



PEDL Research Papers

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Foreword

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Women's entrepreneurship has been identified as an increasingly important contributor for economic growth and welfare, in particular for developing nations. In South East Asia alone there are 61 million female entrepreneurs, more than in Europe and the USA combined. Thailand presents a particularly interesting case as it is the only countries in the world where both nascent and established female business owners outnumber their male counterparts (GEM, 2015).

The papers presented in this proceeding aimed at investigate women's entrepreneurship in a variety of cultural and contextual settings, with an emphasis on analysing the strengths, challenges and business models of female entrepreneurs as well as strategies to promote and support women entrepreneurship.

Topics include:

- Women's Entrepreneurship Education
- Gender, Leadership and Professional Development
- Women's Entrepreneurship Development in Special Contexts
- Values, Business Models and Growth of Women Entrepreneurs
- Institutional Context and Women's Entrepreneurship
- Women's Entrepreneurship and Finance
- Women's Entrepreneurship and Networking
- Case studies focusing on female entrepreneurs

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Entrepreneurial motivations, aspirations and formalisation decisions amongst informal women entrepreneurs in Nepal

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Abstract

It is assumed that entrepreneurs are motivated to engage in the informal economy out of necessity for survival rather than opportunity; therefore, lacking growth aspirations and avoiding formalisation. However, there is a lack empirical research exploring entrepreneurial motivations and aspirations in developing countries. This research aims to fill this gap by exploring informal women entrepreneurs' motivations, life aspirations and formalisation decisions in the case study of Nepal. Semi-structured interviews were conducted with 30 informal women entrepreneurs in Nepal's second largest city, Biratnagar. Women entrepreneurs' motivations to engage in the entrepreneurial activities were complex, dynamic and intertwined with wider social norms. These complex and dynamic motivations influenced their life aspirations in terms of business growth and personal development. Entrepreneurs, who aspired to grow perceived formalisation as next step towards business sustainability. The findings contribute to the debates on the formalisation of the informal economy and calls to recognise the variabilities among informal women entrepreneurs' motivations and aspirations. Given the role of informal activities and women entrepreneurs aspirations formalisation could have significant implications on their business sustainability.

Introduction

The informal economy is prevalent in developing countries, contributing to 40 - 60% of non-agriculture GDP and more than 60% of total employment in non-agricultural employment (Schneider, 2002). Despite its prevalence, one of the pressing concerns is that the informal economy absorbs the most vulnerable and marginalised groups in a society (ILO, 2013). It is assumed that these groups are motivated to engage in the informal economy out of necessity for their survival (Lagos, 1995; Perry et al., 2007), lack of growth aspirations (Langevang et al., 2012) and to avoid formalisation due to its costs (Perry et al., 2007). However, there is a growing recognition that informal entrepreneurs are also creative, and use informal economy as a transitional space to test their capability and towards formalisation (Adom and Williams, 2012; Williams and Martinez, 2014). Similarly, recent evidence has shown that businesses that started as informal (i.e. unregistered) had higher firm performance as the delay in firm registration enabled management of resources for stronger foundations for growth as a registered firm (Williams et al., 2016). These findings state that entrepreneurs make strategic decisions to engage in the informal economy and to transition towards formalisation.

Whilst research on entrepreneurial motivations has advanced significantly, the extant literature continues to separate motivations based on the opportunity-necessity distinction (Reynolds et al., 2002; Smallbone and Welter, 2004; Hughes, 2006; Hessels et al., 2008). Against this, researchers have argued that this simplified categorisation neglects the complex and intertwined nature of motivation (Kirkwood, 2009) as often necessity and opportunity motivation can co-present (Snyder, 2004; Williams, 2008; Williams and Round, 2009). As motivations are often considered drivers of future aspirations (Hessels et al., 2008), this categorisation has direct implications for formalisation decisions and government policies. However, there is a lack of empirical knowledge on entrepreneurial motivations in developing countries, particularly beyond the binary distinction, and their aspirations to grow (Rosa et al., 2006; Williams and Round, 2009; Langevang et al., 2012). With the aim to fill this research gap, this paper explores informal women entrepreneurs' motivations and life aspirations and how these might affect the choices they make in relation to business formalisation in the case study of Nepal. Three specific research questions guide the research aim:

1. What are entrepreneurs' motivation to engage in the informal economy?
2. In what ways entrepreneurs' motivations drive entrepreneurial aspirations?
3. How do entrepreneurial motivation and aspirations affect entrepreneurs' formalisation decisions?

Women entrepreneurs in a developing country context are an important empirical object because they are overrepresented, have lower business registration rates than men, and are less likely to see the value of formalisation (Hampel-Milagrosa, 2011; Kabeer, 2012). In addition, various constraints and preferences, such as cultural and social norms restricting mobility, reliance on close networks, and locational choice to remain close to home to manage family duties have been found to influence women's decisions in the informal economy (Williams, 2011; Babbitt et al., 2015). These decisions indicate that women's business preferences (including choice of industry and sector) reflect tacit choices based on distinct motivations around lifestyle, family and values; and sit within significant challenges around subsistence and livelihoods vulnerability (Bardasi et al., 2011).

The paper makes several contributions to the literature. First, it presents new knowledge on the role of motivations and aspirations on formalisation decisions. Extant literature places an emphasis on costs-benefits rationality for lack of formalisation (Perry et al., 2007). Moving forward, this research shows that formalisation decisions are intertwined with motivations, various business constraints and entrepreneurs' aspirations. Second, the relationship between motivations, aspirations and formalisation decisions are neither unidirectional nor static but dynamic. Third, building on previous studies on motivations, this research adds that informal entrepreneurs are motivated by diverse factors beyond opportunity-necessity bifurcations. These findings call for a recognition of women as heterogeneous groups, which should be considered when designing formalisation policies.

Entrepreneurial motivations and aspirations

Opportunity and necessity driven entrepreneurship

Entrepreneurial motivations have been a key focus of entrepreneurship studies and recently there has been a call to renew motivations research in new directions looking at the relationship between

motivations, aspirations and behaviour (Carsud and Brännback, 2011). Entrepreneurship literature on start-up motivations have evolved from personality traits theory to external factors focusing on 'necessity – opportunity entrepreneurship', also referred as 'pull-push' motivations (Reynolds et al., 2002; Smallbone and Welter, 2004; Hughes, 2006; Hessels et al., 2008). Necessity entrepreneurship refers to individuals pushed into entrepreneurship, influenced by structural factors such as unemployment and poverty, because of lack of alternatives, therefore, entrepreneurs are motivated to earn their livelihoods for survival (Minniti et al., 2006). Whereas, opportunity entrepreneurship refers to individuals who are pulled into entrepreneurship with a desire for autonomy, including independence and freedom, increased income, wealth, challenge, recognition and improved status (Kolvereid, 1996; Smallbone and Welter, 2004; Minniti et al., 2006). Opportunity-centred entrepreneurship emphasises individual choice whereby entrepreneurs exploit opportunity to create ventures.

This binary categorisation states that entrepreneurs are either necessity or opportunity oriented (Minniti et al., 2006). As evident on Global Entrepreneurship Monitor (GEM) surveys higher number of entrepreneurial activities in developing countries are driven by necessity-oriented entrepreneurship (40%) in comparison to developed countries where entrepreneurship is mostly opportunity-centred (20%) (Kelly et al., 2016). Mirroring the formal entrepreneurship literature, the structuralist view is also adopted on the informal sector stating that informal entrepreneurs are engaged in the informal economy out of necessity (Lagos, 1995; Adom, 2014). However, neo-liberal view emphasises on choices made by informal entrepreneurs to operate informally to avoid costs, time and effort in registration (Perry et al., 2007). Therefore, entrepreneurs choose to engage in the informal economy to achieve autonomy, freedom, and identity which is not available in the formal economy (Snyder, 2004; Aidis et al., 2006). In addition, recent evidence has shown that informal entrepreneurs are also motivated by opportunity and their motivations changed from necessity to opportunity over time (Williams and Gurtoo, 2011; Adom, 2014). Similarly, existing literature on the motives of informal entrepreneurs conventionally has stressed the static approach with research focussing on surveys at a specific time period (Adom and Williams, 2012). However, new research adopting in-depth qualitative approach have argued the "fluidity in the motives over time" (Adom and Williams, 2012:7). However, there is a lack of empirical knowledge exploring motivations in the developing countries (Rosa et al., 2006; Williams and Round, 2009).

Examining entrepreneurial motivations is important as often entrepreneurial motivations are associated with aspirations (Hessels et al., 2008). For instance, motivations associated with increased income are positively related with growth aspirations (Hessels et al., 2008). This has direct implications for the informal economy as it is considered that informal entrepreneurs motivated by necessity for survival have lower growth aspirations (Reynolds et al., 2002). This lack of growth aspirations might also influence their formalisation decisions as it is assumed that necessity focused entrepreneurs are pushed by circumstances outside their control rather than their choice. However, in a case study of Dominican Republic De Castro et al., (2014) show that informal entrepreneurs make multiple strategic choices to stage formalisation. As entrepreneurs were successful, they aspired to grow and decided to formalise to reduce costs of informality and capture wider benefits. Similarly, based on a World Bank Enterprise Survey (WBES) data, Williams et al., (2016) find that entrepreneurs made strategic choices to remain informal and delay formalisation in order to build relationships with suppliers and customers, and stronger foundations for growth leading to firm performance.

While these studies focusing on formalisation decisions and impact of being informal on firms' performance did not examine motivations and future aspirations directly they emphasise the choices informal entrepreneurs make in relation to business formalisation. This paper argues that entrepreneurs also make choices based on free will to engage in the informal economy rather than pushed by necessity; and they also aspire to grow as opportunity-oriented entrepreneurs, which affect the choices they make in relation to business formalisation. However, there is a lack of research on aspirations of informal entrepreneurs in developing countries, and where exists it links informal entrepreneurs with lack of aspirations or links growth aspirations with job creation and market expansion (Langevang et al., 2012). There is a need to understand in-depth the ways individuals are motivated to engage in the entrepreneurial activities and how these motivations are associated with future aspirations (Langevang et al., 2012).

Informal women entrepreneurs' motivations, aspirations and their formalisation decisions

Informal economy provides an important source of income for women in developing countries (Chen, 2007). However, women entrepreneurship in the informal economy are characterised as small scale, operating in a highly clustered, niche and 'saturated' sector, less efficient in terms of productivity, less profits, and less inclination towards formalisation (De Bruin et al., 2000; Bardasi et al., 2011). While women entrepreneurs are also viewed to be engaged in the informal economy motivated by necessity this narrow view neglects to reflect that women are also motivated by a desire for greater income, self-fulfilment, and ability to balance work and family roles (Kantor, 2002; Gurtoo and Williams, 2009). These motivations to start a business in the informal sector as well as their future aspirations and formalisation decisions are restricted by norms and expectations on women's work (Brush et al., 2009; Franck, 2012) and are outcome of various constraints faced by, and preferences of women entrepreneurs (Babbitt et al., 2015).

Cultural norms shape beliefs about gender roles both at home and outside, or what is appropriate for men and women (Nelson, 1999). Due to these beliefs women often choose to hide their activities and be submissive as a mean of maintaining their traditional social positions as 'mothers' and 'carers' rather than successful business women (Bowman and Cole, 2014); and when they are successful, 'success' does not mean that women perceive themselves to be a business woman or have any intention to pursue a successful business career in lieu of other expected roles (Rouse et al., 2013). Similarly, expectations on women's roles, marriage and family obviates investment in girls' formal education creating barriers to economic participation (Kantor, 2002). Women are perceived to choose informality because it allows combining household work with paid work, making use of household resources and skills based on domestic roles, particularly space and cooking and caring, facilitating effective use of time by avoiding travel to work, and remaining active, life satisfaction, independence and income (Tipple, 2005). The desire to engage in entrepreneurial activities to achieve greater 'life satisfaction' is predominantly held by women (Bardasi et al., 2011). While most of the literature emphasise that women entrepreneurs operate within the constraints of social norms and have no aspirations to grow, this paper argues against this and states that women also aspire to grow.

Methodology

Study setting and the nature of informal economy

Nepal has a long history of conflict affecting private enterprise development, contributing to increase in the size and the nature of the informal economy, and displacing men forcing women to self-employment to maintain household livelihoods (Sharma and Donini, 2012; Menon and Rodgers, 2015). The stratified society with unequal power relations, primarily caste-based, and socially prescribed roles, behaviour and expectations for men and women (ILO, 2005) have contributed directly to the higher female labour participation rate (80%) in the informal economy, which is the highest among other South Asian countries (ILO Nepal, 2014). Women-owned enterprises are subsistence in nature, operate in highly clustered and saturated sectors, more concentrated in the microenterprise sector, and have low registration rate (5.4%) compared to men owned enterprises (47.1%) (ILO, 2005).

Data collection and analysis

Data for this paper were collected as part of a project concerned with the nuanced experiences of various groups of Nepali women in the informal economy along several socio-spatial contexts and enterprise sector dynamics. Given that entrepreneurial motivations are multi-faceted (Mallon and Cohen, 2001), quantitative surveys are unable to capture the complex decision process (Kirkwood, 2009). Therefore, this study adopts a qualitative approach as a research design and uses semi-structured interviews with 30 women entrepreneurs in Biratnagar, Nepal. Biratnagar is the industrial capital serving as the main economic and service hub for the eastern region, is the second largest city and borders India. A stratified sampling strategy design was used for the selection of women entrepreneurs on the basis of diverse sectors and a mix of formal and informal women entrepreneurs. This allowed to capture the diversity of women's life circumstances and a better understanding of their motivations, life aspirations and formalisation decisions. Interviews were conducted during December 2014 – March 2015 in Nepalese, and subsequently translated into English and entered in NVIVO for data analysis purposes. The semi-structured interviews lasted between 30 to 100 minutes. Interviews were analysed using thematic analysis and involved several iterative processes. At the first stage, the interview data was reviewed to identify three key themes: i) Motivations (motivations for engaging in the

entrepreneurial activities in the informal economy); ii) Aspirations (future ambitions/plans associated with business); and iii) Formalisation decisions (plans to formalise, no plans to formalise, and already formalised). At the second stage, the data was coded further to gain an in-depth understanding of the interviews within each theme. This stage was data-driven and new codes emerged through further analysis of interviews. At the final stage, codes were evaluated to identify patterns of relation between motivations, aspirations and formalisation decisions.

Findings and Discussion

Motivations to engage in the informal economy

As marginalised populations are widely engaged in the informal economy of developing countries, there is a widely held belief that they are motivated to do so out of necessity to sustain their livelihoods (Lagos, 1995; Minniti et al., 2006). However, others have argued against this view and stressed that informal entrepreneurs are also driven by their choice (Snyder, 2004; Williams, 2008). Whilst informal women entrepreneur in developing countries are mostly necessity driven, there is evidence of opportunity factors (Franck, 2012; Adom, 2014). Participants were motivated to engage in the informal economy based on opportunity and necessity oriented factors. Some participants stressed the opportunity factors, such as desire of independence, avoiding idleness and own one's business as motivators for engaging in entrepreneurial activities. As evident in previous studies, majority of the participants were driven by the need to earn a living or due to the lack of alternatives. They frequently mentioned a *'compulsion to get additional income for the household'* and highlighted their lack of education and skills as barriers to get into the formal economy. Lack of education and skills have been cited as the main reasons for higher number of women's participation in the informal economy, where women are trapped in low threshold sectors because of low requirements in terms of skills, investments and assets (Tipple, 2005; Chen, 2007). However, even educated participants in this study cited inability to find jobs in the formal sector and being engaged in the informal sector.

Although most participants were driven purely by necessity, a complex combination of both opportunity-necessity drivers were also found to be the case. Biratnagar (3.1.3) clarifies how despite being educated, a lack of formal jobs or very low salaries in the formal sector drove her to engage in entrepreneurial activities. Her experience of running a readymade clothing store led her to finding an establishment in a good location, where to open a new shop. Similarly, Biratnagar (3.3.4) states that her husband did not have a job and she needed to earn a living but the desire to own business and avoid idleness pulled her towards entrepreneurship. In addition, Biratnagar (3.4.8) highlights how the compulsion to earn living and a market opportunity drove her family to start a mushroom farming business. She states, *"We had gone to Kathmandu (capital of Nepal) last year looking for potential ways to earn income. In the suburban area, we saw mushroom farms and the demand in the market. We decided to come back to Biratnagar and start the farming rather than going abroad"*. These cases illustrate the combination of motivations, the need of earning a living and unemployment with desire for independence and own a business, market opportunity, and past experience (Kantor, 2002; Williams and Gurtoo, 2011). Consistent with previous research that motivations change over time (Adom and Williams, 2012), this research also found that different motivations were not only combined but also changed over time from necessity to opportunity. The case of Biratnagar (3.2.1) portrays this, *"When I had no alternative, I chose this business. We started commercial banana farming, but after first season strong wind destroyed all our plants. We did some research to identify plants with strong wind tolerance and came across lemon farming. We sold lemons of RS. 250,000 (\$1 = RS 105 Nepalese rupees). I used to feel bad as I wanted to do an office job, but now I am satisfied in this business. I am earning more and employing people"*.

Motivations as drivers of aspirations

Inquiry of the participants' aspirations associated with their business identified three groups. Firstly, participants did not have any future aspirations with their business in terms of growth. Secondly, participants aspired to expand their business. Thirdly, participants' business aspirations were associated with life aspirations of personal development. As motivations are drivers of aspirations (Hessels et al., 2008) and often necessity oriented motivation are not associated with growth aspirations (Reynolds et al., 2002), this research however, observed mixed findings. Some of the participants who were purely motivated by lack of alternatives and earn a living did not have any aspirations to grow. Their lack of aspirations were associated with lack of finance, human capital, high

competition and lack of sales, retirement and business exit and moving their business to the home location to reduce scale or remain invisible. As illustrated by the Biratnagar (3.2.2), *"I don't have money to expand, this belongs to my landlord I cannot do anything here. If I go somewhere else there might not be good sale or there could be high competition"*. As necessity oriented entrepreneurship is based on survival, it is subsistence in nature, small scale and operate on saturated sectors (Bardasi et al., 2011). Although necessity driven entrepreneurs are depended on their venture and might aspire to grow various constraints might limit their potential or aspirations to grow (Hessels et al., 2008). These constraints were also the reasons emphasised by the participants for their lack of growth aspirations.

Few necessity oriented participants still aspired to grow. Their distinct family circumstances such as husband being abroad and supporting with finances, previous successful business experience, husband with formal jobs, and older children drove them to gain additional income and recognition, built confidence and in the process aspiring them to grow. As illustrated by Biratnagar (3.1.2), *"I want to extend my business. I am now more confident on my business. When my husband returns from abroad I will extend my business. I will increase the number of pigs and also find large space for expansion"*. These findings highlight that close association between life stories, family trajectories, social relationships and enterprise development and motivations (Langevang et al., 2012).

Necessity oriented entrepreneurship is also associated with family and caring responsibilities where often women pursue entrepreneurship to fulfil their gender roles of being 'mother' and 'carer' (Bowman and Cole, 2014). Therefore, their motivations are often intertwined with the lack of aspirations to grow with a perception that greater time is required for ventures to the detriment of children's well-being. As Biratnagar (3.4.5) with two young children states, *"I chose this business as it is flexible, I don't need to go anywhere and I can be with my children at any time. This cannot be done as an employee"*. Her future aspiration is to shift the parlour to her home so that they can look after the children and family. This example illustrates the gendered nature of women entrepreneurship and the need to consider the wider environment in which women entrepreneurship is situated (Williams and Gurtoo, 2011; Langevang et al., 2012).

Participants who were driven to avoid idleness were aspired to grow their business. Their business growth were linked with expansion through increasing the size of their business, product diversification, increasing customer and clients, moving to larger space and hiring more workers. As illustrated by Biratnagar (3.2.6), *"There is a high demand for meat in the market. I have plans to invest more and extend the business. I am confident and believe that I will compensate the loss I have suffered. The suppliers trust us now, with their trust we can expand further"*. These participants chose informal economy to test their capability and viability of their business (Williams and Martinez, 2014). Having established themselves, gaining market knowledge and experience and developed trust with their suppliers they feel confident to survive and aspire to grow for long term sustainability. This case is also evident for participants where necessity and opportunity entrepreneurship co-existed. For instance, Biratnagar (3.4.8) was motivated to earn a living but also identified a market opportunity. She started her business and now has plans to grow further. She states, *"I want to hire 150 workers and increase production. Currently, I have four cottages to grow mushroom, I want to add two more. This will increase the production, in addition I will also add goats and cow for meat and milk. My next plan to produce mushroom soup powder as there is a high demand due to being a healthy product"*.

Participants also aspired more than just business growth but growth at personal level. Their personal development aspiration were associated with international business expansion and community development through acting as a role model of successful women entrepreneur and giving employment and encouraging other women towards self-employment. These entrepreneurs were mainly motivated by the desire to own a business and to do something. Often inspired through others (e.g. peers, successful entrepreneurs) these participants aspired to gain more knowledge in their field, manage their business well and employ more women in their community. As illustrated by Biratnagar (3.3.6), *"I want to do more work outside Biratnagar. I am involved in many organisations. They have assured me that they will support in exporting my products abroad. I have the confidence to grow beyond here"*.

Motivations and aspirations affecting formalisation decisions

Participants' motivations and life aspirations also affected their formalisation decisions in terms of: i) having no plans to formalise; ii) having plans to formalise; and iii) already formalised. First, most of the women entrepreneurs motivated purely by necessity (e.g. earn living/lack of alternatives/family and children) did not aspire to grow, hence they did not have plans to formalise. As illustrated by a participant 3.3.9, who is engaged in the economic activities to earn living, neither aspires to grow nor has plans to formalise. She states, *"I am satisfied with this business. I have no big dream. The business is running well. We bring coconuts of 2000 rupees and decorate with glitters and sell the next morning and again bring more materials. We go along with the flow of time. I have no plan to register"*. For these participants without any life aspirations but a determination to continue with the flow, exit or retire from their entrepreneurial activities formalisation is a costly exposure and non-essential for their business sustainability.

Second, participants, who were motivated by a combination of necessity (e.g. earn living) and opportunity entrepreneurship (e.g. desire to own business/market opportunity) aspired to grow. These participants as they gained confidence on their capability, increased market knowledge and developed trust relationship perceived business growth through formalisation as pathways to their business sustainability. These group of women perceived that formalisation will give them visibility and legitimacy to access wider networks of employees, clients and suppliers enabling their growth and sustainability. These findings are similar to others which highlight how informal businesses who delay registration use their informal status to build stronger foundations (Williams et al., 2016).

Third, women entrepreneurs continuing the path of success and aspired to grow further in international arena, and influence other women in their community as a 'role model' had already formalised their business. These group of women, after testing their entrepreneurial capability in the informal economy, perceived that they can encourage other women towards economic independence. As illustrated by Biratnagar (3.3.4), *"I am satisfied with it. I want to extend this business further, and want to be famous woman entrepreneur. I will hire many women workers in my business"*. Their success as well as growth along the process aspires them to do more.

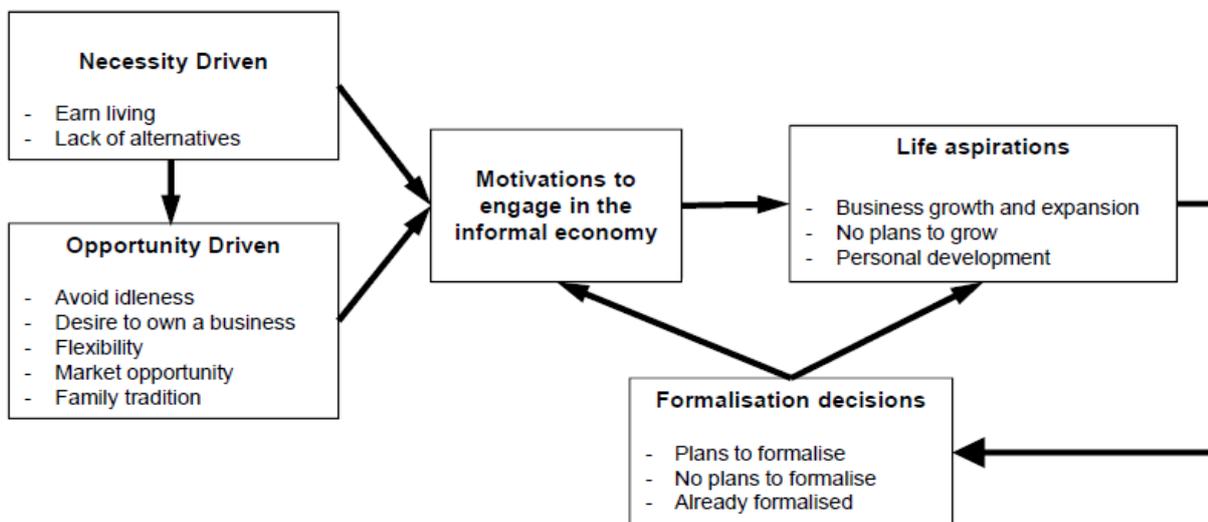


Figure 1. Conceptualising motivations, aspirations and formalisation decision within opportunity-necessity bifurcation and dynamic approach

The relationship between motivations, within the opportunity-necessity distinction, life aspirations and formalisation is shown in Figure 1. Despite this categorisation, the findings from this study and previous studies have shown that motivations are complex, dynamic and intertwined (Kirkwood, 2009; Langevang et al., 2012). Motivations influence life aspirations, and life aspirations influence formalisation decisions. However, as women entrepreneurs gain confidence and succeed in business, formalisation enables their business sustainability, which then again motivates them to engage in the entrepreneurial activities beyond their environment and pursue higher level aspirations, such as

international growth, personal development and community development. For others motivated by necessity, various constraints affected growth aspirations, influencing their decision not to formalise.

Conclusions and Implications

This research explored informal women entrepreneurs' motivations and life aspirations and how these might affect the choices they make in relation to business formalisation. Informal women entrepreneurs were motivated by necessity, opportunity and a combination of both necessity-opportunity entrepreneurship. In consistent with the recent research, the findings also show that motivation changes over time and intertwined with entrepreneurs life circumstances. Examining the role of motivations on aspirations to grow showed that various constraints limit the potential of necessity-driven entrepreneur to grow. In contrast to exiting literature which states that wider social and cultural norms influence women entrepreneurs' motivations and aspiration, this research shows that despite these some women aspire to grow. Their aspirations were associated with business success and confidence they gained in their venture. Business aspirations also influenced entrepreneurs' formalisation decisions, where those with growth aspirations considered formalisation as the necessary step on their growth stage. While others with increased confidence and success had already formalised and still aspired to grow but beyond the home boundaries influencing others in their communities through their work. Whereas those without any aspirations to grow were satisfied with what they were doing and wanted to continue without formalisation. One interesting finding was that participants' motivations and aspirations were closely associated with their distinctive life circumstances. This is a limitation of this study as the role of life circumstances, such as age, household size, household situation and access to networks were not examined. Future research could look into this and see how specific life circumstance can influence motivations, aspirations and formalisation decisions.

The findings make several contributions. First, it adds to the existing literature on entrepreneurial motivations in the informal economy stating that motivations are complex and dynamic, and women entrepreneurs are also motivated by opportunity. Second, women entrepreneurs also aspire to grow and that their aspirations are directly linked with confidence they gain from business experience. Finally, it makes a novel contribution to debates on the formalisation of the informal economy. Given that formalisation is continuously proposed as essential for business performance, it needs to recognise the variabilities among informal women entrepreneurs and the implications of formalisation on their business sustainability.

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