



Cadernos de Estudos Africanos

ISSN: 1645-3794

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Centro de Estudos Africanos  
Portugal

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Cadernos de Estudos Africanos, núm. 11-12, diciembre-junio, 2007, pp. 19-38

Centro de Estudos Africanos

Lisboa, Portugal

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**AFRICAN WOMEN IN THE  
ENTREPRENEURIAL LANDSCAPE:  
RECONSIDERING THE FORMAL AND  
INFORMAL SECTORS**

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## **African Women in the Entrepreneurial Landscape: reconsidering the formal and informal sectors**

*Informal and formal can be seen as «dual economies» of African countries. Governments often concern themselves with the formal, while development agencies often support the informal. This paper discusses the full landscape of entrepreneurship, considering both sectors, and the range from small to large within each. It queries whether or not there can be movement within and between sectors, and if the «rags to riches» upward movement, as seen in developed countries, is possible in developing ones. The range of women in traditional micro enterprises to the emerging new generation of African women owners of large-scale companies are discussed in particular, but the research applies to both men and women. A paradigm of the entrepreneurial landscape will be presented with variables that consider demographics; types of typical enterprises and firms; product sourcing and markets; start-up capital; and movement within and between the sectors. Some conclusions are that the informal-formal distinction has been useful to disentangle the landscape, but movement between may not be substantial other than minor taxation for sites and services because of the entry requirements of capital, education, business networks, etc. Similarly, within the formal sector of small to medium to large businesses, there is some movement but they too are limited by access to capital, networks, market intelligence and niches, and product innovation. Nevertheless, there is a growing cadre of women at the top who both confound researchers/donors and provide role models for success within their societies.*

## **Mulheres Africanas na Paisagem Empresarial: reconsiderações sobre os sectores formal e informal**

*O informal e o formal podem ser vistos como «economias duais» dos países africanos. Os governos normalmente ocupam-se do formal enquanto as agências de desenvolvimento apoiam frequentemente o informal. Neste texto discute-se o panorama abrangente do empreendedorismo, tendo em consideração ambos os sectores e as dimensões – de maiores a menores – das actividades que estes comportam. Questiona-se a possibilidade de existir mobilidade dentro e entre os sectores e se a mobilidade ascendente – «de muito pobre a rico» – que se verifica nos países desenvolvidos é possível nos países em desenvolvimento. Discute-se em particular um conjunto abrangente, desde as mulheres em micro-empresas tradicionais às novas gerações de mulheres africanas proprietárias de grandes empresas, embora a pesquisa se aplique quer a homens quer a mulheres. Apresenta-se um paradigma do panorama empresarial, com variáveis que têm em conta a demografia, os tipos de empresas e estabelecimentos típicos, o acesso aos produtos e aos mercados, o capital inicial e a mobilidade dentro e entre sectores. Algumas das conclusões são que a distinção informal-formal tem sido útil para compreender o panorama mas que o movimento entre um e outro sector pode não ser substancialmente positivo, excepto em termos de redução das taxas sobre estabelecimentos e serviços devido às exigências no que diz respeito ao capital, à educação, redes de negócio, etc. Da mesma forma, no sector formal e desde as pequenas às médias e grandes empresas, existe alguma mobilidade que, contudo, é igualmente limitada devido ao acesso ao capital, às redes, ao conhecimento do mercado e dos seus nichos, às inovações. Apesar disso, existe um conjunto crescente de mulheres no topo, o que intriga os investigadores e os doadores ao mesmo tempo que servem de modelos de sucesso nas suas sociedades.*

## Introduction

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### The informal and the formal sectors

There is no conclusive definition of the informal sector although the term has been in existence since the 1970s<sup>1</sup>. It was initially argued that «it was routed in a government perspective of order, although it was the formal sector with its political interests and bureaucracy and corruption that was mysterious for people without power,» while the informal sector was more accessible to them (Schneider, 2001: 743). Informal referred to unregistered, unregulated, and untaxed businesses that included service enterprises, production activities, and street traders. By contrast, the formal sector included taxed, registered and regulated businesses. My colleague and I used this distinction in the book *African Entrepreneurship: Theory and Reality* (Spring and McDade, 1998). It seemed clear-cut at the time.

But the distinctions are not so clear-cut. On the one hand, some governments, such as Kenya and Ghana, changed their perspectives and began to capacitate the informal sector. They provided «sites and services» so they could tax and register small business activities. If we use this conception, then all levels of entrepreneurs, except the most micro and illegal ones, are in the formal sector. On the other hand, there has been movement from the formal to the informal sectors in many countries for a number of reasons. When salaried workers lost their jobs because of structural adjustment programs, they turned to the informal sector, often increasing the competition with the women's and men's «informal» enterprises already there. In addition, formal sector firms may turn towards suppliers in the informal sector to find prices and credit that are more flexible. Adam's (1999) study of enterprises in Nigeria concluded that although the informal and formal sectors are qualitatively different in many characteristics, the two are interdependent in many African economies. For example, a boom in the formal sector may initially result in a recession in the informal sector because of competition for resources and markets. Or an economic upturn can benefit informal sector businesses by infusing resources and creating demand in niche markets.

Informal and formal can be seen as «dual economies» of African countries. Governments have usually been concerned with the formal. Ironically, donor agency projects have supported the informal. Anthropologists generally study the informal market sector, but this is changing. This paper discusses the full landscape of entrepreneurship in Africa, considering both sectors, and the range from small to large within each. The paper is concerned with the types and ease

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<sup>1</sup> This paper will be published in the *Journal of African Business*, vol. 8 (2) 2007 or vol. 9 (1). Research for this paper was made possible by grants from the Opportunity Research Grant Fund, the CIBER Business program, and the Center for African Studies, University of Florida.

of movement between sectors, as well as the types of entrepreneurs and their businesses. It aims to consider briefly and in general, the range of traditional and emerging entrepreneurs. Women are the particular focus, and are discussed to demonstrate their diverse participation, but my paradigms apply to both men and women.

The paper also discusses a new and emerging sector, the new generation of African Entrepreneurs (NGAEs), true formal-sector business globalists of both sexes who were organized into networks: 31 at national level, 3 at regional level, and one for the continent (see Table 1). If the micro-entrepreneurs are at one end of the informal-formal sector continuum, they are at the other end too. Figures 1 to 6 present paradigms of the continuum from micro-entrepreneurs in the informal sector to the NGAEs in the formal sector in terms of the following variables: demographics (education, marital status); types of typical enterprises and firms; product sources and markets to sell in; sources of start-up capital; and movement within and between the sectors.

This paper is concerned with the ease of movement within sector and between sectors in terms of increased scale of operation. The expectation in developed countries is that entrepreneurs start small and work their way upward – the notion of «rages to riches.» The question is why does Africa have such a large number of micro-entrepreneurs at the bottom and such a small number of large firms owned by Africans at the top for Africa. Where is the «missing middle»? This paper queries the aspects that facilitate and constrain movement between sectors, as well as within from small to large. My paradigms can be used heuristically to conceptualize the formal-informal sectors and the types of movement within and between categories. I consider the micro-entrepreneurs, to the «Mama/Nana Benz» large traders, to the «in the sun» small industries, to the small retail shops, to the medium-sized companies (products and services), to the large manufacturing firms, and to the new generation of African entrepreneurs who are global businesspersons.

### **The entrepreneurial landscape in Africa**

Entrepreneurship is a major catalyst for economic growth in both industrialized and developing countries. Entrepreneurs establish new businesses that create employment and provide services and products to increase the wealth of their local and national economies. Gender influences the entrepreneurial landscape.

### **Micro- and small-scale enterprises**

In Africa, the majority of women-owned enterprises are the micro- and small-scale enterprises in the informal sector (Clark, 1994; Horn, 1994; House-Midamba and Ekechi, 1995; Robertson, 1997; Aspaas, 1998; Snyder, 2000). A study of 50,000 such businesses in Southern and Eastern Africa during the period 1990-98 showed that 48 percent of all such businesses were owned by women (Mead, 1999). Women have played a more limited role as owners and managers in the formal sector (Agbaw, 2000). Even in the modern formal sector, African women entrepreneurs feel obstructed by the «gender divide» that prevails in virtually all African countries (Hagos, 2000). In addition to what are described as «traditional African attitudes» that inhibit women in the formal business sector, African women are outside of «old boys networks» such as social clubs where businessmen congregate. However, Snyder (2000) interviewed women entrepreneurs in Uganda who established and operated successful businesses that run the entire spectrum of the entrepreneurial landscape. These women who used entrepreneurial activities to empower themselves include market women (who sell everything from water to curtains), manufacturers of custom leather shoes, owners of private clinics and supermarkets, as well as major hoteliers and tourism industry operatives. Snyder concludes that despite women's activism and its positive impacts, the situation for the majority of African women shows continuing gender disparities across all socioeconomic and political indicators of development.

### **Medium-scale African firms**

According to Olomi (1999), a relatively small large-scale sector and relatively large small-scale sector characterizes most African economies, and in between is an «almost insignificant» medium-scale sector. The number of African businesses that employ hundreds of people and earn annual revenues in the millions of dollars is small but they are found continent-wide (Bowditch, 1999; Goedhuys and Sleuwaegen, 2000). This structure has been described as the «missing middle» in African economies (Esbin, 1994; Ferrand, 1996; Kiribiti, 1999). However, studies of some countries point to a viable and emerging, though small, medium-scale sector. One of the relatively few studies of modern African entrepreneurs conducted over 10 years ago concluded that «the middle is not missing» (Marsden, 1990: 5). This study profiled 36 entrepreneurs in six countries (Botswana, Ivory Coast, Ghana, Kenya, Malawi, and Tanzania) and showed a wide range of medium-scale firms. Snyder (2000) also identified a growing segment of women owners of middle-level businesses. Some had formed business associations and asserted that they are seizing the challenge that the current government's private sector-friendly

policies had afforded. The Africa Project Development Facility (APDF) of the International Finance Corporation (IFC) has been making loans to the medium- and large-scale spectrum of African enterprises for the last decade.

### **Large-scale enterprises in Africa**

Even though they are a small percentage of all African businesses, the medium to large, formal sector enterprises owned by Africans are an important part of the entrepreneurial landscape. These businesses conform to regulations, exhibit high levels of human and financial capital, and are integrated into the structures of the formal economy (Bowditch, 1999; Kerr, 1999; Goedhuys and Sleuwaegen, 2000). Most are owned by men, but some of them have women owners. In Ghana, a woman owns the water and juice manufacturing company; in Ethiopia, a woman owns the largest supermarket chain; in Eritrea, a woman owns the largest manufacturing company; in Uganda, a husband and wife own the largest cell phone company (author's fieldnotes). As well, women (in the NGAEs category, see below) in Kenya and Zambia own large export horticultural (roses) operations. Snyder (2000) also notes a limited number of such women-owned businesses in Uganda.

From independence to the mid-1980s, large nationally owned private enterprises were mainly in manufacturing, construction, and transportation (Schulpen and Gibbon, 2001). Manufacturing sub-sectors included beverages, clothing, furniture, printing, rubber, leather working, plastics, soap and toiletries, pharmaceuticals, and building materials. Structural Adjustment Programs (SAPs) of the 1980s negatively impacted some of these «protected» domestic firms, and some declined, went out of business, or were sold to foreign investors. Those enterprises that survived remain important to their countries economically. But new locally-owned large enterprises have emerged since SAPs, and include the non-traditional exports (e.g., large-scale horticulture-vegetables and cut flowers; fish processing; saw milling), trade, banking, and transportation. Women are involved in the non-traditional exports and in transportation in many countries.

### **The «new generation of African entrepreneurs»**

An emerging segment, who called themselves the «new generation of African entrepreneurs» (NGAEs), formally constituted business networks between 1993 and 2003 to advocate and change the entrepreneurial landscape (AEN, 2000; Courcelle and de Lattre, 1996; Orsini, 1999; Orsini et al., 1996; SAEN, 1999; WAEN, 1993; Wohlmuth and Wauschkunh, 2001). My colleague Barbara McDade and I carried out research on this group and published several articles (McDade and Spring, 2005; Spring, 2002; Spring and McDade, forthcoming). The research was carried out between 2000 and 2004 in seven countries (Botswana, Ethiopia,

Ghana, Kenya, Senegal, South Africa, and Uganda), and I interviewed others from Zambia, Zimbabwe and Tanzania (the latter in 2005 in that country) on a network of businesspersons in the formal sector, and for contrast, on other entrepreneurs in the formal and informal sectors. The NGAEs, after the end of donor funding for the formal networks in 2003, continue today with their own formal-sector businesses and contacts.

The networks emphasized financial transparency, being a-political, using merit rather than kinship or ethnicity for hiring, adhering to ethical business practices, advocating for the private sector with governments, and having global perspectives. Network members of the pan-African, 31 country, and 3 regional networks succeeded in influencing business conditions when they implemented cross-national joint business ventures; created a professional sub-network; gained official observer status at the regional economic organizations (ECOWAS, COMESA, and SADC); signed memoranda of understanding with multilateral agencies (World Bank and Ecobank); formed venture capital funds; and changed government regulations (Spring, 2002; McDade and Spring, 2005; Spring and McDade, forthcoming).

Table 1 details the countries, members interviewed (in relation to national network membership), business position, and how businesses were acquired (self, though family or by taking over state-owned enterprises – SOEs). The data on this group is discussed further in the publications cited above. They are considered here, since they form the end point of the entrepreneurial landscape.

## **The paradigms to consider the range of the entrepreneurial landscape**

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### **Demographic profiles**

Figure 1 provides a paradigm of some demographic characteristics (educational levels, formal-sector work experience, marital status, and husband's financial contribution) of women entrepreneurs in the formal and informal sectors. Women micro-entrepreneurs may have little or no primary education (Clark, 1994; Robertson, 1997, 1998; Spring, 2000, 2002); large-scale traders may have primary to secondary education; some are now assisted by their educated grown children in doing e-commerce (author's interviews with Ethiopian and Uganda traders; Coquery-Vidrovitch, 1997). By contrast, small- and medium-business owners, such as members of the Uganda Women Entrepreneurs Ltd. (UWEAL) and Ghanaian Association of Women Entrepreneurs (GAWE) have mostly completed secondary school, some attended college and other had degrees (author's data).

Conventional large-scale formal sector African businesses are mostly in the manufacturing and agricultural sectors (Spring and McDade, 1998; McDade and Spring, 2005). Ukaegbu (1998) writes of Nigerian company-owners who have education but hire MBAs to assist them in running the firms. Some women owners in Uganda (Snyder, 2000), Kenya (author's fieldnotes 2001), and Ethiopia (author's fieldnotes 2000) have college degrees, while other have secondary school educations. By contrast, the NGAEs have bachelor degrees, some have MAs and MBAs, and a few have PhDs (authors data; Spring, 2002; McDade and Spring, 2005).

In terms of employment, informal sector entrepreneurs, especially the micro-small-scale ones, usually have never held formal sector jobs. Large-scale traders usually have not been salaried workers, except for the new phenomenon of retrenched workers. Coquery-Vidrovitch (1997) notes that some West African women passed down such businesses for hundreds of years to their children, but in the past generation, their offspring are well educated and prefer to become formal-sector professionals. Owners of small- to large-businesses have several pathways to start businesses. These include salaried workers who start their own companies, or more commonly those who take over family businesses.

By contrast, 85 percent of the NGAEs interviewed started their businesses, and 11 percent took over SOEs (Table 1; McDade and Spring, 2005). Most had salaried positions in formal sector companies (some in the US, UK, and Europe) before starting their companies; a few started companies after graduating from college. Other NGAEs were salaried executive managers – CEOs and Chief Operating Officers (author's data). Husbands and wives in the same business might manage operations in tandem or separately depending on who started the business and their respective skills. Among most NGAEs, husbands and wives had their own businesses, and in some cases, both spouses were network members.

In some places, village and peri-urban women are expected to receive money from their husbands to be traders. Yoruba and Igbo women in Nigeria (Falola, 1995; House-Midamba and Ekechi, 1995) and some Ghanaian women (Clark, 1994, 2000) were traditionally in this arena, while in other places, this assistance by husbands was not automatic. In many places, both married women and female heads of household were market traders (Robertson, 1997, 1998; House-Midamba and Ekechi, 1995; Horn, 1994, 1998; and many others). In some cases, women were supposed to turn over profits to their husbands, while in other cases they hid money (Spring, 2000).

By contrast, salaried women workers ranged from holding separate purses (Khasiani, 1995) to having separate responsibilities for household purchases and paying school fees. Some had joint-bank-accounts with their husbands (author's

data; Spring, 2002). Data from other parts of the world support the notion that husbands reduce household allowances when women earn their own income (Spring, 2000). However, for those in the formal sector, this reduction does not occur. Medium- and large-scale company owners are wealthier, and often come from affluent family backgrounds, so the question of household funds is a mute point. Some NGAEs are business partners with spouses, while there are some in which various family members (e.g., daughter and father, mother and son, and siblings) have formed businesses together.

### **Types of enterprises and firms**

Figure 2 provides examples of the types of enterprises for each category. Small-scale traders and marketers sell agricultural produce, cooked food, beer, crafts, and cloth. In West Africa, some specialize in palm and kola nuts, salt, fish, and shea butter, while in Central/East Africa the products are grains, tubers, vegetables, and fruits. In certain locals, such as Lagos, women specialized in herbals and household utensils in the past, but currently this has become «male» territory (Coquery-Vidrovitch, 1997: 99). Traders of any size who buy from the rural areas and sell in peri-urban and urban areas often provide forward and backward linkages between these areas in terms of moving agricultural and craft products in one direction, towards the city, and manufactured items (agricultural tools and inputs, cloth, and household utensils) in the other, towards the countryside (Clark, 2000; Spring and Trager, 1989).

In most places, there is a gender division of labor. Women trade produce, food, cloth, crafts, and pottery. Men control trade in metal and wood products. Commodities that require capital and direct connections to international markets are usually male-controlled; items to do with daily subsistence and local markets are usually female-controlled because of women's limited cash resources. For large-scale traders, there are exceptions, such as women in the Democratic Republic of Congo who sell gold, diamonds, and electrical appliances (MacGaffey, 1998).

Some large-scale women traders are involved in extensive local networks. In West Africa, in particular, others operate internationally as wholesalers in salt, fish, palm and kola nuts, shea butter, cloth, and gold (Coquery-Vidrovitch, 1997). In the Horn of Africa, such women move manufactured products from Dubai back to their countries, amounting to millions of dollars annually, and probably pay bribes to custom officials. In East Africa, women wholesale crafts from Kenya, Uganda, and Tanzania. Generally the large-scale vendors are involved in the cloth trade and household goods.

Once food production becomes industrialized, it moves to the formal sector in a variety of forms; small-scale bakeries, large manufacturers of baked goods, and

agrofood processing and distribution systems for super-markets – all co-exist in the formal sector. There can be expansion from a successful retail operation to multiple stores and retail chains, in aspects such as food markets, electronics/appliances, as well as in transportation companies (from several trucks and busses to fleets). The NGAEs women and men, by contrast, are heavily involved in the service sector (tourism, computers and information technology, public relations and consultancy companies), and high-value agricultural exports such as vanilla bean (Uganda) and roses (Ethiopia, Kenya, Zambia). Women are in all these sectors, non-traditional for them.

### **Start-up capital**

Figure 3 models the sources of capital, probably the single largest factor in terms of scale and sector differences (education/training may be second). While all levels can use their own and family money, and can inherit family businesses, the model shows that NGAEs usually start use their own equity. Some micro-entrepreneurs have been given start-up funds by donor projects, and some few small formal sector industries were assisted by projects like the GEMINI project funded by USAID. A common method for small-scale female entrepreneurs is the use of «Rotating Savings and Credit Associations» (ROSCAs), which help them accumulate sums they could not hope to have in ordinary weekly or monthly revenues. But formal sector and medium to large businesses require significant capital. NGAEs have overcome the problems of limited capital markets in most African countries because they use previous salaries and obtain bank credit successfully. Small to medium firms may have to use bank overdrafts to finesse receipts and payments to get them through (Fafchamps, 1998).

### **Sourcing and markets**

Figure 4 models the differences and similarities between sectors and levels, in terms of the sources of raw materials, and the markets that are targeted. It is obvious that micro-entrepreneurs rely on local resources and sell in local markets, and that globalists can source regionally and internationally and sell in such markets (they can use many resource levels and markets). But it needs to be commented upon that successful international formal-sector companies also have successful national bases. Large-scale informal sector traders are global in their purchases of manufactured goods for local, informal-sector distribution. They perform a valuable service of bringing products to local people, but they do not contribute to their country's economy in terms of using local materials, building infrastructure, manufacturing good, or paying taxes.

### Networks and associations

Figure 5 models the kinds of networks and associations; it helps disentangle the levels of membership that may prove helpful for international development agencies as they attempt to impact on entrepreneurs. «One size does not fit all,» and one type of network or organization cannot hope to accommodate the different types of entrepreneurs.

It may be argued that large informal sector and medium formal sector are similar in terms of annual monetary revenues generated, but they are categorically different. Most traders are not members of formal organizations such as chambers of commerce. NGAEs are categorically different from the other medium to large-scale businesses in the formal sector due to their global techniques, business ethics, and emphasis on fiscal transparency. But they tend to stay away from membership in chambers of commerce to which all levels of businesses belong, in order to retain their exclusivity.

Women's entrepreneurial associations are not new, and large-scale market women, as well as business and professional women have had associations for several decades (Esther Occlu, personal communication, July 2000). Small-scale traders often are members of local organizations of market women, and the large-scale wholesalers may be members of national women's organizations. For example, the Ghanaian Association of Women Entrepreneurs (GAWE) and the (pan-)African Federation of Women Entrepreneurs (AFWE) are a mixture of large-scale traders and formal-sector businesswomen (Spring, 2002). AFWE sponsored three international trade fairs and investment forums (in Ghana, Ethiopia, and the United States), and received funding from donors such as Norway/NORAD and UNIFEM, perhaps indicative that there were informal (larger-scale in this case), as well as private sector entrepreneurs involved.

AFWE was founded by Lucia Quachey in 1990; members at first were concerned with women's issues such as divorce and female genital cutting. The group then went on to consider women's economic issues. Quachey (personnel communication, 1999) said, «*We stopped talking about equality and rights, and just focused on making money.*» She also noted that «*women were not being invited to anything important or considered an economic force. Women just come in handy [to be present or to speak] on women's issues.*». Subsequently, GAWE and AFWE organized proposals and received funding from donors.

For the NGAEs, the three regional networks were initiated and funded by international donors. The West Africa Entrepreneurial Network (WAEN) operated from 1993 to 2003, followed by the East Africa Entrepreneurial Network (EAEN) and Southern Africa Entrepreneurial Network (SAEN) from 1998 to 2003. A pan-African Enterprise Network (AEN) of 31 member countries

was constituted in Ethiopia in 2000. Members regularly traveled to national, regional and international meetings. WAEN, EAEN, and SAEN operated using global management and ethical standards (Orsini, 1999; Spring, 2002; McDade and Spring, 2005; Spring and McDade, forthcoming). They focused on regional networks, trade and investment, as well as on improving the business climate in their own countries. Their achievements included: (1) cross-national joint ventures; (2) creation of a professional West African sub-network on accountancy lead by a female owner of one of the largest firms; (3) gaining official status at ECOWAS and COMESA; (4) signing memoranda of understanding with the World Bank and Ecobank; (5) setting some regional and national investment funds; and (6) building South-South capacity (Orsini, 1999).

### **Movement within and between sectors**

Figures 1-5 show the range of women's involvement in entrepreneurial and business activities. Not all women entrepreneurs are alike, and not all can move within or between sectors. The basic paradigm for movement within and between sectors is given in Figure 6. Data from my interviews and business histories show that there is some fluidity within and between sectors, and standard distinctions and definitions of formal-informal should be heuristic only. However, many reasons limit upward movement within and between the spectrum categories. These include: (1) limited expansion capability due to lack of capital, management skills, formal education and formal-sector business experience; (2) inability to source necessary materials and find profitable markets; (3) government regulations and hindrances of business transactions; (4) inability to expand businesses and compete outside local areas due to the lack of networks, fiscal transparency, wider experience, etc.; and (5) political limits on private enterprise.

Figure 6 models the movement within and between sectors. In terms of movement between small and large-scale informal trading businesses, there are women who have made such moves, but they are few. Esther Occlu, whose grandmother gave her some «small change» with which she bought oranges and made marmalade and then went on to own food products and textile factories (first informally and then in the formal sector), is a well-known example (documented in the film *Fear Woman*, UN Television, 1974, and personal communication, July 2000). Usually family connections and capital are necessary for movement to higher levels. Higher education and formal business sector experience are required for entry into formal sector businesses.

Daniels (1998) writing on urban Zimbabwe describes high- and low-profit industries (19 and 81 percent respectively of the sector) that are small to medium in scale. Men and women have different strategies and capital requirements, and

few people rise from low- to high-profit industries. Most women tend to be in the low-profit ones, focusing on trade in foodstuffs, food processing, and household goods; they are also found in certain occupational categories (i.e., domestic service, beer-brewing, hairdressing, sewing, knitting and crocheting, and pottery and craft-making). High-profit small industries include retailing garments, auto works, carpentry, and electrical repair; low-profit industries include tailoring, vending foods and farm products, knitting, and woodcarving. They face increased competition from men, as well as from women, who have lost their formal sector jobs (because of SAPs and political unrest) and who subsequently enter the informal sector, usually in the high-profit category (Osirim, 1998).

## **Conclusion**

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The informal-formal distinction has been useful to disentangle the entrepreneurial landscape. In reality there is fluidity, but limitations are not spread out evenly from the micro to the small to the medium to the large. Movement backwards from the formal to the informal occurs in the cases of failed businesses and retrenched workers, and companies may find suppliers in the informal sector. However, substantial movement from the informal to formal sector does not occur because of the entry requirements to start and maintain such businesses (capital, education, networks, etc.). Although the informal sector sometimes could be considered formal because of taxation and services, in fact, in all other ways it is informal; within it, the movement from micro-enterprises to large enterprises is rare and depends on capital and networks, rather than on innovation and new products (Spring and McDade, 1998). Traders and importers/exporters who move large quantities of products that they did not manufacture may have operations that are substantial. But their methods of conducting business separate them from others at the same business scale who own manufacturing and service firms, and who have recognizable locations, infrastructure, logos, and the like. Within the traditional formal sector of small to medium to large businesses, there is some movement but it is limited by access to capital, networks, market intelligence, product innovation, and markets. The NGAEs have moved from the traditional formal sector to a new global level through their types of businesses, networks, new goals and methods, high education, entrepreneurial drive, and access to capital. They ensure their continuance through a private business sector that they advocate with their governments.

Researchers and donors should not confuse small-scale micro-entrepreneurs and formal sector small industries, and medium-large level traditional and NGAEs businesses in terms of their needs for business training, credit and loans,

and associations. For informal sector small and large scale women entrepreneurs, Horn (1998) wrote what she called the ten tenets of women micro-entrepreneurs: (1) entrepreneurship is a gendered activity; (2) market women take risks; (3) they diversify income-earning activities; (4) they create micro-enterprise niches; (5) they lack access to formal capital opportunities but rely on spouses, kin, money-lenders, and savings; (6) they have entrepreneurship knowledge of clientele and their preferences; (7) women apprentice themselves to experienced traders to learn entrepreneurial skills; (8) they adapt trading techniques to available locales and spaces; (9) they strategize to make a profit and devote much time to their business; and (10) some women find freedom from domestic chores by engaging in entrepreneurial activities. However, none of this helps them move into the large-scale informal sector or the small formal sector.

By contrast, the NGAEs and other formal-sector business owners, at the other end of the spectrum, differ fundamentally, and there cannot be much cross-over. My ten tenets for the new women entrepreneurs (Spring, 2002) include the following aspects: (1) women are globalists and enter non-traditional, formal-sector enterprises based on their education and training; (2) they are considered as businesspeople in mainstream arenas, and not as a separate category of «women» entrepreneurs; (3) women traders do not become new generation businesswomen or vice versa; (4) many women still use their own and family money, but some obtain loans and funding from previous formal sector employment and networks; (5) they obtain market intelligence through global methods that include the Internet, communication with network members, international travel, etc.; (6) entry into business is based on formal education and formal-sector employment backgrounds; (7) they belong to national, international, and professional associations/networks, as well as to gender-specific ones; (8) they keep business separate from family and domestic concerns, a discerning characteristic often not found among informal sector traders; (9) they adapt global standards of accountability and financial transparency; and (10) entrepreneurship involves risk-taking; these women differ from salaried personnel; they have taken risks and created businesses while others only «dream» about doing so. It is worth mentioning that NGAE women do not want to go back to the standard formal sector, and entry into the informal sector is beyond the realm of possibility for them.

There would be better understanding of the financial limitations, on the one hand, and the significant skills and accomplishments, on the other hand, if the wide range of female (and male) entrepreneurial activity were conceptualized dynamically. The questions would then be about realistic planning that would be required to enhance movement upward to capacitate the «missing middle»

based on the reality of where different players begin and end.

*Table 1 – NGAEs interviewed by country, network membership, business position, and business acquisition*

Country	Members Interviewed (of which women*)	National Network Membership (of which women*)	Business Position		Business Acquisition		
			Owner	Manager	Self	Family	SOE
Botswana	6 (1)	14 (2)	6		6		
Ethiopia	5	7	2	1	1		1
Ghana	13 (6)	44 (18)	13		9	3	1
Kenya	11 (2)	11 (2)	11		10	1	
Mali	2	17 (2)	1	1	1		
Senegal	5 (3)	18 (4)	5		5		
South Africa	6 (2)	9 (2)	5	1	5		
Uganda	8 (2)	10 (2)	8		6	2	
Zambia	1	10 (2)	1		1		
Zimbabwe	2	8 (2)	2		2		
Total	59 (16)	148 (36)	54	3	46	6	2
Percent	27%	23%	95	5	85	11	4

\*Number of women members added for this table.

Source: Adapted from McDade and Spring (2005).

*Figure 1 – Paradigm of demographic characteristics*

	Informal Sector		Formal Sector		
	Micro ○○○○○○○○ Large		Small ○○○ Medium ○○○ Large		NGAEs
Education	None or little	Primary to secondary to some college	Secondary; Some primary, some college	Secondary and college	BAs, MAs, PhDs
Formal Work Experience	None	None to retrenched workers	None, retrenched workers, some salaried in the formal	Salaried, formal	Salaried, formal, CEOs, COOs,
Marital Status	Married and female head of household				Married, some divorced legally
Husband's contribution	None to some	Income may reduce husband's contribution (varies)		Share financial responsibilities (varies)	May be business partners

Figure 2 – Model for types of enterprises/firms

Informal Sector		Formal Sector			
Micro <small>*****</small> Large Enterprises		Small <small>****</small> Medium <small>****</small> Large Firms/Companies			NGAEs Firms/Companies
<ul style="list-style-type: none"> <li>• Agri-produce</li> <li>• Prepared foods</li> <li>• Crafts</li> <li>• Herbals</li> <li>• Household goods</li> <li>• Hair-dressing</li> </ul>	<ul style="list-style-type: none"> <li>• Textiles</li> <li>• Food products</li> <li>• Transport</li> <li>• Furniture</li> <li>• Household goods</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing of clothing</li> <li>• Furniture</li> <li>• Bakeries</li> <li>• Retail shops</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing of textiles, clothing, agro-processing</li> <li>• Retail shops</li> <li>• Transport firms</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing of textiles, clothing, agro-processing, industrial products</li> <li>• Supermarkets</li> <li>• Transport firms</li> <li>• Retail shops chains</li> </ul>	<ul style="list-style-type: none"> <li>• High value exports</li> <li>• Tourism</li> <li>• Computers</li> <li>• Real estate</li> <li>• Public relations</li> <li>• Manufacturing</li> <li>• Information technology</li> <li>• Manufactured products</li> <li>• TV/Radio</li> </ul>

Figure 3 – Paradigm for sources of start-up capital

	Informal Sector		Formal Sector			
	Micro <small>***</small> Large		Small <small>**</small> Medium <small>**</small> Large			NGAEs
Own	x	x	x	x	x	x
Family money	x	x	x	x	x	
ROSCAs, informal institutions	x		x			
Inherited businesses	(x)	x	x	x	x	
Donor loans	x		x			
Retirement funds		x	x			
Previous salaries		x	x	x	x	x
Diversified investments		x	x	x	x	
Bank credit		(x)		(x)	x	x
Bank overdrafts		x	x	x	x	

Figure 4 – Paradigm for sourcing and markets

	Informal Sector		Formal Sector			
	Micro ●●● Large		Small ●● Medium ●● Large			NGAEs
Local sources	x	(x)	(x)			
Local markets	x	x				
National sources			x	x	x	
National markets		x	x	x	x	x
Regional sources		x		x	x	
Regional markets		x		x	x	x
International sources		x			x	x
International markets					x	x

Figure 5 – Paradigm for membership in networks and associations

	Informal Sector		Formal Sector			
	Micro ●●● Large Enterprises		Small ●● Medium ●● Large Firms			NGAEs Firms
Local organizations	x	x	x			
Chambers of commerce			x	x	x	
Manufacturer's associations				x	x	
Employers' federations				(x)	x	(x)
Professional associations				x	x	x
Regional & international associations					(x)	x

Figure 6 – Paradigm for movement within and between sectors by size of business enterprise

Informal Sector	Formal Sector	
Micro ●●●●●● Large Enterprises/Traders  Movement possible to formal sector but rare ●●●●●●	Small ●● Medium ●● Large Firms/Companies  Movement upward and downward, dependent on capital, education, networks, etc. ●●●●●●  Retrenched salaried workers may move to informal sector ●●●●●●	NGAE Medium and Large Firms Movement upwards and downward, dependent on capital ●●●●●● ●●●●●●
Movement possible but rare. Lack education, networks, desire to pay taxes, be registered ●●●●●●	Stay in sector	
	Movement possible but need to be financially transparent, highly education, and a-political ●●●●●●	
	Movement possible but most don't want to go back to informal sector or lower levels of business ●●●●●●	

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