price of their products has to increase once their production cost increases for them to at least stay in business otherwise, they would have to fold up.

RES 12 said, *“The country is hot, (to wit, there is hardship in the economy). Ingredients that did not cost very much now cost a lot and this has affected the price of the fried rice but customers don’t understand this. They refuse to understand that they can’t get the same quantity of food for old price and to sell at the old price would mean reducing quality which they would not appreciate”*. Meaning, with high price of inputs, entrepreneurs are forced to price their products higher which eventually, makes it difficult increase sales.

The poor access to loan as revealed in this study is an affirmation to a study by Spring and McDade (1998), in which they suggested it is difficult for informal entrepreneurs in developing countries to acquire loans since they are unable to fulfill the conditions for the collateral for taking loans or sometimes due to high interest rate from financial institutions. Some entrepreneurs in the market have confirmed their findings by suggesting that for their inability to provide collateral security and to meet some requirements are unable to get access to bank

loan and certain financial privileges. Inadequate access to finance is also counted as a challenge encountered by entrepreneurs in the informal sector in a study by (World Bank, 2012; Vossenbergh, 2013). Their argument was also supported by the study of Ozsoy et al (2001), which revealed that owners of some enterprises depend on family resources for financial solutions in Turkey as seen in the case of RES 12 whose brother in-law helped him set up since he could not do it by himself or with support from the bank. Therefore, the informal sector is forced to rely mainly on informal ways of accessing credit or through unorganized credit market.

Furthermore, some respondents expressed that they get frustrated by **bullying from the city authorities and proliferation of fake products**. They said that the city authorities bully and harass them in different forms including beatings. Their goods are sometimes seized from them because they sell at unapproved areas like under mounted umbrellas by the road side, on pavements or walkways. Sometimes, for them to have their goods back, they are pushed to pay these city authorities huge sums of money. RES 15 and RES 11 shared their ordeal in the following;

“Sometimes, some men from the Assembly come to evacuate all of us from the roadside because they don’t want us to sell outside the market but not all of us have enough money to rent the space inside there. It’s a huge challenge because these men don’t listen to any reasons when they start their operation and are always so aggressive towards us. Even if you tell them you have a ticket, they don’t mind you. Sometimes in the whole chaos, some people get bruised and sometimes our goods get destroyed or lost. Last time for instance, because of their activities, a lot of my plastic bottles and bowls got damaged.” (RES 15)

In relation to this, RES 11 also lamented

“Hmmm... you see; the city guards are sometimes very wicked. They come to take away our goods and if you try to stop them, they can beat you carelessly and nobody talks about it. Look at the big lanes here, cars can still use their lanes with no struggle at all when we sell here but these insensitive men always claim we have blocked the roads and so attack us harshly. The painful thing is when they carry your items or goods away too; they will not give them back to you unless you pay them at the end of the day. Their hostility alone creates fear and panic on most occasions which is not healthy for us.” (RES 11).

RES 9 whose case is somehow different also shared her ordeal.

“Actually, I have a shop inside the market for business but just that some customers don't like crowd and so they mostly don't enter into the market to buy. They prefer buying from those at the entrances, walkways or roadside that is why I come out to sell in the walkway too whilst my daughter looks after my goods at the shop in the market. When the city guards come, they show no mercy, they just appear from different angles to deal with all of us. Most of my fruits are usually destroyed in the chaos but we can't stop selling here because selling out here gives us more profit”. (RES 9)

It is rather unfortunate that the disobedience of some entrepreneurs to the rules set by the Assembly by selling in walk ways or unapproved locations is also somehow attributed to choices made by some customers who try to avoid crowd. By refusing to enter the market itself, the market women are encouraged to operate outside since they make more by selling out there. Those who have spent money to acquire space then also feel pressures to still come out there to sell since they feel their outside counterparts get more customers than them. To a large extent, it means that if people would stop buying from the road side, the vendors may stop selling out there.

The ordeals shared by the market women and men in this study tells how vulnerable they are and how lawlessness has dominated the informal economy. As reported by (Doorn, 2018; ILO, 2015b), in their study, they claimed that vulnerable groups in society include entrepreneurs in the informal economy. They face a lot of predicaments and harassments but do not even know where or how to seek justice or compensation. They feel marginalized and disregarded.

In addition, respondents complained that due to the proliferation of cheap and fake goods by competitors from abroad, including China and other growing nations, business activities have slowed down. They think fake is a "resemblance" or "trick." They characterize a fake good as one that copies another product and deceives consumers into buying it. The respondents contend that the entry of foreign competitors into their markets with poor-quality goods reduces sales for local businesses. By inference, they claim that consumers choose imported goods and overlook locally produced, high-quality goods. Their invasion creates a huge disincentive to entrepreneurship in the informal sector as many of the entrepreneurs do not have formal education and solely depend on their businesses for their livelihood.

Equally, the efforts of local business owners to produce high-quality yet affordable goods are frequently undermined by the invasion of fakes from rivals abroad, which further threatens their survival. This shows that free access to the informal Ghanaian market has encouraged foreigners to profit from unregulated commercial ventures. These informal entrepreneurs are compelled to compete unfairly with their international competitors because majority of them do not have stores and are not well-established. By this, RES 21 revealed,

"We have very good rice brands produced in Ghana but you always find people patronizing these foreign refined brands of rice which have no nutrients. A Ghanaian woman will come to the market and buy Nigerian cooking oil, Chinese rice and can even buy Togo yam but not locally made products like this palm kernel oil I have here. It's rather unfortunate because we

have very good products in Ghana which are not regarded by our very own people. The thing is these foreign brands which are not quality may not even be cheap too” (RES 21)

To buttress this view, RES 13 also expressed his disappointment

“I will kill myself to make very good and quality slippers and sandals but people will by pass me and go and buy China made products which are similar but of poor quality. To most Ghanaians a product of poor quality is the one made in Ghana. That is not a good mentality at all” (RES 13)

Respondents admitted competing goods from other countries were preferred over Ghanaian made products due to their cheap prices but subtly, they also blamed such choices on the wrong mentality of most Ghanaians that, —Ghanaian made goods are inferiorl.

Actually, this challenge of entrepreneurship in the informal economy as revealed in the study is not new as some previous studies already made suggestions for the government to enforce more rules and regulations in eliminating the invasion of cheap and counterfeit goods into the informal economy (Dibben, Wood & Williams, 2015; Tokman, 2011). With such rules and regulations, the local producers or dealers would not work in fear and under unfair conditions.

4.2.4 Measures Implemented by Entrepreneurs to address the Challenges they Encounter in the Informal Sector

Table 4.4: Measures taken to prevent Challenges within the Informal Sector

Details	Percentage
Do nothing option	57%
Branding	26%
Informal savings	18%

Source: Field work 2023.

Justifiably, it was important to know what the respondents were doing to deal with the challenges entrepreneurship in the informal sector is bedeviled with. Majority of the respondents said they could do nothing but hope that things turned out better for them in the future. Whilst respondents who suffered because of invasion of counterfeit goods suggested they could equally brand their products to acquire higher prestige for their products. Some respondents whose issues had to do with finances revealed that to deal with poor access to financial capital and economic conditions, they have already found some sort of solution by joining groups that make contributions as a mode of saving which can cushion them during hard times. The responses below were considered,

“Since it is difficult to get loans from banks because we are in the informal economy, most of us here save together. We make fixed monthly contributions to our leader and use that to support ourselves during funerals, naming ceremonies and other functions. Savings and loans workers also come around so anyone who wants to join can do so and can later ask for loans and pay back with interest.” (RES 17).

RES 9 also said,

““...Susu naa” (to wit, their way of solving financial issues is just through the informal savings). What will we do? If you need money and can’t borrow from the bank easily, you can only be supported if you join any savings group formed by ourselves or savings and loans organizations. Most of us here in the market have been benefitting from it” (RES 9)

RES 8 also stated

“So far the only way I have been easing my stress from my inability to acquire huge bank loans is from a savings group I join and from these savings and loans financial institutions. We are six in number in my savings group and contribute a specific amount each to one person every month. We keep rotating till everyone is served and we go on and on again. It has been a saving

grace during hard times and the good thing is sometimes, we are allowed to borrow and refund later.” (RES 8)

When probed further if it is safe she responded...

“Well so far, so good. We have all been decent for two years and we pray for nothing but success in it because it helps a lot” (RES 8). Meaning it is not formal and is accompanied by higher risk.

From their responses, it can be deduced that the entrepreneurs in the informal sector also look for ways and means to make their operation in the sector conducive and appealing for them. However, to the majority of people who resort to doing nothing about their challenges, below are some responses. RES 15 retorted,

“What will you do? You don’t even have a formal education so who would listen to you and stop these men from treating us poorly as if we are not human beings?” (RES 7) RES 17 and RES 5 expressed cluelessness.

“I have no idea where to go for challenges I face here to be resolved. When I was asked to relocate to this place by the Assembly because they had future plans for where I was previously allocated, I tried resisting but eventually I had to move and it affected my client base but what was I to do? I still don’t know the office which helps so there’s nothing I can do.” (RES 5).

“If you don’t attend school, your case is very unfortunate. Who will listen to you? Even if you decide to report some of the poor treatment you receive from these city authorities nobody will do anything about it so you just have to sit somewhere and invest that time and energy in your business.” (RES 17)

From their responses, it is obvious that most people engaging in entrepreneurship in the informal sector have no to little education and due to this they feel marginalized and would rather not pursue justice or fight for their right. Most of them would prefer to do nothing. Also from the study, it is realized that authorities do not show concern for these entrepreneurs and are more interested in what to be gotten from them and this leads to their conclusion that nothing would be done about their challenges when reported. Some are also ignorant about offices to present their issues to. This finding endorses —decent work by ILO 2022, which purports that entrepreneurs engaged in informal entrepreneurship lack vocal representation to safeguard their work. Consequently, they are deprived of access to public infrastructure or benefits.

Another way respondents may deal with some challenges is to **brand** their businesses. They believe **branding** could be the way to go in dealing with challenges they faced due to invasion of counterfeit goods. When probed further to assess their knowledge on branding and essence of branding by being asked, —what is branding? They defined branding simply in terms of name, recognition, prestige, and protection. In essence, branding is the process through which people or businesses assign names to their goods so they may be easily recognized and protected. They think that branding their goods will help them reduce the competition they face as a result of the proliferation of fake goods. Some of their comments are stated below

“The way my shoes are nice and of good quality it has to be given a name. Personally, I have been thinking of branding it but I believe it is costly. I will find out more about it and register under a name. I think if I give it a name, those Chinese poor quality shoes won’t come close and by doing that too, I believe it will boost the confidence of the buyers in Ghanaian shoes because Ghanaians love products with names.” (RES 13). RES 4 also shared similar sentiments.

“I have not officially branded my beads but they call me “Aute” which means authentic. The beads I sell here can’t be found anywhere. People will go and buy fake ones for aesthetic purposes and come complaining to me about how those ones did not last and how poor they looked in no time.” (RES 4).

He continued bragging, *“You are already aware that the best beads in Ghana are from Eastern Region and my designs are “Krabehwe” (to wit, come and have a glimpse for yourself) in this Region so I believe if I brand, the fake ones can’t even come close. I can then make more money because after branding, I can increase the price a little to make more profit” (RES 4).*

Their responses in all, suggest that manufacturers engaging in entrepreneurship in the informal sector believe in branding and understand the concept. They believe branding brings prestige to the value of products, helps in easy recognition and leads to more patronage and increased profitability which is indeed the case.

4.2.5 Prospects in the Informal Sector

Despite the challenges identified in the informal entrepreneurial space, there are some prospects that could be harnessed for the benefit of the operators. The study identified a few of these prospects and details are presented in table 4.7 below.

Table 4.5: Prospects of Entrepreneurship in the Informal Sector

Details	Percentage
Possibility of Growth	74%
Revenue Generation	26%

Source: Field data, 2023

The most substantial prospect of entrepreneurship in the informal economy, according to the research, remained the chance for growth. This indicates that the future of entrepreneurship in

Ghana is positive and sustainable. Most of the respondents believe that even though times are hard and revenue generation from the sector has gone down, many people keep joining the sector. They believe the informal sector provides an easy ground for startup for most people including formal employees who get retrenched. Hence, there is great possibility for growth in the sector even though currently things are tough. Some responses are expressed below.

“This sanitation job does not pay much but it is better than not having a job. At least everyone willing to work can find something to do here. Times are hard for me but that is how it is hard for everyone. This means that the problem is not this sector; it is the economy that is not doing well. As for me, I don’t mind working in this sector so far as it provides food for me and my family.” (RES 10)

Some respondents also insisted that people with formal education and formal jobs have left the formal sector to join the entrepreneurship in the informal sector and believe many more people will join. For instance,

“I have been sewing for so many years and haven’t seen competition like I am seeing now so definitely the future is bright in this sector. Many dressmakers have emerged recently. They call themselves fashion designers not “tailorfu” (seamstress and tailors) like us. They have given themselves that name because they use paper patterns to cut clothes whilst we use free hands but most of them don’t also register their business. They are the ones who have finished universities and have quit their banking jobs or some other formal jobs to sew like us. Now they are a lot and I believe many more would join.” (RES 2)

“[...] oh! It is good here and many have already joined us. I have a school mate who was formally employed but has left his formal job to open a phone shop. Times are hard and I

believe many more people would come into this sector because it is easy to start business here.”
(RES 17).

RES 12 even used himself as an example.

“Look at me, was I not formally employed? Now see me doing my own business in the informal sector. Actually, I have a lot of friends who are also engaging in entrepreneurship in the informal sector and I believe many more would join.” (RES 12)

It is an indisputable fact that entrepreneurship in the informal sector contributes immensely to creation of jobs and provides income to a lot of people especially in Ghana like Adom 2016 suggests that informal sector contributes about 80% of jobs to the economy. The research revealed that some people fall on entrepreneurship in the informal sector when faced with employment issues in the formal sector. This supports a study in Malaysia which found that during the Asian financial crisis in 1997–1998, when the Malaysian economy slowed and people were without work (Suhaimi, Al Mamun, Zainol, Naw, Permerupan, & Malarvizhi, 2016), many people set up businesses in the informal economy to revive the sector (Idris & Siwer, 2003). People gained the opportunity to make ends meet due to the ease of entry into the sector (Idris & Siwar, 2003).

Moreover, contribution to employment creation by entrepreneurship in the informal sector cannot be overemphasized as growth of employment rate in general would improve standard of living, reduce crime rates and eventually contribute to economic growth of the country and across nations. This is in consonance with existing literature; that the numerous businesses in the informal economy contribute to global economic output (Madichie et al., 2020).

Revenue generation was revealed as one of the prospects of entrepreneurship in the informal sector though it has decreased recently. The respondents believe that though their revenue

generation for some time now has not been encouraging, they would still operate in the informal sector because of the little profit they are getting. Below are some comments made,

—Frankly, these days, people don't buy much but I still make profit. Everyone does business to gain profit so if I wasn't earning anything I would have left this business." (RES 8)

"Though my profit margin has not increased so much of late but this business puts money in my pocket. Since my husband died I have single handedly taken care of my three children by selling these food stuff." (RES 11).

Evidently, profit margins have not been that much in the sector due to unstable economy; revenue generation is still a reason for some people to join and stay in the sector.

4.2.6 Factors leading to Successful Entrepreneurship in the Informal Economy

Table 4.6: Factors leading to Successful Entrepreneurship in the Informal Economy

Details	Percentage
Hard work	57%
Creativity	26%
Perseverance	17%
Source: Author's field data	

The quest of everyone who enters into entrepreneurship is to succeed. That is not to say everyone must succeed at it in all cases but everyone engages in business to succeed and that is the case in the informal sector too. Respondents said that one of these—perseverance, creativity, or hard work—was responsible for their success in the industry. From the table, majority of the people interviewed believed that hard work was the backbone of successful entrepreneurship in the informal economy. Some responses are as follows.

"[...] one thing many people who are running into this sector do not know is that hard work is important for the survival of any business here. In formal jobs, people put in their leave requests

and can stay home doing nothing and would still receive salary at the end of month but I can't close this shop for a week. If I do, my sales will be affected and I might lose clients” (RES 6)

“[...] if you are lazy, you can't survive in this sector because no one would take better care of your business than yourself. Even if I stay home, I hardly rest because my employees would need my expertise on fixing some mechanical faults or need my consent for something one way or the other so I can barely absent myself. I stay home only at critical times.” (RES 19)

To buttress this, RES 2 commented

“Since I got to the shop at 8am, I have not rested. All the things we have been working on since you came are for a wedding just this Saturday. We must finish these gowns on time for the bridesmaids to try them for necessary alterations to be made before the D-day. There is little to no room for disappointments in these kinds of jobs unless you don't mind losing your customers. I believe a lazy person cannot survive in this field” (RES 2)

Some of the respondents also suggested that perseverance is a major attribute to survival in entrepreneurship under the informal economy. Below are some responses

“[...] sometimes the conditions here would make you feel like quitting but how would you? You need the money so you have to push yourself to go on. I have kept that up for several years that is the reason I am still selling in this market.” (RES 5)

“Madam, it is not easy at all. Sometimes for two days I don't sell anything but I don't stay home. I keep coming to work because I believe the next day might be better. That has kept me going for years.” (RES 3)

“[...] there are times after certain combinations, something may go wrong with the mixtures and I might have to discard everything in the pot because one cannot risk administering wrong

doses or wrong medication in this type of job. At times too, some people come to seek medication with little funds but I have to help them get better because their life is more important. If you look at certain things, you might quit but some of us keep persevering.” (RES 1).

On the contrary, some respondents are of the view that without creativity, one’s survival in entrepreneurship in the informal economy would not be possible.

“[...] I must say, my creativity has helped me a lot in my business” (RES 13)

“It is my creative designs and my creativity in turning raw materials to rare beads that have kept my business above others. A lot of people sell beads but I am well known and more patronized than the others. It is all about how creative you are.” (RES 4)

Per the above responses, respondents believe success and profitability of businesses in the informal economy is highly based on the level of creativity an entrepreneur exudes in the sector. According to past researchers, Fisher, Martiz, and Lobo (2014) and Islam et al. (2011), many human characteristics (personality traits, entrepreneurial orientation, and entrepreneurs' self-efficacy) motivate informal entrepreneurs to work in the informal economy. In consonance with such conclusions, this study has revealed the role of personality traits on entrepreneurial decision.

Per the findings of this research, hard work, perseverance and creativity were realized as the main contributors to successful entrepreneurship in the informal sector. This means that people must improve their attitude towards work. They can achieve this by going to work on time, working overtime, and enduring hardship as well as being creative in any field they find themselves. Such attitude can then help one obtain success in entrepreneurship in the informal economy. Like other research, this study is in resonance with a research by Alas (2020), who

finds that these personality traits, creativity, perseverance and hard work have a higher contribution to successful performance of enterprises in Estonia.

4.3 Summary of Chapter

The themes from the field were examined in this chapter. The themes included motivation into entrepreneurship in the informal sector; challenges of entrepreneurship in the informal sector; measures for prevention of challenges within the informal sector; prospects of entrepreneurship in the informal sector; as well as the factors that contribute to the success entrepreneurship. However, analyses of the demographic and socioeconomic variables of respondents were done in order to understand the issues relating to the study from the perspective of participants opened the chapter.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the results, draws a conclusion, makes suggestions, and identifies potential avenues for further research.

5.2 Summary of Study

The purpose of the research was to learn about the prospects and challenges of entrepreneurship in the informal sector, precisely in Koforidua Central market. The three main objectives were; to find out about the challenges of entrepreneurship in the informal sector; to explore the measures implemented by entrepreneurs to address the challenges they encounter in the informal sector and to identify the prospects of entrepreneurship in the informal sector. Existing literature was reviewed to gain an understanding of the subject matter. The areas reviewed include the concept of entrepreneurship, dimensions of entrepreneurship, entrepreneurship in

the informal economy, entrepreneurship in Ghana, challenges of entrepreneurship, among others.

For the study, a qualitative methodology was used to collect information from informal entrepreneurs at the Koforidua Central market. With the help of a semi-structured interview guide, interviews were conducted and a data analysis was done for interpretation. Precisely, the interview was conducted in Akan since that is the main language spoken by the people of the Koforidua market and translated into English. For in-depth analyses, data was analysed under five main thematic areas. The information gathered was then presented and discussed in accordance with existing literature.

5.3 Conclusion of Study

The five themes that emerged considering the main objectives of the study revealed the following;

Majority of entrepreneurs at the Koforidua Central market engage in entrepreneurship in the informal sector since they lack formal education and cannot be formally employed. They believe formal jobs are only for those with certificates from formal institutions whilst those with no or little level of education are expected to settle in the informal sector. There are however, others who are forced to embark on entrepreneurship in the informal sector since they find themselves in certain situations, like due to loss of formal jobs. Whilst others choose to pursue their talents and so end up in entrepreneurship in the informal sector to make ends meet.

Further, some individuals simply look for menial jobs every now and then by assessing profitability of various businesses from time to time. Consequently, they engage in seasonal businesses like selling clothes at one point and plastic containers at another or roasting plantain or corn depending on which one in season, etc. Hence, they do not see the need to register such

businesses which they believe have short life span. This therefore refutes the argument put forward by other researchers implying that people engage in entrepreneurship to evade tax, avoid regulations and be socially irresponsible. (Floridi & Wagner, 2016). (La Porta & Shleifer, 2014).

However, entrepreneurship in the informal economy is bedeviled by so many challenges but the issues with acquisition of land and space for business operation turned out to be paramount amongst all the challenges faced by the entrepreneurs of the Koforidua Central market. Processes involved in acquisition of space or land in the market is delayed by the bureaucratic procedures yet when acquired, cost a fortune to pay for or be maintained. For this reason, some end up selling at unapproved places and under umbrellas around the market and later they find themselves wanting.

Consequently, they are harassed by city authorities for selling at these unapproved locations. Bullying by city authorities is therefore one glaring challenge faced by some entrepreneurs in the Central market. These market women and men face such harassments for selling on pavements and streets. The bullying may come in the form of physical violence or the seizure of goods. These entrepreneurs complain of their profit margin being too low to permit them to pay for the stores inside the market or pay that exorbitant rent charged by Authorities therefore causing them to sell at the unapproved locations.

Another challenge realized in the study is poor economic condition and access to capital. As purported by Cook, 2001, entrepreneurs in the informal sector are limited in getting access to finance and so they find ways and means to raise funds through other methods. Poor economic conditions affect entrepreneurship in the informal sector since purchasing power has a direct effect on profitability of businesses. Also, with high prices of inputs for production due to unstable economy, producers are unable to sell at a reduced price as customers would imagine.

Increased cost of production is hence translated into higher price of products. Eventually, all these negatively affect profitability of businesses.

Moreover, there are others who are faced with undue competition by foreign producers. Invasion of counterfeit goods into the local markets go a long way to affect local businesses. They attributed this to the cheap prices of foreign goods and partly to the mentality of most citizens and lack of confidence in Ghanaian made products by some Ghanaians. Institutional settings for businesses do not protect local business and hence the entrepreneurs are left on their own to find ways to survive under such conditions.

However, when faced with many of these challenges, many of them would rather do nothing whilst a few others would choose to brand their products in order to survive. Some entrepreneurs would do nothing because of their notion that only those who have formal education receive audience from authorities. The inferiority complex of most of them due to lack of formal education has kept majority quiet about their ordeals in the sector. Others also say they choose to do nothing because they have no information on authorities to approach or the offices to go to seek redress of challenges.

Actually, none of the respondents had formally branded their products but some had set themselves apart by adding one or two features to their products or carved a name for themselves which in their own view is a form of branding. They believe branding would give Ghanaians better grounds to compete with the goods imported from China and the likes and they are ready to embrace and adopt it.

Consequently, entrepreneurship in the informal sector remains the shack for most business men and women. Even though times are hard, majority of them still make enough profit from sales to meet basic needs and so do not think of leaving the sector. They believe the number of potential entrepreneurs of the sector is high as many of the people employed in the formal

sector have also fully or partially joined the sector recently and are also of the view many more would join sooner than later. There is hope that with a little stabilization in the economy, businesses in the sector would pick up and start booming again.

5.4 Recommendations

The following suggestions are provided for consideration based on the study's findings.

1. It is recommended that regulatory systems in the informal sector must be simplified to make comprehension and adoption easy for all so that advice and support could be easily accessible to all. This can prevent exploitation and chaos in the achievement of goals in the sector.
2. Investment into the informal sector must be encouraged to promote education especially on the need to pay taxes as well as organization of training and support programmes. These important activities can go a long way to tune the mindset of the informal entrepreneurs towards honouring their financial obligations towards the state and prepare them for the possible growth and development policies in the sector.
3. Stringent rules must be employed in the informal sector to govern all activities in order to prevent people from acting anyhow and operating carelessly. By this, measures that would prevent authorities from harassing or exploiting the informal entrepreneurs would be implemented. Then again, these rules must also be well communicated by authorities in charge and must include ways to ensure local businesses can be protected from unfair competition by foreign goods.
4. Support for Microfinance should be encouraged in order that these businesses can obtain soft loans to support their small businesses. This can protect them from losing huge sums of moneys from joining these informal savings groups that are of higher

risks.

5. If possible, policymakers should consider policies that can prevent or hinder people from setting up businesses informally in the first place. So that formal business registrations can come first. Obviously, education as stated earlier would play a huge role here.
6. Last but not least, the government must encourage programmes and activities that can boost the confidence and self-esteem of every citizen whether they have been through school or not. This will make it easy for people to demand fair treatments and not allow themselves to be taken advantage of. Moreover, this can go further to ensure much discipline amongst citizens.

5.5 Future Directions for Research

The study suggests that other researchers could adopt a quantitative approach to a similar research as this study adopted qualitative method. Also, future research can increase the scope to include other markets in the Region as this Research only focused on the Central market of Koforidua. Again, expanding the study's focus to explore the difficulties faced by informal entrepreneurs could be the focus of future research. Further, other researchers could, explore the state of the informal sector after Covid 19 and the accompanying issues in the sector since the study revealed that some entrepreneurs in the informal sector joined the sector only after loss of jobs in the formal sector after the pandemic. Also, future researchers could evaluate the relationship between the informal institutions and formal institutions and their impact on entrepreneurship in Koforidua.

5.6 Chapter Summary

This chapter first gave a summary of the research, beginning from the objectives and how questions of the study were addressed. It gave a conclusion of the findings by throwing light

on the link between findings and existing literature. The chapter also offered policy implications and suggested direction for future research.

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APPENDIX 1

**KWAME NKRUMAH UNIVERSITY OF
SCIENCE AND TECHNOLOGY**

**SCHOOL OF BUSINESS, DEPARTMENT OF MARKETING AND CORPORATE
STRATEGY**

I am Ruby Goka, Master of Science Student from the Marketing and Corporate Department of the Kwame Nkrumah University of Science and Technology. As a requirement for the award of MSc Marketing, I am undertaking a study on —An Evaluation of the Prospects and Challenges of Entrepreneurship in the informal economy: A Case of Central Market, Koforidua.

All information provided shall not be used for any other purposes. All responses shall be kept highly confidential. Please find time to respond to these questions below

SECTION A: PARTICIPANTS PROFILE

1. What is the name of your trading activity?

2. What is your gender?

Male () b) Female ()

3. What is your Educational Qualification?

a) SSCE () b) Diploma () c) HND () d) Bachelor ()

e) Masters () f) Others

4. What is your age?

a) 20-30 yrs () b) 31-40 yrs () c) 41-50 yrs () d) 51-60 ()

5. Nationality

6. What is your Marital Status?

a) Single () b) Married () c) Widowed () d) Divorced ()

7. How long has your business been in operation? 1-5 () 6-10 () 11-15 () 16-20 () 31-35 ()
above 35 ()

8. Which sector does your business conduct trade in?

Wholesaling () Retailing () Manufacturing () Services ()

9. Is your business registered? Yes () No ()

10. If not, why haven't you registered?

11. Do you have employees who work for you? Yes () No ()

12. If No, whom do you work with?

13. Do you pay those who work for you?

Yes () No ()

SECTION B: CHALLENGES AND PROSPECTS OF ENTREPRENEURS WITHIN THE INFORMAL ECONOMY OF KOFORIDUA CENTRAL MARKET

1. What is your understanding of the informal sector?

2. Have you worked in a formal sector before?

3. If yes, were you satisfied with the salary?

4. If No, why?

5. What are some of the reasons that made you operate in the informal sector? Is it still a factor?

6. What problems have you faced in working in the informal sector? Which of these problems still recur? Which of these has/have reduced/been eliminated?
7. What are the underlying institutions that pose a challenge to you in this sector?
8. How have you personally addressed the challenges you have faced?
9. Do you see an improvement in your revenue from the time you started a business? For example: has it increased, decreased, remained the same, not sure?
10. Do you see an increase in the number of people joining the informal sector daily? For example: has it increased, decreased, remained the same, not sure?
11. How do you see informal sector activities as a reaction to safety net or employment opportunities?
12. What are the possibilities of the informal sector to economic growth?
13. Where do you see your business in the next year? In the next five years? The next ten years?

