



Call for Papers for a Special Issue

ENTREPRENEURSHIP AND STRATEGY IN THE INFORMAL ECONOMY

Submission Period: May 15 – June 15, 2012

Guest Editors:

R. Duane Ireland, Texas A&M University
David J. Ketchen, Jr., Auburn University
Justin W. Webb, Oklahoma State University

SEJ Advising Editor: Jay Barney

Introduction and Special Issue Background

An economy includes the full range of institutional, firm, and entrepreneurial activities that are the foundation for creating value within society. As the research domains of entrepreneurship and strategy have developed, scholars have primarily examined economic phenomena and the strategic/entrepreneurial activities that are a core part of them within the formal economy; the segment of the economy that is governed by formal institutions, including laws and regulations. However, estimates suggest that the informal economy – activities occurring outside formal institutional boundaries – accounts for over 10% of economic activity in many developed countries in terms of gross domestic product and nearly half of the total economy in many developing countries. The informal economy, underground economy, shadow economy, undocumented work, black markets, unproductive and destructive activities, and criminal enterprises are some of the terms used to describe the setting in which activities outside of formal institutional boundaries take place. Accompanying the obvious interest of policymakers, scholars are beginning to explore strategic and entrepreneurial activities occurring within the informal economy. The goals of this special issue are to publish scholarship that (1) builds knowledge about the nature of strategic and entrepreneurial activities in the informal economy, as well as their antecedents and consequences, and (2) develops a theoretical foundation for future research. Given the multidisciplinary nature of strategy and entrepreneurship research, we invite manuscripts that are grounded in the strategy, entrepreneurship, organizational behavior, psychology, economics, sociology, political science, marketing, and anthropology domains, among others. We welcome manuscripts that use qualitative and/or quantitative methodologies as well as novel theoretical lenses. Scholars are also encouraged to consider various units of analysis, including institutions, large corporations, established firms of all sizes, new ventures, and/or individual entrepreneurs.

Research Questions

Scholars can inform the dialogue about entrepreneurial and strategic activities occurring in the informal economy by examining the following questions. This list of questions is illustrative and not exhaustive in identifying topics that are relevant for the special issue. For research questions not listed below, scholars should also consider the extent to which their questions fit with *Strategic Entrepreneurship Journal's* (*SEJ's*) core themes (<http://sej.strategicmanagement.net/themes.php>).

- *SEJ's* theme of “Entrepreneurship and Economic Growth” leads us to wonder: How do activities occurring outside formal institutional boundaries positively and negatively influence overall economic growth?
- How does the nature of informal economy activities differ between developed and developing countries? Do the benefits of informal economy activity outweigh the costs for developing countries or do informal economic activities detract from developing countries’ overall economic development?
- Considering *SEJ's* theme of “Change,” relevant questions may include: What drives a firm’s decision to change from competing within to outside of formal institutional boundaries and vice versa? What factors influence changes in formal institutional boundaries, and when and how do these changes influence firms’ and entrepreneurs’ strategic decisions?
- *SEJ's* theme of “Behavioral Characteristics of Entrepreneurial Activity” fosters questions such as, what are the personal attributes of entrepreneurs that provide them with the awareness, motivation, and capability to pursue opportunities within the informal economy? What are the mechanisms through which entrepreneurs rationalize their behaviors to themselves and to others when exploiting such opportunities?
- Informal economy activities vary in the degree to which they are considered illegitimate. Do entrepreneurs operating outside of formal institutional boundaries proactively seek to understand and exploit these varying degrees of legitimacy? How do entrepreneurs assess growth decisions, realizing that growth can make a venture salient to authorities and thus can ultimately undermine a venture’s survival?
- Emphasizing *SEJ's* theme of “Risk and Uncertainty,” how do entrepreneurs assess and cope with the high levels of risk and uncertainty that are inherent to operating ventures outside of formal institutional boundaries? Do the legal risks of operating outside of formal institutional boundaries create richer opportunity landscapes by limiting the potential level of competition?
- How do the economic activities that occur outside of formal institutional boundaries affect the economic activities that occur inside of these boundaries in terms of competitive dynamics, cooperative relationships, and transactions?
- Considering *SEJ's* theme of “Technology” within the context of the informal economy draws attention to technology piracy and property rights. In what ways does technology piracy enhance and erode economic growth in developed and developing countries? What are the implications for firm profits and economic growth of policy makers aggressively protecting firms’ property rights versus pursuing lax enforcement?

- Fitting with *SEJ*'s theme of the "Social Role of Entrepreneurship," informal economy activities play a significant social entrepreneurship role, especially in developing countries, in terms of providing jobs and serving as key sources of daily goods and services. What forms of policy can be enacted to encourage these ventures to 'go legit' without disrupting or undermining them?
- Firms can simultaneously operate both within and outside of formal institutional boundaries. How do these firms organize to efficiently and effectively exploit opportunities in both realms? To what extent do boundary-spanning firms and entrepreneurs compartmentalize the questionable portions of their organizations to avoid stigma?

Deadlines, Submission and Review Process

Original submissions must be submitted between May 15 and June 15, 2012 in adherence with the *SEJ* submission process described at <http://sej.strategicmanagement.net>. Please do not submit your article prior to May 15 or after June 15. Authors should indicate that they would like the submission to be considered for this special issue. All papers will be externally reviewed according to standard policies of *Strategic Entrepreneurship Journal*.

Further Information

For questions regarding the content of this special issue, please contact the guest editors:

- R. Duane Ireland, Mays Business School, Texas A&M University, direland@mays.tamu.edu
- David J. Ketchen, Jr., College of Business, Auburn University, ketchda@auburn.edu
- Justin W. Webb, School of Entrepreneurship, Oklahoma State University, justin.w.webb@okstate.edu
- Advising Editor, Jay Barney, The Ohio State University, Barney_8@fisher.osu.edu

- For questions about submitting to the special issue contact the SEJ Managing Editor, Lois Gast, lgast@wiley.com or visit <http://sej.strategicmanagement.net>



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SMS Executive Office
Rice Building – Suite 215
815 W Van Buren Street
Chicago, IL 60607 • USA

☎ +1 312-492-6224 📠 +1 312-492-6223
✉ sms@strategicmanagement.net