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Africapitalism in Action: Harnessing Entrepreneurship and Innovation for Africa's Socio-Economic Transformation

Abstract

Purpose: This paper explores how digital entrepreneurship is reshaping informal economies in Sub-Saharan Africa, with a focus on how indigenous entrepreneurial practices, digital infrastructure, and innovation ecosystems interact to mitigate socio-economic hardship. It aims to identify context-specific models that challenge Western-centric assumptions around informality and development.

Design/methodology/approach: The study adopts a qualitative interpretive approach, drawing from a synthesis of secondary data, policy reviews, and empirical literature. Grounded in African-centred development theory and institutional perspectives, it develops an analytical framework that links informal entrepreneurship, digital innovation, and ecosystem dynamics.

Findings: Findings highlight the dual nature of digital entrepreneurship: while it enables market access, flexibility, and micro-innovation, it often fails to secure formal integration due to institutional voids. Nevertheless, emergent hybrid models rooted in community-based logic and digital adaptation offer promising alternatives for inclusive growth, particularly among youth and women.

Originality: This paper challenges dominant formalisation narratives by introducing the concept of 'transformative informality', rooted in local realities and digital agency. It contributes an original typology that integrates grassroots innovation with broader entrepreneurial ecosystem thinking.

Research limitations/implications: Limited availability of longitudinal empirical data across African regions constrains generalisability. Further fieldwork could refine the typology and test its transferability.

Practical implications: Policymakers should embrace informality as a site of innovation and develop supportive infrastructure and financing mechanisms tailored to hybrid ventures.

Social implications: Supports inclusive, culturally embedded entrepreneurship as a lever for structural transformation.

Keywords: Digital entrepreneurship, informal economy, African innovation, hybrid models, socio-economic resilience, transformative informality

1. Introduction

The intersection of digital entrepreneurship and sustainable development has attracted significant interest across Africa, particularly in Kenya, which has earned the moniker 'Silicon Savannah'. The concept of 'Africa Rising' (The Economist, 2011; Perry, 2012) positioned technology and youth-led innovation as engines of economic growth. Multilateral organisations, donors, and governments have since promoted digital entrepreneurship as a tool for tackling structural economic challenges and delivering on the Sustainable Development Goals (SDGs), especially SDG 8 which targets inclusive growth and decent work (UN, 2015, p.19). Nevertheless, existing literature finds limited empirical evidence on the job creation potential of African digital start-ups (Friederici *et al.*, 2020; UNDP ICPSD, 2023), particularly from the perspective of entrepreneurs themselves.

Despite growing investment and policy focus, it remains unclear how digital entrepreneurs in Nairobi conceptualise and implement 'decent work' creation, and whether current international support aligns with their real-world practices and challenges. Studies highlight tensions between formal and informal employment (Chigbu and Nekhwevha, 2023; Nguimkeu and Okou, 2021), the prevalence of grant dependency (Friederici *et al.*, 2020; Marchant, 2018), and the dual pursuit of social impact and financial viability (Littlewood *et al.*, 2022; Abubakre *et*

al., 2021). The literature also calls for more context-specific research into how digital entrepreneurs negotiate formalities and funding sources within a fluid ecosystem. To address this, the study asks: how can international players better support Kenyan digital entrepreneurs to create quality jobs and deliver on SDG 8?

This paper contributes to closing this knowledge gap by qualitatively exploring how Nairobi-based entrepreneurs define, navigate, and strategize around job creation within a digital business context. The research provides rare bottom-up insights into what entrepreneurs see as enablers or obstacles to decent work creation, with a view to informing more contextually attuned support from international stakeholders. Kenya's high youth unemployment (World Bank, 2024) and strong tech ecosystem (Partech Partners, 2024) make it an ideal case to study these dynamics.

The study contributes to institutional theory by exploring how digital entrepreneurs engage with and adapt to institutional voids, particularly in labour regulation, funding, and training systems (Acemoglu *et al.*, 2001; Acemoglu and Robinson, 2013). It builds on Charmaz's constructivist grounded theory to generate new conceptual understandings of formality, fluidity, and decent work in digital ecosystems shaped by donor and venture capital influences (Charmaz, 2000; Holstein and Gubrium, 1995).

Empirically, the study enriches our understanding of African digital entrepreneurship by showcasing nuanced hiring practices, funding decisions, and workplace cultures in Nairobi. It challenges assumptions that replicative entrepreneurs are unproductive (Baumol, 1990; Naudé, 2011) and reveals the hybridity of social and commercial objectives (Littlewood *et al.*, 2022). It also adds to the literature on informal employment, positioning some forms of informality as adaptive rather than regressive (ILO, 2024.; Tokman, 2007).

The findings offer practical insights for donors, NGOs, and investors on how to design more aligned interventions—particularly regarding patient capital, skill-building, and hybrid models of job creation. They also raise critical questions for future research about the evolving meaning of 'decent work' in digital contexts, suggesting the need for comparative studies across African ecosystems at different stages of maturity (Friederici *et al.*, 2020; Bramann, 2017).

2. Theoretical and Analytical Framework

African entrepreneurship has historically been shaped by structural constraints, institutional voids, and grassroots ingenuity. In the digital era, these dynamics are further complicated by external actors such as donors, multinational platforms, and development agencies promoting formalisation and decent work under the SDG 8 agenda (UN, 2015; ILO, 2024.). Yet, the theoretical frameworks traditionally used to study entrepreneurship in high-income contexts often fail to capture the embeddedness and fluidity of informal economic practices in African digital ecosystems (Nambisan, 2017; Littlewood *et al.*, 2022; Adegbile *et al.,* 2024). A more grounded approach is needed—one that situates entrepreneurial behaviour within evolving socio-institutional contexts.

Theories of entrepreneurship in Africa often draw on institutional theory, which frames how formal and informal rules shape individual action (North, 1990; Acemoglu *et al.*, 2001). Earlier scholarship viewed informality as a constraint to development, portraying it as either residual or parasitic (Tokman, 2007; Perry, 2012). However, scholars like Baumol (1990) and Naudé (2011) have questioned these assumptions, arguing that informal or replicative entrepreneurship can also serve productive or adaptive functions within certain institutional settings.

Contemporary digital entrepreneurs in Africa navigate a complex terrain. On one hand, they access global capital, virtual markets, and digital tools. On the other, they face limited local infrastructure, regulatory ambiguity, and shifting donor agendas (Friederici *et al.*, 2020; Begazo *et al.*, 2023). These contradictory pressures produce hybrid organisational forms that

straddle the formal and informal, economic and social. Yet, theory has lagged behind this reality. Institutional theory must be expanded to accommodate this hybridity and contextualised to reflect non-Western entrepreneurial trajectories. Extending this comparison beyond Africa, Tokman (2007) shows how Latin-American micro-entrepreneurs fluidly switch between formal and informal regimes to secure resources and hedge risk, underscoring the idea that informality functions along a spectrum rather than as a rigid binary.

To deepen the theoretical lens, we weave in bottom-up development (Rodrik, 2010; Easterly, 2006) and relational embeddedness perspectives (Wamukoya and Ng'weno, 2017), which emphasise community-based trust networks and help explain how entrepreneurs convert institutional voids into strategic assets. While recent research explores digital entrepreneurship in Africa, it seldom interrogates how entrepreneurs themselves understand and create decent work within their ecosystems (Marchant, 2018; Chigbu and Nekhwevha, 2023). Besides, few studies examine how local actors adapt or resist the formalisation pressures embedded in international funding mechanisms or policy narratives (Ndemo and Weiss, 2017). This paper addresses this gap by constructing a theoretical framework that explains how African digital entrepreneurs interpret, negotiate, and enact decent work in practice.

Understanding these dynamics is essential for both theoretical and practical reasons. Theoretically, it allows us to extend institutional theory to account for entrepreneurial agency under uncertainty and constraint. Practically, it equips policymakers and funders with tools to design better-aligned interventions that respect local logics rather than impose external models (Calderón and Cantú, 2021; Bramann, 2017). In doing so, this study contributes to a more inclusive and empirically grounded understanding of digital entrepreneurship in Africa.

2.1 Theoretical Framework

This study develops a contextualised theoretical framework that combines institutional theory with constructivist grounded theory to explain how African digital entrepreneurs interpret, adapt to, and transform the institutional environment in which they operate. Rather than portraying institutions as rigid structures that constrain entrepreneurial behaviour, the framework acknowledges their dynamic, socially constructed nature and highlights the agency of entrepreneurs in shaping and reshaping these institutional logics.

Institutional theory posits that individual and organisational behaviour is shaped by formal rules, informal norms, and cognitive frames embedded in the institutional environment (North, 1990; Acemoglu *et al.*, 2001). In many African countries, institutional frameworks are fragmented, with overlapping and sometimes contradictory rules governing entrepreneurship, employment, and innovation (Nguimkeu and Okou, 2021; Adejumo *et al.*, 2020). This has given rise to what some scholars term 'institutional voids'—gaps in regulatory enforcement, access to finance, and support services—which entrepreneurs must navigate (Friederici *et al.*, 2020). Building on Naudé's (2011) critique of rigid growth constraints, we conceptualise transformative informality as a purposeful form of institutional work (Scott, 2014) that lets entrepreneurs toggle between efficiency, legitimacy, and social-impact logics. However, portraying these contexts solely as deficient risks overlooking the adaptive and innovative strategies local actors employ.

To address this limitation, this paper introduces insights from constructivist grounded theory (Charmaz, 2000; Holstein and Gubrium, 1995), which emphasises the importance of lived experience, reflexivity, and meaning making in theory development. Entrepreneurs in Nairobi are not passive recipients of institutional logics but rather active agents who interpret these logics, contest them, and generate new hybrid practices that blend formal and informal elements (Littlewood *et al.*, 2022; Chigbu and Nekhwevha, 2023). Constructivist grounded theory is particularly well suited to uncovering these processes because it privileges local

narratives and allows theory to emerge inductively from empirical observations rather than through top-down imposition.

The proposed framework reconceptualises informality not as a binary opposite of formality but as a fluid continuum along which entrepreneurs selectively position themselves depending on their resources, aspirations, and external pressures. In this light, informal entrepreneurship becomes a site of innovation and resilience rather than simply a developmental obstacle (Naudé, 2011; Abubakre *et al.*, 2021; van Klyton *et al.*, 2024). For example, entrepreneurs may formally register their businesses to access investment but maintain informal employment practices to preserve flexibility and community ties (Ndemo and Weiss, 2017; Beta *et al.*, 2024).

Additionally, the framework incorporates the notion of transformative informality, which captures how entrepreneurs reconfigure institutional norms through experimentation, bricolage, and digital adaptation. This concept draws from the idea that informal entrepreneurs, particularly those operating in digital ecosystems, often repurpose available tools and narratives to generate hybrid organisational forms that simultaneously meet social, economic, and symbolic goals (Essuman *et al.*, 2024; Belmonte-Ureña *et al.*, 2021).

Digital infrastructures such as mobile platforms, cloud-based services, and social media enable these entrepreneurs to circumvent traditional gatekeepers, access distributed funding, and cultivate transnational visibility (Bramann, 2017). However, these same tools also bring new dependencies—on algorithms, foreign platforms, and volatile funding sources—which shape the strategic choices entrepreneurs make (Murgia, 2024; Begazo *et al.*, 2023).

The framework also draws attention to the relational embeddedness of entrepreneurial ecosystems in Nairobi. Trust, kinship, and community solidarity often substitute for absent formal institutions, shaping how entrepreneurs hire, train, and compensate workers (Wamukoya and Ng'weno, 2017; Abubakre *et al.*, 2021; Dal Fior *et al*., 2024). These embedded practices can sometimes contradict international expectations of decent work, which tend to privilege standardised contracts, fixed hours, and wage structures (ILO, 2024.; UN Global Compact, 2024).

This theoretical framework provides a nuanced, African-centred lens through which to understand how digital entrepreneurs mediate between formal and informal norms, manage institutional ambiguity, and forge new paths toward socio-economic inclusion. It recognises their agency not just as business actors but as institutional innovators whose practices offer fresh insights into the meaning of work, value, and entrepreneurship in the 21st-century African context.

2.2 Analytical Framework: Navigating Entrepreneurial Agency and Decent Work in Nairobi's Digital Ecosystem

This study builds an analytical lens to explore how digital entrepreneurs in Nairobi navigate institutional complexity while pursuing socially anchored ambitions around job creation. The framework integrates insights from digital entrepreneurship, bottom-up development, institutional theory, and decent work literature, to interpret how entrepreneurial agency is shaped by and shapes interactions with both formal and informal institutional environments.

Yet, as multiple scholars suggest, institutional voids persist. These include trust deficits, regulatory opacity, informal hiring practices, and the disproportionate influence of foreign donors and NGOs (Littlewood *et al.*, 2022; Bramann, 2017; Marchant, 2018). In such contexts, entrepreneurial action cannot be understood through a formalist economic lens alone. Instead, this research draws on institutional theory to explore how entrepreneurs engage in "institutional work" — navigating, reshaping, or bypassing rules, norms, and expectations to realise job-creating ventures (Acemoglu and Robinson, 2013; Baumol, 1990; Scott, 2014 cited in Ndemo and Weiss, 2017).

The framework is grounded in a constructivist paradigm, which foregrounds entrepreneurs' lived experiences and subjective understandings of development concepts such as decent work and sustainability (Waller *et al.*, 2015; Bryman, 2012; Al Mamun *et al.,* 2025). These concepts are not applied top-down but are co-constructed in specific socio-cultural and political-economic contexts. The conceptual model as described in Figure 1 illustrates the interplay between three key domains: international actors (including donors, NGOs, and investors), the institutional environment (including formal policy regimes and informal norms), and the agency of entrepreneurs. Together, these shape the possibility and character of decent work outcomes.

In Nairobi's digital ecosystem, this agency is manifested through what we describe as transformative informality: a strategic and often value-driven engagement with informal mechanisms that enables job creation, experimentation, and resilience. While the formalisation of labour is central to SDG 8 targets (UN, 2015; ILO, 2024. (b)), the lived realities of entrepreneurs reveal a more nuanced practice. As Begazo *et al.* (2023) and Nguimkeu and Okou (2021) have shown, informality remains a dominant employment modality, but its role is not uniformly negative. Informal practices may support inclusion, flexibility, and entrepreneurial growth — especially in resource-constrained settings.

Entrepreneurs interviewed across prior studies often articulate hybrid strategies that challenge dichotomies between formal and informal, social and commercial, or aid-driven and market-based (Marchant, 2018; Littlewood *et al.*, 2022; Friederici *et al.*, 2020). These are not passive responses, but intentional navigations shaped by social norms, funding constraints, and personal aspirations. As Abubakre *et al.* (2021) argue, African digital entrepreneurs often blend community-centric values, such as Ubuntu, with innovation-driven goals, forming unique entrepreneurial identities and logics.

This view positions entrepreneurs not as marginal actors constrained by broken systems, but as adaptive agents capable of shaping institutional realities. Through this lens, digital entrepreneurship in Nairobi becomes a site of both creative destruction (Schumpeter, 1976) and creative construction — where hybrid strategies foster not just survival but transformation, particularly in the pursuit of decent work outcomes.

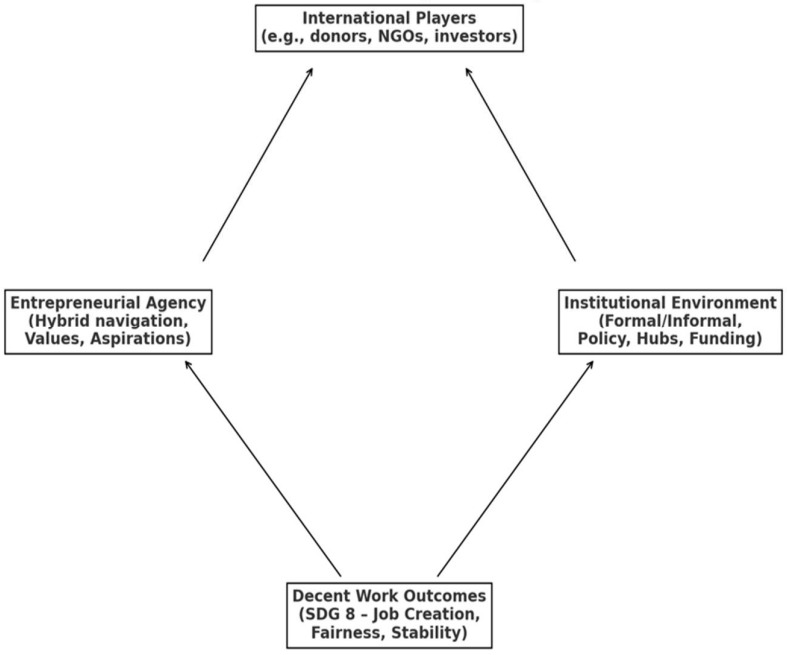
The third pillar of the framework examines the role of international actors — including foreign donors, NGOs, and venture capital investors — whose interventions shape both the institutional landscape and the opportunities available to local entrepreneurs. While these actors are widely credited with stimulating innovation ecosystems across Africa (Friederici *et al.*, 2020; AUC and OECD, 2024), their involvement has also sparked critique around misaligned incentives, excessive influence, and dependency (Marchant, 2018; Moyo, 2009).

In Nairobi, foreign funding often arrives through grants, development programmes, and competition-based seed capital — mechanisms that reward short-term performance, scalable narratives, and social impact metrics (Friederici *et al.*, 2020; Bramann, 2017). Yet, as studies have shown, this focus may conflict with entrepreneurs' longer-term business needs or create perverse incentives, including the rise of the so-called "compepreneur" — a founder more adept at pitching to donors than building viable ventures (Marchant, 2018; Bramann, 2017, p.240). Simultaneously, venture capitalists — themselves responding to global expectations around impact and ESG metrics (The Rockefeller Foundation, 2019) — often favour highly formalised, high-growth models that may not be locally replicable or sustainable.

Nevertheless, this does not suggest that international actors are inherently misaligned. As Rodrik (2010) and Easterly (2006) argue, development interventions must be embedded in local diagnostics and context-specific strategies. In Nairobi, the interaction between global capital, donor ideologies, and entrepreneurial realities produces a hybrid ecosystem where both power and opportunity circulate unevenly — but not uncontested. Entrepreneurs engage

in strategic alignment with foreign actors, framing their ventures in ways that attract funding while preserving autonomy and social intent (Marchant, 2018; Littlewood *et al.*, 2022).
Through this triangulated model — agency, institutions, and foreign influence — the analytical framework captures how Nairobi's entrepreneurs pursue job creation in the digital age. It provides the conceptual scaffolding for interpreting their voices and strategies in relation to SDG 8 and offers a lens to evaluate how international development efforts might be reconfigured to better support decent work from the bottom up.

Figure 1: A conceptual framework of entrepreneurial agency, institutional complexity, and decent work creation in Nairobi's digital ecosystem.



The next section outlines the methodological approach adopted to explore how these dynamics unfold in Nairobi's digital entrepreneurship ecosystem.

3. Methodology

3.1 Research Design and Paradigm

This study adopts a qualitative, constructivist grounded theory approach (Charmaz, 2000; Waller *et al.*, 2015) to investigate how Nairobi-based digital entrepreneurs interpret, negotiate, and operationalise job creation in the context of Sustainable Development Goal 8 (UN, 2015). This epistemological stance is rooted in the belief that knowledge is socially constructed, context-dependent, and shaped through human experience (Holstein and Gubrium, 1995; Bryman, 2012). Rather than testing predefined hypotheses, the study seeks to inductively build theory from empirical data, foregrounding the voices and meaning making of entrepreneurs embedded in a rapidly evolving, hybrid institutional environment.
The constructivist paradigm is particularly suited to capturing the fluidity and ambiguity faced by actors navigating overlapping formal and informal rules, donor-driven expectations, and local development norms (Ndemo and Weiss, 2017; Marchant, 2018). The study is also informed by the principles of bottom-up development, giving primacy to participant narratives as a form of legitimate knowledge production (Rodrik, 2010; Easterly, 2006).

3.2 Sampling Strategy

A purposive, convenience-based, and snowball sampling approach was used to recruit information-rich participants capable of speaking to digital entrepreneurship and job creation in Nairobi. Initial "seed" participants were identified through LinkedIn, Google Alerts, and tech news platforms focused on the Kenyan digital ecosystem. These initial contacts were invited through personalised LinkedIn Premium messages. Two additional participants were recruited via snowball referrals. A total of 38 invitations were sent, resulting in 10 completed interviews conducted between January and April 2024.

Snowball sampling is appropriate for engaging "hidden" or socially networked populations for which no comprehensive sampling frame exists (Baltar and Brunet, 2012; Dusek *et al.*, 2015). Nairobi's tech ecosystem, concentrated in co-working spaces and innovation hubs, features dense social capital and trust-based recruitment pathways (Littlewood *et al.*, 2022), making it particularly well-suited to this approach. Although such strategies may introduce selection bias—favouring digitally visible or publicly engaged founders—the trade-off is justified in seeking access to ecosystem-embedded and digitally fluent actors (Fricker, 2017; Berg and Lune, 2012).

To mitigate perceptions of spam and enhance engagement, culturally responsive communication strategies were employed. These included: message personalisation, delay of initial outreach until after the December holidays, and positional framing of the researcher as an 'expert outsider' with shared knowledge of the sector (Dusek *et al.*, 2015; Blaikie, 2007). Despite seven no-shows, the remaining interviews yielded 5 hours and 47 minutes of rich qualitative data. To reduce snowball-sampling visibility bias, we applied a maximum-variation logic (Bryman, 2012) by recruiting founders across fintech, agritech, edtech, and logistics ventures and balancing gender (4 women, 6 men) and venture age (1-8 years). While this purposive approach prioritises depth, it also broadens representativeness within Nairobi's tech scene. We acknowledge that even so, well-networked entrepreneurs remain over-represented—a limitation discussed in Section 7.

3.3. Data Collection: Dramaturgical Semi-Structured Interviews

Ten interviews were conducted using semi-structured dramaturgical methods (Berg and Lune, 2012), enabling flexibility while maintaining thematic consistency across conversations. Interviews were conducted via participants' preferred platforms—Zoom, Microsoft Teams, or WhatsApp—with all beginning in video mode to enhance rapport and trust. Voice-only options were offered to accommodate bandwidth variability.

Video interviewing is increasingly recognised for its ecological and theoretical validity, particularly when studying digitally literate populations (Keen *et al.*, 2022; Lobe *et al.*, 2020). In this case, virtual interviews aligned with both the lived realities of Nairobi's digital entrepreneurs and the sustainability goals of low-carbon research (Hanna, 2012). Additional benefits included scheduling flexibility, improved responsiveness, and compatibility with transcription tools (Deakin and Wakefield, 2014; Lobe *et al.*, 2020). Interviews averaged 35 minutes (range 20–45), providing sufficient conversational depth without participant fatigue. The complete semi-structured interview guide, reflexive memos, and a sample transcript appear in Appendix A to enhance transparency.

The dramaturgical dimension of the interview process acknowledged the performative nature of entrepreneurship, especially under the influence of global tech discourses that valorise the "hero founder" archetype (Abubakre *et al.*, 2021). The interview guide (pre-tested and iteratively refined) progressed from low-sensitivity biographical questions to deeper prompts regarding values, job creation, formal/informal practices, and interactions with international actors (Berg and Lune, 2012). Probing and validation questions ensured alignment with the

study's core constructs while allowing respondents the space to elaborate and challenge dominant narratives.

3.4 Analytical Strategy and Thematic Development

All interviews were transcribed using AI-assisted tools and manually cleaned for accuracy. The analysis followed the protocols of constructivist grounded theory (Charmaz, 2000), involving three stages of coding:

1. Initial coding was conducted line-by-line to capture actions, processes, and meaning units using participants' own words (e.g., "formal on paper, informal in practice," "pivoting around donors," "team as family").
2. Focused coding condensed these codes into analytical categories through constant comparison and memo-writing. Emergent themes included hybrid entrepreneurial identities, adaptive informality, job creation as a social mission, and donor-friction.
3. Theoretical coding integrated these categories into a conceptual framework connecting entrepreneurial agency, institutional environment, and international influence, in alignment with the model presented in Figure 1.

Coding proceeded through 243 initial codes, 13 focused categories, and 4 axial themes, documented in a version-controlled codebook (Appendix B). Analytical memos were written after each interview and iteratively compared—a constant-comparison process central to constructivist grounded theory (Charmaz, 2000). To mitigate self-report bias, we triangulated emergent insights with publicly available policy white-papers and Nairobi-tech hub reports, echoing Silverman's (2017) call for multi-source validation.

NVivo 14 software was used for data organisation, coding, and memo-tracking. Rigour was ensured through triangulation with prior literature (Berg and Lune, 2012), member checking with selected participants to validate interpretations, and reflexive journaling to monitor researcher positionality and potential bias.

3.5 Sensitising Constructs

While not treated as fixed variables, four sensitising concepts informed the coding and interpretation process:

- Digital entrepreneurship: The creation and scaling of ventures through digital tools and platforms (Nambisan, 2017; Littlewood *et al.*, 2022; Republic of Kenya, 2019).
- Decent work: Interpreted via ILO frameworks but centred on participant understandings of income security, dignity, and autonomy (ILO, 2024. (a); Chigbu and Nekhwevha, 2023; Begazo *et al.*, 2023).
- Transformative informality: A construct describing entrepreneurs' strategic navigation and reconfiguration of formal/informal boundaries (Ndemo and Weiss, 2017; Abubakre *et al.*, 2021; Naudé, 2011).
- Bottom-up development: Locally anchored, community-driven strategies to achieve sustainability and socio-economic inclusion (Rodrik, 2010; Easterly, 2006; Parnwell, 2012).

These constructs acted as analytical anchors but remained open to redefinition through empirical insights, in keeping with grounded theory's emphasis on emergent theory building (Charmaz, 2000; Waller *et al.*, 2015).

3.6 Data Analysis and Ethical Protocols

Data Analysis and Ethics

Interview recordings were first transcribed using Otter.ai, an AI-assisted transcription platform compliant with GDPR and equipped with data encryption and two-factor authentication

(Otter.ai, n.d.). Although outsourcing transcription enhances time efficiency in qualitative research (Keen *et al.*, 2022), each transcript was manually reviewed by the researcher to ensure accuracy, anonymisation, and to build interpretive familiarity with the data (Waller *et al.*, 2015, p.161). Participants were invited to review their transcripts and informed about the anonymisation protocol used. Identifying information—names, specific business names, and locations—was removed, while age, sector, and firm size were retained to preserve analytical depth.

Data analysis followed a constructivist grounded theory approach (Charmaz, 2000), using MAXQDA 2022 software to support coding, theme development, and visual analysis. Constructivist grounded theory stresses inductive, iterative analysis based on constant comparison, the co-construction of meaning, and researcher reflexivity (Charmaz, 2000; Waller *et al.*, 2015). In this study, transcripts were coded line-by-line using MAXQDA's open coding mode (MAXQDA, 2022, p.218). To mitigate Charmaz's (2000, p.521) concern that CAQDAS tools may over-fragment meaning, larger contextual segments were selectively coded. Visual tools such as MAXMaps facilitated conceptual mapping and theoretical development (MAXQDA, 2022, p.440).

Following grounded theory principles (Bryman, 2012), coding proceeded in three stages:

1. Focused coding: Codes were refined into higher-order analytical categories through constant comparison and iterative memo-writing (Berg and Lune, 2012, p.366; Charmaz, 2000, p.517). Analytical constructs such as hybrid entrepreneurship, transformative informality, and funding tensions emerged during this phase.
2. Theoretical coding: Final categories were linked to the overarching analytical framework, incorporating sensitising concepts from institutional theory, digital entrepreneurship, decent work, and bottom-up development (Scott, 2014; Parnwell, 2012; Naudé, 2011).

NVivo 14 was also trialled during the early analytical phase, but MAXQDA's colour-coded system and visual outputs were deemed better suited for grounded visual theory-building (MAXQDA, 2022, p.186). Analytical rigour was reinforced through reflexive journaling, repeated consultation of literature, iterative re-coding, and triangulation with existing scholarship (Waller *et al.*, 2015; Silverman, 2017). Member checks were conducted with selected participants to validate interpretation, and theoretical saturation was reached after 10 interviews, with no new categories emerging. We also maintained a reflexive journal that logged sampling decisions, interview context, and coding rationales. This audit trail—available on request—supports rigour and replicability for other constructivist-grounded-theory scholars.

Ethical Protocols and Data Security

The study followed ISCTE's Code of Ethical Conduct in Research and complied with GDPR requirements for online qualitative research. Although all participants were publicly identified entrepreneurs, interviews were treated as private interactions and de-identified accordingly (Waller *et al.*, 2016, p.163). The anonymity log was stored separately from transcripts and audio files, which were held on ISCTE's Microsoft 365 OneDrive and an encrypted personal laptop.

To protect interview integrity, all sessions used "waiting room" entry settings on Zoom and Microsoft Teams (Lobe *et al.*, 2020, p.5). All three platforms—Zoom, Teams, and WhatsApp—are GDPR compliant and encrypt communication (Zoom, 2023; Microsoft, n.d.; WhatsApp, 2021). Otter.ai data was deleted immediately after transcription to prevent automatic cloud syncing (Keen *et al.*, 2022, p.6).

Informed consent was obtained using ISCTE's ethics-approved consent form via Qualtrics, allowing participants to digitally sign using touchscreen devices. This ensured accessibility while respecting local cultural norms that may complicate verbal-only consent (Silverman, 2017, p.67). Participants were fully informed of their rights, the voluntary nature of participation, and data protection protocols.
No vulnerable populations were included, and the topic was deemed low risk. The researcher, a former international donor employee, had no programme-level involvement with entrepreneur-related funding during their tenure, mitigating any conflict of interest.

4. Findings

In line with Charmaz's (2000) constructivist approach, intensive coding, re-coding, and iterative meaning-making produced four analytical categories that reflect the lived realities and interpretive logics of Nairobi-based digital entrepreneurs: Fluidity, Formality, Future, and Frustrations. These categories represent dynamic processes through which entrepreneurs navigate, resist, and reshape institutional logics while constructing pathways to job creation and social impact. To foreground analytic rigour, Table I summarises each participant's pseudonym, sector, venture age, workforce size, and dominant funding mix. It anchors subsequent 'mini-cases' and allows readers to trace how quotes map onto our 4 themes.

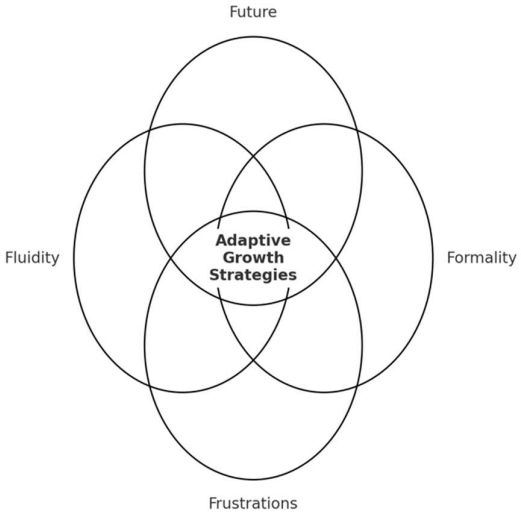
To orient readers, we pose one guiding question for each theme:
• Fluidity — How do entrepreneurs sequence capital?
• Formality — How do they toggle compliance?
• Future — How do they define growth?
• Frustrations — Where do they meet resistance?

Table I: Participant Profiles and Funding Overview

Pseudonym	Sector	Years in Operation	Number of Workers	Primary Funding Path
Amina	FinTech	4	12	Grants and Angel Equity
Brian	Supply Chain	6	30 (casual/seasonal)	Revenue and Informal Contracts
Grace	EdTech	3	8	Hybrid (Donor + Bootstrapped)
David	AgriTech	7	15	Venture Capital and Grants
Farah	Logistics	2	5	Personal Savings and Revenue
Joseph	Health Tech	5	10	Grants and Philanthropic Funding
Lillian	E-Commerce	1	4	Bootstrapped
Michael	AgriTech	8	20	Venture Capital and Revenue
Naomi	FinTech	3	7	Angel Investment and Grants
Samuel	Education	5	9	Grants and Revenue
Pseudonym	Sector	Years in Operation	Number of Workers	Primary Funding Path
Amina	FinTech	4	12	Grants and Angel Equity
Brian	Supply Chain	6	30 (casual/seasonal)	Revenue and Informal Contracts
Grace	EdTech	3	8	Hybrid (Donor + Bootstrapped)
David	AgriTech	7	15	Venture Capital and Grants
Farah	Logistics	2	5	Personal Savings and Revenue
Joseph	Health Tech	5	10	Grants and Philanthropic Funding
Lillian	E-Commerce	1	4	Bootstrapped
Michael	AgriTech	8	20	Venture Capital and Revenue
Naomi	FinTech	3	7	Angel Investment and Grants
Samuel	Education	5	9	Grants and Revenue

Figure 2 visualises the overlap of these four categories and can be consulted before reading the mini-case analyses.

Figure 2: Intersection of Axial Themes—Fluidity, Formality, Future, and Frustrations



4.1 Fluidity

A dominant theme emerging from the interviews was fluidity—a strategic and reflexive engagement with diverse funding sources, institutional expectations, and entrepreneurial identities. Entrepreneurs demonstrated a capacity to navigate, blend, and selectively reject both for-profit and nonprofit financing mechanisms depending on their evolving needs, values, and past experiences. Rather than adhering to rigid business models or externally imposed logics of formalisation, these actors exercised discernment, pivoting between funding types and growth strategies to retain autonomy, maintain mission alignment, or experiment with new business ideas.

Case Spotlight – "Amina," FinTech Founder

Amina rejected an early USD 200 k VC term-sheet because the investor's milestones ignored local market volatility. Instead, she stitched together three blockchain-protocol grants and modest angel equity, explaining, "We measured their 'patiency'. If the capital isn't willing to wait, neither am I."

Bootstrapping—using business revenue to finance growth—was also presented as a deliberate choice rather than a constraint. Two serial entrepreneurs recounted previous ventures that had collapsed due to investor withdrawal during external crises such as the COVID-19 pandemic. One reflected: "If you build a business too fast, you don't want to be over-ambitious. You just build it organically." Another spoke of being "really wary of getting money from VCs," citing the traumatic experience of business closure as a formative influence on their preference for self-financing.

This wariness was balanced by a pragmatic understanding of the ecosystem's funding landscape. Grants were viewed as an accessible and often abundant form of "smaller cheque" capital, particularly for founder's adept at pitching. As one consultancy founder noted, "Once you get some traction, you can tell a good story, and you find that you will attract different kinds of funds." Another co-founder recognised their ability to secure grants but deliberately avoided them: "We could get any grant we want. We don't want it because we don't want to dilute our commercial focus."

At the same time, a critical perspective emerged regarding the long-term impact of overreliance on grants. One participant coined the term "donor babies" to describe firms that "eventually become... in the business of raising money but not solving problems." This critique was linked

to a broader discomfort with entrepreneurial models shaped more by compliance with donor expectations than by solving market-driven challenges.

Yet, grants were also framed as valuable tools for experimentation. A solar tech founder described using "advance pilot grants" to test technologies and iterate business models. Another co-founder spoke of using early-stage grants to "develop the concept and to prove the concept" before transitioning to equity or debt financing. Across multiple cases, participants described a phased approach to capital—beginning with nonprofit support and gradually shifting toward institutional or venture sources as their business models matured.

This adaptability—what Charmaz (2000) would define as grounded agency—was not only expressed through funding choices but also through strategic sequencing of capital. A fintech founder described receiving grants from both blockchain protocols and NGOs, while others detailed their plans to move from "smaller tickets" toward larger-scale fundraising. One entrepreneur summarised their approach: "Once we are satisfied that we have the right product and the right market, then I can get into venture capital."

Ultimately, fluidity emerged as a hallmark of Nairobi's digital entrepreneurial landscape: a logic of adaptation, experimentation, and refusal to be locked into static growth models or imposed institutional logics. Entrepreneurs positioned themselves not as passive recipients of capital but as selective agents actively shaping their financial pathways—balancing short-term survival with long-term vision, social purpose with commercial viability.

4.2 Formality

A second core category to emerge from the data is formality—not as a fixed binary, but as a space for experimentation, negotiation, and intentional disruption. The interviews reveal that Nairobi-based digital entrepreneurs do not simply adopt or reject formal employment structures; instead, they actively play with workplace formalities, reinterpreting what constitutes a legitimate work arrangement, employment relationship, or business hierarchy. This adaptive engagement with formality reflects both resource constraints and a broader ambition to reimagine work culture in more agile, inclusive, and socially attuned ways.

Many of the entrepreneurs operated with a small core team, typically consisting of engineers, marketing leads, and operations managers, while relying on a broader network of informal or flexible workers. These arrangements enabled businesses to scale dynamically without incurring the fixed costs associated with formal contracts.

Case Spotlight – "Brian," Supply-Chain Entrepreneur

Operating a peri-urban warehouse, Brian hires "about 30 casuals a day" during peak seasons, paying a daily rate plus lunch to cover transport costs. He argues this model is "formal in impact if not on paper," allowing steady livelihoods while shielding the firm from demand shocks.

Some entrepreneurs went further, developing innovative non-contractual labour models that blend income generation with social impact. One logistics and communications firm, for example, recruited young people as informal agents, offering small commissions for each customer they brought in. A health tech co-founder described a decentralised outreach model in which community health workers were paid to onboard patients in rural areas. These approaches reflect what Ndemo and Weiss (2017) call "transformative informality"—the creative repurposing of informal structures to achieve formal outcomes such as employment, inclusion, or public health.

Participants also discussed alternative recruitment pipelines to address skill shortages without relying on conventional hiring procedures. Two firms partnered with universities to access new talent, while others entered into service agreements or outsourcing arrangements with third-party organisations—including a Ugandan developer agency—to gain access to software

engineering expertise. These strategies enabled firms to circumvent talent scarcity and costs associated with traditional recruitment, while also promoting regional collaboration and South–South innovation flows.

On-the-job training and iterative role development were also commonplace. Entrepreneurs expressed confidence in their capacity to identify potential and develop internal talent through mentorship and hands-on learning. One founder explained, "We believe, first, that an individual has just the necessary skills to grow within the work environment." Another, referring to a former CTO who had started as an intern, emphasised the importance of long-term employee development, even in high-skill roles. This contrasts with traditional expectations of hiring "ready-made" professionals and emphasises a preference for flexible human capital strategies rooted in trust, proximity, and growth potential.

A broader narrative emerged around challenging established workplace hierarchies and toxic office cultures. Several entrepreneurs described negative experiences in corporate settings—characterised by rigid hierarchies, blame cultures, and disengagement—and contrasted these with their efforts to build inclusive, empowering, and experimental work environments. For instance, one education technology founder described a desire to build a culture that encouraged risk-taking and intellectual autonomy: "You could actually test, and if you fail, what have you learned from that failure?"

Flattened hierarchies and open communication structures were often cited as hallmarks of these new workplaces. One entrepreneur explained their intent to create an environment where "we are readily available to people... if someone has a problem, they can readily reach out to me." Such reflections resonate with the values of participatory leadership and organisational flattening, seen by many respondents as integral to "decent work" in entrepreneurial settings.

This redefinition extended to what counts as decent work itself. Several entrepreneurs identified key attributes—respect, voice, alignment with personal values, and access to social protection—as essential to creating meaningful employment. One co-founder emphasised the importance of listening to staff: "They must be heard. Their opinions must be respected as well." Another insisted that "work should not ask you to compromise your moral or religious compass." A third highlighted the provision of health insurance as a marker of responsible employment: "The business should take care of me."

For some, the decision to become an entrepreneur was itself a form of resistance to dominant employment norms. One participant rejected the conventional "have a family and live happily ever after" trajectory, noting it had "never appealed to me." Another explained how cultural expectations within African households prioritise stable government jobs, but entrepreneurship offered a way to "determine how much I can quickly earn." Choosing to pursue an uncertain path of self-employment—despite familial or societal expectations—was interpreted as a political and generational act, disrupting established pathways to status and success.

Finally, many entrepreneurs drew a sharp contrast between what they saw as the rigidity of traditional employment and the purpose-driven dynamism of start-up life. One founder described the typical employee mindset as "check-in at eight and leave at five... push papers and leave," adding that in start-up environments, the emphasis is "what are the results? What is the impact?" This ethos reflects a broader transformation in how work is defined, valued, and pursued in Nairobi's entrepreneurial ecosystem—not as a place of predictability, but as a site of experimentation, adaptability, and meaning-making.

4.3 Future

The third emergent category, future, captures the aspirations, drivers, and imagined trajectories articulated by Nairobi's digital entrepreneurs. Across the interviews, respondents framed entrepreneurship not only as a response to current socio-economic constraints but as a vehicle for creating future value—for themselves, their communities, and society at large. What

surfaced was a strong orientation toward legacy, long-term impact, and the generative potential of entrepreneurship to shape inclusive, sustainable futures.

For many, personal economic advancement was the initial motivator. Entrepreneurs described their ventures as a means to escape poverty, support their families, and achieve financial independence. One founder, raised in an informal settlement in western Kenya, reflected: "The desire to do more, to support your parents, to support your siblings, to just see the change around you… this was purely my drive towards becoming an entrepreneur." Others echoed similar sentiments, highlighting the inadequacy of formal employment in satisfying personal and familial needs. One participant explained: "I don't come from a well-to-do family… entrepreneurship is how I determine how much I can quickly earn." Another framed their decision to leave a salaried position as pragmatic: "Employment opportunities are not as readily available. There's more value to be created through entrepreneurship."

Yet financial motivation alone did not define their trajectories. A recurring theme was the pursuit of social impact alongside profit—or, as one health tech founder described it, the logic of "doing well and doing good." This dual ambition was expressed in different ways. A digital health entrepreneur emphasised, "Apart from making money, we're improving access and reducing the cost of healthcare." Another said simply: "Make money, of course. But then—change lives." The emphasis on value creation beyond the firm—whether through affordable services, job creation, or infrastructure for marginalised communities—suggests that these entrepreneurs view themselves as agents of socio-economic transformation as well as business owners.

Case Spotlight – "Grace," EdTech Visionary

Grace hopes to reach "100 000 impacted lives" through hybrid online/offline tutoring hubs. She frames growth as legacy: "I want to create opportunity and jobs, not only for Kenyans but also various Africans." Her story grounds the 'legacy-building' sub-theme in lived ambition.

This desire to solve real-world problems often preceded the commercialisation of their ventures. Across sectors—education, agriculture, and clean energy—entrepreneurs frame their ventures as problem-solving missions. Personal experience or structural inequity, rather than abstract market gaps, sparks these missions. One co-founder defined a digital entrepreneur as "somebody who leverages technology to solve problems," while another stressed, "We are created to solve problems." The founder of a clean energy company explained their motivation in terms of expanding access to safe drinking water and productive energy use: "I'm really focused on solving problems, whether in Africa, whether in Kenya." In these accounts, innovation was not framed as disruption for its own sake, but as a targeted response to gaps in systems of care, education, employment, and access.

Job creation, in particular, emerged as a critical form of future-oriented impact. Several entrepreneurs cited employment generation as a core purpose of their businesses. One co-founder viewed employment as an opportunity to "create jobs, not just for our employees but also for the farmers." Another explained: "Each employee is looking after three people or two people. So, you're affecting maybe 600 families." These reflections align with the broader development discourse that positions small and medium-sized enterprises (SMEs) as engines of inclusive growth, particularly in the Global South (Begazo *et al.*, 2023; Chigbu and Nekhwevha, 2023). For some, this role was deeply personal—losing staff after a failed start-up was described by one serial entrepreneur as "one of the saddest moments in my life."

Others framed impact in more indirect or ecosystemic terms, discussing how their platforms or products catalyse income-generation opportunities for others. A solar energy entrepreneur explained how their products were designed as "income generation tools for local women." Another co-founder described how their health platform was enabling pharmacies to scale-up,

thus indirectly creating employment. These ripple effects demonstrate an understanding of entrepreneurship as a platform for distributed empowerment, not just direct hiring.

Beneath these economic and social goals lay a strong sense of legacy-building. Several entrepreneurs expressed a desire to be remembered for their contributions to Kenya's development or to African innovation more broadly. One participant described their ambition to build a pan-African supply chain business: "I want to create opportunity and jobs, not only for Kenyans but also various Africans." Another shared a vision of reaching 100,000 impacted lives. For an education tech founder, legacy meant "inspiring the next generation" and building a "modern education system." These long-term horizons challenge dominant narratives that portray African entrepreneurs as primarily survivalist or reactive. Instead, they are imaginative actors with long-term visions for socio-technical change.

Several participants explicitly connected this legacy to Africa's demographic dividend and untapped potential. As one founder concluded:

"Africa has a young population. The average age is still under 30. So that's still a huge market. What about even the next 20 years? There's still a huge opportunity to build something that can work to solve African problems. And that's where I want to be."

This forward-looking orientation—anchored in local experience, yet expansive in ambition—reflects the constructivist framing of the future as a site of co-creation. These entrepreneurs are not simply navigating existing systems; they are imagining and enacting new social contracts, work cultures, and development pathways grounded in lived realities and guided by transformative intent.

4.4 Frustrations

While the entrepreneurs interviewed conveyed optimism and adaptive capacity, they also articulated a range of frustrations—from practical operational difficulties to deeper structural constraints related to Nairobi's entrepreneurial ecosystem and global capital flows. These frustrations were not merely complaints; they served as critical insights into the institutional frictions and contextual barriers shaping entrepreneurial action in an emerging market.

A recurrent concern was access to funding, especially as businesses matured beyond the start-up phase. Entrepreneurs expressed confidence in securing smaller grants or winning early-stage competitions. However, institutional investment—particularly from venture capital (VC)—was seen as scarce, misaligned with local realities, or burdened with unrealistic expectations. One founder, when asked whether funding was their biggest barrier to expansion, responded unequivocally:

"Yes, funding is the biggest challenge. Yes."

Two serial entrepreneurs, both of whom had closed previous ventures, spoke of how investor expectations outpaced business realities.

Case Spotlight – "David," AgriTech Serial Founder

David shuttered a venture when investors demanded hockey-stick growth: "I decided to fold the company because I couldn't meet [expectations]… all the investors were backing off." The episode illustrates emotional tolls and misaligned capital logics at the centre of the Frustrations theme.

One explained:

"What initially investors were looking for and what we were currently doing could not keep up. We tried to pivot, start looking at profitability. But it was too late." Another recalled the emotional and structural toll of investor withdrawal: "I decided to fold the company because I couldn't meet [expectations]... all the investors were backing off."

These lived experiences shaped more cautious, conditional attitudes toward future funding. Participants increasingly demanded "value beyond capital"—such as sector knowledge, mentorship, or patient timelines. One co-founder described the cost of misalignment:

"If you get an investor who does not understand the industry and they expect certain returns and milestones every month, then it ends up becoming unnecessary pressure that is not constructive."

Others reflected on how donor and VC funding models impose external logics that clash with local needs. One agriculture tech founder described repeated investor pressure to digitise farmer outreach: "Every investor, every donor, wants to say, 'you're a tech company, can we see your tech platform?' But the reality on the ground is different."

This frustration extended to perceptions of global VC's limited contextual understanding. A health tech founder explained: "A US investor won't really understand an African market... The only disadvantage locally is that cheque sizes are not that big."

Similarly, another entrepreneur pointed out: "If you have a similar business that is in Silicon Valley, they will have raised more money, more than us, even with very minimal traction."

Beyond capital flows, entrepreneurs voiced frustration with institutional expectations shaped by foreign markets—particularly the prioritisation of short-term returns over impact. One founder remarked: "It's not about impact for them but returns for them." Another echoed this: "Despite the discussions about impact, at the end of the day... they also want to see your profits in the first or even in the second year."

This disconnect between entrepreneurial mission and capital expectations heightened the emotional and operational burden on founders. One summarised the tension: "People want to come and experiment here... but they don't understand what it costs us when things go wrong."

There were also frustrations rooted in the local social fabric, especially regarding early-stage fundraising. Entrepreneurs compared Nairobi's start-up culture unfavourably with Silicon Valley's ecosystem of informal support. One co-founder noted: "In the US, fundraising starts with your uncle, your auntie, your brother… Here, they don't understand the concept of entrepreneurship."

Another explained that lack of societal understanding meant local investors were often risk-averse, further limiting early-stage growth: "They want guarantees. But this is a start-up—you can't guarantee."

Even as Nairobi's ecosystem matures, challenges remain around talent acquisition and retention. Entrepreneurs generally agreed that the local talent pool has expanded and become more start-up aware. As one founder stated:

"I don't think we've experienced the challenge of getting talent in Nairobi." Another agreed: "There's a huge pool of very creative people here."

Yet, retention was a persistent issue. Entrepreneurs described being in constant competition with multinationals offering significantly higher salaries. One founder explained: "We spend a lot of time training the guy... and then Microsoft comes in and doubles their salary." Another added: "They're poached easily—Google, Amazon, or any better-funded start-up."

This led to frustration with the rising cost of talent, especially for niche technical skills like blockchain or full-stack development. One founder described the challenge:

"If you find a developer who can do what you want, it's someone who is very expensive." Another concluded simply: "Affording the right talent is usually the challenge."

These practical frustrations were compounded by emotional and psychological stress, particularly for those who had previously lost businesses. The weight of responsibility toward employees, communities, and family was palpable. One founder described the impact of closure as "one of the saddest moments of my life." Another explained that risk-taking is not always socially understood: "Even family doesn't understand why we do some of these things."

Despite these challenges, what stood out was not despair—but resilience, self-awareness, and critique. Entrepreneurs were reflexive about the limits of current models and actively experimenting with alternatives—whether in funding strategies, employment models, or business goals. These frustrations were not simply obstacles. They were points of friction that, in grounded theory terms, revealed the boundaries of current institutional arrangements and signalled openings for innovation.

5. Discussion

This study investigated how Nairobi-based digital entrepreneurs interpret, navigate, and operationalise job creation in the context of SDG 8. It identifies four interrelated theoretical categories — Fluidity, Formality, Future, and Frustrations — that structure the analysis.These findings advance the understanding of how entrepreneurial agency unfolds within hybrid institutional environments and highlight the dynamic interplay between local practice and global development narratives. This section situates the findings within the broader literature and conceptual framework, offering a contextually grounded reinterpretation of decent work and digital entrepreneurship in an African setting. See Figure 2 for a concise visual summary of these overlaps.

The theme of fluidity features the strategic and often reflexive navigation of multiple funding streams—ranging from grants to venture capital—by digital entrepreneurs. Rather than being passively shaped by institutional voids, entrepreneurs demonstrated agency in evaluating, leveraging, and rejecting financial capital based on perceived alignment with their business models and social impact goals. This behaviour supports the concept of "transformative informality" (Ndemo and Weiss, 2017; Abubakre *et al.*, 2021), wherein actors creatively blur the lines between formal and informal, donor-driven and market-oriented approaches.

These insights extend Nambisan's (2017) view of digital entrepreneurship as boundary-crossing by illustrating how entrepreneurs not only cross institutional boundaries but repurpose them through bricolage and experimentation. They challenge assumptions that African entrepreneurs are overly reliant on donor capital (Begazo *et al.*, 2023), instead revealing a selective logic rooted in long-term autonomy, resilience, and community anchoring. This resonates with bottom-up development literature (Rodrik, 2010; Easterly, 2006), where development is seen as emerging from local diagnosis and iterative practice rather than top-down planning.

Entrepreneurs in Nairobi are not simply subject to institutional constraints; they actively reconfigure them. The theme of formality captured a wide spectrum of employment strategies—from casual and seasonal labour to service agreements and talent partnerships—that deviate from ILO-style formalisation norms (ILO, 2024.). Such practices reflect not a disregard for decent work but a reconceptualization of it to suit the entrepreneurial and socio-economic context.

These findings confirm and extend prior scholarship arguing for a more nuanced understanding of formality (Naudé, 2011; Littlewood *et al.*, 2022). In contrast to Western-centric models that prioritise contracts and fixed working hours, Nairobi's entrepreneurs emphasised dignity, autonomy, and mutual support as central to decent work. The emphasis on building inclusive, trust-based, and experimental work environments echoes the Ubuntu-inspired entrepreneurship logic discussed by Abubakre *et al.* (2021) and aligns with the relational embeddedness discussed in Wamukoya and Ng'weno (2017).

This strategic use of informality challenges dichotomies of formal/informal and decent/indecent, illustrating how informality can be both transformative and socially productive when aligned with entrepreneurial values and community goals.

Entrepreneurs frequently situated their ventures within narratives of personal transformation and broader socio-economic change. The notion of entrepreneurship as a mechanism for

problem-solving and future-building, especially for underserved communities, affirms the relevance of decent work as a locally defined construct. Participants were motivated not only by economic returns but by the potential to create a legacy of social value—whether through job creation, access to healthcare, education, or clean energy.

This dual commitment to economic and social value supports the literature on African social entrepreneurship (Littlewood *et al.*, 2022; Chigbu and Nekhwevha, 2023) and resonates with the call by Nambisan (2017) to view digital entrepreneurship as socio-technical practice. The finding also offers empirical grounding to the argument made by Santos, Costa and Morris (2022) that entrepreneurship can be both a pathway out of poverty and a platform for social inclusion. In this context, job creation becomes a relational and aspirational practice, not just an economic outcome.

Despite entrepreneurial optimism, participants voiced substantial frustrations related to funding, talent retention, and market expectations—many of which were attributed to the structure of the ecosystem and its relationship with international capital. Entrepreneurs reported that venture capital practices often impose unrealistic growth expectations, undervalue contextual expertise, or fail to accommodate the social priorities embedded in local entrepreneurship models. These tensions echo critiques of donor misalignment and VC extractivism in African innovation ecosystems (Marchant, 2018; Moyo, 2009).

Such frustrations also reflect a misfit between dominant institutional logics and grounded entrepreneurial practices, reinforcing arguments made by Scott (2014) and Acemoglu and Robinson (2013) regarding the partial or contradictory nature of institutional transfer. Entrepreneurs expressed that while Nairobi's digital ecosystem has matured, it remains shaped by external expectations—often distorting local innovations to fit foreign benchmarks. These tensions highlight the need to reconsider the institutional assumptions underlying development finance and entrepreneurship policy.

6. Theoretical and Managerial Implications

This study contributes to three interrelated strands of literature—digital entrepreneurship, institutional theory in emerging markets, and decent work within the SDG 8 framework—by offering a grounded, empirical perspective from the Nairobi tech ecosystem. First, the emergent theme of fluidity challenges prevailing assumptions that entrepreneurs in Africa operate either within informal survivalist models or externally driven donor frameworks (Naudé, 2011; Ndemo and Weiss, 2017). Instead, the findings show that Nairobi's digital entrepreneurs actively engage in strategic hybridity, selecting and sequencing funding mechanisms to maintain autonomy, test ideas, and navigate ecosystem pressures. This aligns with and extends Nambisan's (2017) theorisation of digital entrepreneurship as context-sensitive and institutional work.

Second, the study deepens institutional theory by illustrating how entrepreneurs reinterpret and repurpose formality—not as compliance, but as a flexible toolkit. This mirrors the institutional bricolage described by Battilana *et al.* (2009) and expands the concept of "transformative informality" (Abubakre *et al.*, 2021; Littlewood *et al.*, 2022) by showing how local actors construct inclusive forms of decent work outside conventional regulatory frameworks. In doing so, the study questions the universal applicability of ILO-centric definitions of work and invites scholars to foreground vernacular interpretations of job quality (ILO, 2024. (a); Chigbu and Nekhwevha, 2023).

Third, the construct of future—as articulated by the entrepreneurs—calls for a reinterpretation of entrepreneurial motivation not as a linear trajectory toward wealth maximisation but as a blended path involving social mission, legacy building, and community repair. This directly contributes to literature on bottom-up development (Rodrik, 2010; Easterly, 2006) and aligns

with Santos, Costa and Morris's (2022) call to view entrepreneurship as both a pathway into and out of poverty through socially embedded processes.
Lastly, frustrations surfaced structural misalignments between local entrepreneurial realities and global investor expectations. These findings reinforce critiques of institutional transplant (Acemoglu and Robinson, 2013; Marchant, 2018) and problematise the assumption that capital alone will "fix" entrepreneurial ecosystems. Instead, the data call for attention to the power dynamics and knowledge gaps embedded in transnational entrepreneurship support.

This research advances understanding of how technology entrepreneurs in informal economies mobilise hybrid practices to create jobs, attract capital, and scale social impact. While these applied and theoretical contributions are valuable, their impact can be further amplified by deliberately comparing findings across key verticals—fintech, agritech, and education—so that sector-specific nuances in job creation, inclusion, and growth become visible. Such comparisons would sharpen conceptual boundaries and offer practitioners more targeted guidance.
From a policy perspective, the study emphasises the need for adaptive regulatory frameworks that appreciate entrepreneurial agility. To translate evidence into actionable policy, regulators and industry bodies should co-design "flexibility tiers" that legitimise informal work arrangements while incrementally extending labour protections; this dual approach preserves the income-buffering benefits of informality yet promotes decent-work standards over time.
At the community level, hybrid business models generate complex social effects that merit deeper attention. Informal hiring channels often open doors for marginalised groups, but they can also perpetuate limited access to social security, training, and upward mobility. Policymakers therefore need to balance flexibility with inclusivity, for example by linking simplified tax schemes to voluntary micro-pension contributions or skills-upgrading vouchers.
Long-term economic sustainability hinges on aligning hybrid entrepreneurship with broader development priorities. Recognising informal practices as strategic adaptations—rather than regulatory failures—allows governments and donors to embed capacity-building, financial-literacy, and infrastructure programmes directly into entrepreneurial support pipelines. This integrated approach will help informal-sector founders transition from subsistence-oriented survival to scalable, impact-oriented growth without eroding the adaptive advantages that first drew them to hybrid operating modes.
Finally, the study offers a fertile agenda for future scholarship. Longitudinal, multi-site investigations that track entrepreneurs as they pivot across formal and informal registers could reveal when hybrid logics accelerate—or hinder—scale, resilience, and social inclusion. Comparative designs spanning multiple emerging-market cities would further test the transferability of our findings and strengthen theoretical generalisability.

7. Conclusion

This study provides a nuanced understanding of how Nairobi-based digital entrepreneurs interpret and operationalise job creation within a dynamic and hybrid institutional environment. By drawing on constructivist grounded theory, the research highlights the fluidity with which entrepreneurs navigate between for-profit and non-profit funding sources, their playful adaptation of formalities in workplace structures, and their visionary drive for the future despite facing systemic frustrations. These findings significantly contribute to the discourse on digital entrepreneurship and decent work, particularly within the African context where such complexities are often underexplored.
The research highlights the importance of viewing entrepreneurs not as passive recipients of external influences but as active agents of change who creatively work within and against institutional constraints to build businesses that contribute to both personal gain and social

impact. It extends current theories on entrepreneurship by illustrating how informality is strategically navigated and repurposed in the pursuit of inclusive, sustainable development.

However, the study also reveals important frustrations experienced by entrepreneurs, particularly concerning institutional investor relations, market access, and local talent challenges. These insights offer valuable directions for refining support systems and funding models, pushing for more contextualised, patient, and flexible approaches to ecosystem development. The study also challenges policymakers and investors to reconsider their assumptions about what constitutes "success" in entrepreneurial ecosystems, urging a shift from linear models to those that better reflect the complex socio-economic realities of the entrepreneurs they aim to support.

While this study offers significant insights into the dynamics of Nairobi's digital entrepreneurial ecosystem, several limitations must be acknowledged. First, the sample size of 10 entrepreneurs, while rich in depth, limits the generalisability of the findings across broader Kenyan or African ecosystems. Future research could expand this by exploring multiple cities or countries within Sub-Saharan Africa to compare and contrast findings across different digital sectors and institutional environments.

Second, the research focuses exclusively on tech entrepreneurs, meaning the findings are not necessarily applicable to those operating in other industries. Future studies should explore how entrepreneurs in sectors like agriculture, manufacturing, and services engage with the institutional frameworks in which they operate, especially given the diversification of digital tools across industries.

Additionally, interview-based data could have been influenced by social desirability bias, where entrepreneurs might have presented idealised versions of their operations or ambitions, particularly regarding decent work and social impact. Future research could complement interview data with observational research or ethnographic studies within tech hubs or co-working spaces to capture a more grounded and unmediated view of entrepreneurial practices.

Given the growing importance of digital entrepreneurship in Africa, particularly in Nairobi's Silicon Savannah, further research is needed to investigate deeper into sector-specific challenges. Future studies could examine sectoral variations in digital entrepreneurship to uncover how entrepreneurs in fintech, health tech, and education tech differ in their approaches to funding, talent acquisition, and workplace structures. This would provide a richer understanding of how sector-specific dynamics shape the entrepreneurial journey and the broader economic impact of digital ventures.

Further investigation into investor-entrepreneur relations in African digital ecosystems is also crucial. Studies could focus on the gap between local entrepreneur expectations and international investor standards, specifically examining how cultural and market knowledge influences investment decisions and whether co-investment models involving local actors can better align interests and expectations.

Another promising avenue for future research lies in exploring the impact of digital infrastructure on entrepreneurship. Studies could investigate how internet access, mobile broadband availability, and government-led digital initiatives shape the capabilities and opportunities of digital entrepreneurs. Understanding the technological divide within African countries and its impact on digital entrepreneurs' abilities to scale could inform policy interventions and infrastructure investments.

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