

# Navigating The Nexus: The Informal Sector, Tourism, And Entrepreneurship In BRICS Nations For Sustainable Development

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## Abstract

The relationship between the informal economy, entrepreneurship, and tourism in the BRICS (Brazil, Russia, India, China, and South Africa) nations is examined in this literature review. In several developing nations, the informal economy is vital because it frequently serves as a cushion against unemployment and other economic shocks. Since it operates outside of official regulatory frameworks and yet promotes innovation and economic dynamism, entrepreneurship in this industry becomes particularly important. In the BRICS countries, tourism is a sector that is developing quickly and has a lot of chances for informal entrepreneurs. Consequently, it connects with the informal economy. To emphasize the socioeconomic effects, challenges, and opportunities brought about by the convergence of all three of these elements, this paper synthesizes the literature. It explores at the ways that the BRICS informal sector promotes entrepreneurship, the contribution of tourism to this informal sector's development, and the policy implications for sustainable development. The review points out important advancements, gaps in the literature, and intriguing possibilities for further research to gain greater comprehension of the complex systems at work in these rapidly developing economies.

**Keywords:** Informal sector, Tourism, BRICS, Sustainability, Entrepreneurship, Sustainable development

## 1. Introduction

The informal sector is essential in numerous developing countries, notably in BRICS nations (Brazil, Russia, India, China,

South Africa), serving as a safety net against joblessness and economic uncertainty. Although this sector operates without formal regulation, it encourages innovation and economic growth, especially through entrepreneurial endeavors. The meeting point between tourism and the informal economy in BRICS countries offers distinctive chances for sustainable development, since tourism is a fast-expanding industry that complements informal entrepreneur endeavors (Mahosi & Sibiya, 2024).

The remarkable expansion of tourism in BRICS nations has had a substantial impact on GDP and has created opportunities for informal entrepreneurs to succeed. The connection between tourism and the informal economy not only creates revenue, but also promotes community growth and cultural interaction. Nevertheless, the absence of official regulation presents obstacles, such as concerns pertaining to sustainability, governance, and fair development (Jones et al., 2022). Comprehending these dynamics is crucial for formulating policies that promote sustainable development in these areas.

Recent research has pointed out the possibility of the informal sector playing a key role in boosting economic growth, especially within the tourism industry. In South Africa, informal tourism businesses play a significant role in local economies by generating employment opportunities and showcasing local culture (Ndlovu & Rogerson, 2023). Likewise, in India, the informal sector plays a crucial role in the supply chain of the tourism sector by offering goods and services for both local and foreign visitors (Sharma et al., 2021).

This paper synthesizes the existing literature on the nexus between the informal sector, tourism, and entrepreneurship in BRICS nations, aiming to shed light on the socio-economic impacts, challenges, and opportunities presented by this convergence. By exploring how the informal sector supports entrepreneurship and the role of tourism in this process, the study provides insights into the policy implications for sustainable development in these rapidly evolving economies.

## **2. Literature Review**

The informal economy plays a vital role in the economic activity of numerous developing nations, especially in the BRICS countries (Brazil, Russia, India, China, and South Africa). This field acts as a support system against joblessness and economic uncertainty while promoting creativity and entrepreneurial energy, especially in areas with few formal job options (Jones et al., 2022). Tourism is quickly expanding in BRICS countries, creating opportunities for informal entrepreneurs who take advantage of the increasing number of visitors, both local and foreign. The merging of tourism and

the informal economy creates special chances for sustainable growth, but it also poses important obstacles that need thoughtful examination and strategic action (Ndlovu & Rogerson, 2023).

This review of literature explores the complex connection between the informal economy, tourism, and entrepreneurship in BRICS countries, emphasizing the socio-economic effects, sustainability concerns, and policy considerations. The review starts by examining the importance of the informal economy in BRICS countries, emphasizing its role in creating jobs and supporting people's lives, despite the difficulties of working outside official regulations (Sharma et al., 2021). Afterward, the study explores how tourism sparks informal entrepreneurship, presenting various examples from BRICS nations that demonstrate the industry's development and influence on regional economies (Singh & Dube, 2021).

The literature delves deeper into the obstacles and potential advantages encountered by informal entrepreneurs in the tourism industry, like obtaining financing, enhancing skills, and infrastructure. The difficulties are contrasted with the possible chances of utilizing tourism for wider economic growth (Wang & Gao, 2022). An important part of the analysis focuses on sustainability in informal sector tourism, exploring environmental and social issues in addition to effective strategies for encouraging sustainable growth (Chen & Xiao, 2020).

Innovation is crucial in the informal economy, especially in businesses related to tourism. The analysis examines the expression of entrepreneurial innovation in the informal sector, the influence of technology, and methods for promoting innovation among informal entrepreneurs in the BRICS countries (Roy & Saha, 2022). Furthermore, the study includes a comparison of the informal tourism industries in BRICS nations, presenting information on achievements, experiences, and the impact of cultural, economic, and political elements on the field (Gomes & Fernandes, 2023).

Another central focus of the analysis is the relationship between formal and informal economies in the tourism industry. Mehta (2021) thoroughly discusses the consequences of formalization initiatives, the opportunity for cooperation between formal and informal operators, and case studies that demonstrate these interactions. The evaluation also discusses the potential impact on policies for the informal sector in tourism, suggesting ways to establish a welcoming atmosphere that fosters diversity, durability, and lasting development (Patel & Smith, 2022).

Lastly, Zulu et al. (2023) discuss the social and economic effects of informal tourism in relation to poverty reduction, social justice, and community advancement in BRICS countries. The review finishes by pointing out areas where the current research is lacking and proposing future research paths, focusing on grasping the lasting viability of informal tourism enterprises and the changing importance of policy frameworks in this dynamic industry.

## **2.1 The Role of the Informal Economy in BRICS Nations**

The informal sector in BRICS countries is a major player in the economic scene, contributing significantly to economic activities. In nations such as India and South Africa, the unofficial economy is believed to make up 30% to 50% of the GDP, including various economic activities like street vending and small-scale manufacturing (Chakrabarty & Bhowmik, 2022). Brazil and China also showcase significant informal economic activity, fueled by informal enterprises in rural and urban areas that function beyond formal regulatory constraints (Gomes & Ferreira, 2021). The informal sector in Russia, while not as easily seen, still plays a significant role, especially in areas with few formal economic options (Kuznetsov & Golovko, 2021).

### **2.1.1 The Significance of the Informal Economy in Providing Employment and Sustaining Livelihoods**

The informal economy plays a vital role in providing jobs in BRICS countries, particularly in situations where formal employment opportunities have not been able to keep up with the increasing population. In countries like India, more than 80% of the labor force is employed in the informal sector, offering crucial earnings for numerous households (Sundaram & Agarwal, 2023). In South Africa, the informal sector has played a vital role in providing employment opportunities for those who are unemployed or underemployed, especially during economic hard times (Rogan & Skinner, 2022). The flexibility and easy entry requirements of the informal economy appeal to people with limited access to formal job opportunities, helping them sustain their livelihoods and decrease poverty levels (Xaba & Yeboah, 2023).

The informal sector is crucial in supporting entrepreneurship, especially for marginalized demographics like women and young people. In Brazil, informal entrepreneurship plays a vital role in empowering individuals economically by enabling them to establish businesses with little capital and few regulatory obstacles (Silva & Souza, 2021). Likewise, the informal sector in China plays a crucial role in supporting rural migrants and city dwellers with low income, allowing them to engage in the economy despite the hurdles of formal work arrangements (Wang & Li, 2022).

### **2.1.2 Challenges Faced by the Informal Economy, Including Lack of Regulation and Support**

In BRICS nations, the informal economy, although significant, encounters various obstacles mainly due to the absence of regulation and support. Informal workers frequently do not have social protection, healthcare, or legal support, leaving them at risk of exploitation and economic instability (Lund & Srinivas, 2021). For instance, in India and South Africa, the lack of official contracts and labor rights in the informal economy has resulted in unstable work conditions and minimal job stability (Chen & Carré, 2022).

In addition, the informal sector is frequently not included in financial services, restricting the ability to obtain credit and capital necessary for business expansion and advancement. This exclusion continues the poverty cycle and hinders informal businesses from growing and transitioning to the formal economy (Bharadwaj & Mahadevan, 2023). Moreover, the absence of acknowledgment and backing from the government for the informal economy obstructs the enforcement of policies that could upgrade working conditions and boost the productivity of informal businesses (Rothenberg & Nadvi, 2021).

The informal sector also encounters the difficulty of functioning in a situation of unclear legality. In Brazil, informal entrepreneurs frequently deal with a convoluted network of local regulations that are applied inconsistently, resulting in uncertainties and higher expenses. Likewise, informal businesses in Russia face challenges from corruption and bureaucratic inefficiencies that make their operations and sustainability more difficult (Ivanov & Orlova, 2021).

To sum up, although the informal economy plays a crucial role in the economic systems of BRICS nations, it faces substantial obstacles that need specific policy measures. Tackling these obstacles is essential to unlocking the complete possibilities of the informal economy in driving sustainable development and inclusive growth in these swiftly advancing areas.

### **2.2 The Relationship Between Tourism Growth and Informal Sector Development in BRICS Nations**

Tourism is now a major factor in boosting economic growth in BRICS countries, impacting both GDP and the growth of the informal sector. The quick expansion of tourism in these nations has generated fresh chances for informal entrepreneurs, who frequently offer products and services to tourists without involving the formal economy. This connection is notably clear in countries such as South Africa, Brazil, and India, where the informal sector is closely linked to the tourism industry. Tourists arriving in large numbers lead to

increased need for various goods and services like handmade items, snacks, travel options, and organized excursions, usually offered by informal enterprises (Rogerson & Rogerson, 2023).

The increase in both local and global tourism in China has caused a rise in small businesses serving tourists, especially in countryside and historic locations. These enterprises, which frequently function without adhering to official regulations, make a substantial impact on the local economy through offering job opportunities and generating income for local residents (Li et al., 2022). Likewise, in Brazil, the increase in informal businesses offering a range of cultural experiences, from traditional music shows to handmade souvenirs, is driven by the demand from tourists seeking unique experiences (Mendonça & Vieira, 2021).

### **2.2.1 Case Studies on How Tourism Has Spurred Informal Entrepreneurship in Specific BRICS Countries**

In South Africa, the tourism industry has greatly helped the informal sector. In Cape Town, informal markets and street vendors have flourished by selling handmade crafts and local food to visitors. These entrepreneurs who operate on a small scale have managed to take advantage of the city's increasing popularity among tourists, transforming their informal businesses into crucial sources of revenue (Rogerson, 2022). In the same way, the Durban beachfront is a hub for many street vendors who offer a range of goods to both local and foreign visitors, demonstrating how tourism boosts informal business in the area (Ndlovu & Rogerson, 2023).

In Rajasthan, India provides a strong example of how tourism can encourage informal business ventures. Millions of tourists are drawn to the state every year by its abundant cultural heritage and historical sites, providing openings for informal enterprises like local guides, craftsmen, and traditional Rajasthani craft sellers. These small-scale businesses not only offer jobs but also contribute to the conservation and advancement of indigenous culture (Chatterjee, 2021). The annual Pushkar Fair, one of the biggest cattle fairs globally, is a prime instance of how tourism has promoted informal business in Rajasthan, with numerous vendors taking part in the event to vend their products to tourists (Sharma & Singh, 2022).

In Salvador, Brazil, informal entrepreneurship driven by tourism has noticeably increased in the city known for its Afro-Brazilian culture and lively festivals. Informal entrepreneurs, such as street performers, food vendors, and artisans, have utilized the city's cultural charm to draw in tourists and make money. During the Carnival of Salvador, informal businesses

thrive as many residents seize the chance to offer services to the surge of tourists (Silva & Souza, 2021).

### **2.2.2 The Role of Tourism in Promoting Cultural and Community-Based Enterprises**

Tourism is important for boosting the economy and is essential for supporting cultural and community businesses operating informally. Tourism is now used in several BRICS countries as a way to protect and showcase local traditions, crafts, and cultural practices that could be in danger of vanishing. Informal entrepreneurs frequently serve as protectors of cultural heritage, providing tourists with genuine experiences that have strong ties to the local community (Chen & Xiao, 2022).

In South Africa, township tourism is growing in popularity, as local entrepreneurs provide guided tours showcasing the history and culture of communities in townships such as Soweto. These tours not just generate revenue for local guides and businesses but also promote cultural interaction and unity between tourists and local residents (Rogerson & Rogerson, 2023). Likewise, in India, projects for community-centered tourism in regions such as Kerala and Himachal Pradesh have given local communities the ability to showcase their cultural traditions to visitors, resulting in opportunities for informal entrepreneurship (Das & Mukherjee, 2021).

Cultural tourism in rural China has sparked a revival of traditional crafts and practices, with informal entrepreneurs being crucial in this transformation. For example, in Yunnan Province, artisans have discovered new markets for their goods by serving tourists fascinated by the area's distinctive cultural heritage. Local families benefit economically from these informal businesses, which also help to keep cultural traditions alive that may otherwise disappear (Li et al., 2022).

Tourism acts as a strong driver for informal entrepreneurship in BRICS nations, encouraging economic growth, preserving cultural heritage, and backing community-based businesses. The connection between tourism and the informal sector indicates a chance for sustainable development that is advantageous for both local communities and the overall economy.

## **2.3 Sustainability and Innovation in Informal Sector Tourism**

### **2.3.1 Environmental and Social Sustainability Challenges within Informal Tourism**

Informal sector tourism, though economically important, frequently lacks consideration for environmental and social sustainability. Failure to enforce regulations can result in unsustainable behaviors like excessive use of natural

resources, pollution, and the deterioration of cultural landmarks. In the BRICS nations, these challenges are especially noticeable in regions where tourism is expanding quickly yet not being properly handled. In places like Brazil and India, the activities of the informal sector have led to environmental harm such as deforestation, water pollution, and problems with waste management (Mendonça & Vieira, 2021). Informal tourism can worsen inequality and exploitation if local communities are not involved in decisions affecting their well-being, leading to social issues (Das & Mukherjee, 2021).

These businesses usually do not have the resources and knowledge needed to adopt sustainable practices because of their informal nature. Furthermore, the emphasis on short-term profits frequently takes precedence over the evaluation of long-term environmental and societal effects. This situation poses a major obstacle to attaining sustainability in the tourism industry across the BRICS countries (Rogerson & Rogerson, 2023).

### **2.3.2 Best Practices for Promoting Sustainable Tourism in the Informal Economy**

Encouraging sustainability in the informal tourism industry involves a diverse strategy that involves education, enhancing skills, and backing from policies. The most effective methods in this area include providing informal entrepreneurs with the information and resources needed to implement eco-friendly practices. In South Africa, there have been efforts to teach informal tourism operators about waste management and energy conservation, aiming to decrease their environmental impact (Ndlovu & Rogerson, 2023).

Community-led tourism initiatives focusing on conserving culture and protecting the environment have been effective in encouraging sustainable methods in the informal sector. In India, like in Kerala, community-based tourism emphasizes ecotourism, with local communities overseeing tourism to conserve nature and honor local cultures (Das & Mukherjee, 2021). These efforts not only serve to safeguard the environment but also guarantee a fairer distribution of tourism benefits among the local community.

Policy interventions are important in advancing sustainable tourism in the informal sector. Governments and local authorities have the ability to assist informal tourism businesses by offering training, resources, and incentives to promote the adoption of sustainable practices. In Brazil, informal businesses have been motivated to adjust their practices towards environmental conservation goals due to policies supporting sustainable tourism development in



protected areas (Silva & Souza, 2021. Furthermore, sustainability can be improved through cooperation between formal and informal sectors, as demonstrated in China with collaborations between major tourism companies and informal enterprises resulting in the uptake of sustainable practices (Li et al., 2022.

### **2.3.3 Innovation and Technology in Transforming Informal Tourism Businesses**

Innovation plays a crucial role in promoting sustainability in the informal tourism industry. In the BRICS nations, informal entrepreneurs are benefiting from technological advancements to enhance their practices and embrace sustainability. One illustration is the way in which informal tourism operators benefit from mobile technology to improve the marketing of their services, handle bookings, and interact with customers, resulting in more effective and eco-friendly business operations (Wang & Li, 2022.

In South Africa, new strategies in tourism, like creating digital platforms for informal tour guides, have not only increased the exposure of these businesses but also boosted their efficiency (Rogerson, 2022. Likewise, in India, the adoption of mobile applications and social networking platforms has enabled informal craftsmen and sellers to expand their reach to a wider customer base, decreasing the requirement for physical facilities and lessening environmental effects (Sharma & Singh, 2022.

Technological advancement is also important in tackling the sustainability issues encountered by the informal tourism industry. In Brazil, efforts that encourage informal tourism operators to utilize renewable energy sources have assisted in decreasing the sector's dependence on non-renewable energy (Silva & Souza, 2021. Furthermore, training programs and financial incentives from government and non-governmental organizations have promoted the use of sustainable technologies like water-saving devices and waste recycling systems (Mendonça & Vieira, 2021.

### **2.3.4 Strategies for Fostering Innovation among Informal Entrepreneurs in the BRICS Nations**

To promote further creativity within the informal tourism industry, various tactics can be utilized. A successful strategy involves offering microfinance and grants to informal tourism entrepreneurs, allowing them to invest in innovative technologies and practices that improve sustainability. In China, microcredit programs have effectively helped rural tourism entrepreneurs in adopting new technologies and growing their businesses in eco-friendly ways (Li et al., 2022.

Capacity building is yet another essential tactic. Training programs that concentrate on entrepreneurship, technology adoption, and sustainable practices can provide informal tourism operators with the necessary skills to innovate and expand their businesses in a sustainable manner. In South Africa, informal tourism entrepreneurs have received training from government initiatives to enhance their service quality and implement sustainable practices (Ndlovu & Rogerson, 2023).

Public-private partnerships are also crucial in promoting innovation. Partnerships among big tourism companies, tech firms, and small businesses can result in new, beneficial solutions for the entire industry. In India, technology companies partnering with informal tourism operators have developed mobile platforms that link tourists with local guides and artisans, encouraging cultural exchange and economic growth while lessening the environmental impact of tourism (Sharma & Singh, 2022).

Ultimately, it is imperative to incorporate sustainability and innovation into the informal tourism industry in BRICS countries for its sustained success. By implementing optimal strategies, utilizing technology, and cultivating a culture that promotes creativity, the informal tourism industry can support sustainable development and offer economic prospects for millions.

## **2.4 Comparative Analysis and the Intersection of Formal and Informal Economies in Tourism Across BRICS Nations**

### **2.4.1 Cross-Country Comparisons of Informal Sector Tourism in BRICS Countries**

The unregulated tourism industry in BRICS countries showcases a wide range of influences from different cultural, economic, and political backgrounds. Every country has its own distinct features in informal tourism, but there are also similarities that connect these experiences. In Brazil and India, the informal tourism industry is closely connected to the cultural and historical heritage of the areas, utilizing local customs to appeal to visitors (Mendonça & Vieira, 2021; Sharma & Singh, 2022). China and Russia's informal tourism industries are mostly impacted by economic circumstances, as rural and economically disadvantaged areas depend on informal tourism to increase their earnings (Li et al., 2022; Ivanov & Orlova, 2021).

South Africa is known for its thriving informal tourism sector, which is directly connected to the nation's social and political past as well as its cultural variety. Township tourism is now a key part of informal tourism, with local guides offering tours that give understanding of the country's apartheid history and

current social dynamics (Rogerson & Rogerson, 2023). In spite of these variations, a shared characteristic among all BRICS countries is the importance of informal tourism in creating financial prospects for disadvantaged groups and boosting the tourism industry as a whole.

#### **2.4.2 Success Stories and Lessons Learned from Different BRICS Nations**

The informal tourism industry in BRICS countries is influenced by different cultural, economic, and political factors, resulting in a varied landscape. Every nation shows distinctive traits in its casual tourism ventures, however, there are shared similarities among these encounters. In Brazil and India, the informal tourism industry is closely connected to the cultural and historical diversity of the areas, utilizing traditional practices to appeal to visitors. China and Russia's informal tourism industries are predominantly impacted by economic conditions, as rural and economically disadvantaged areas heavily depend on informal tourism to boost their earnings (Li et al., 2022; Ivanov & Orlova, 2021).

South Africa's lively informal tourism sector is distinct due to its strong connection to the nation's socio-political past and diverse culture. Township tourism, as an example, has grown to be a notable component of casual tourism, with local guides offering tours that offer perspectives on the nation's apartheid history and current social interactions (Rogerson & Rogerson, 2023). In spite of these disparities, a shared factor among all BRICS countries is the importance of informal tourism in offering economic prospects for marginalized groups and boosting the tourism industry as a whole.

#### **2.4.3 The Influence of Cultural, Economic, and Political Factors on Informal Sector Tourism**

Cultural, economic, and political factors are significantly influential in forming the informal tourism sector in BRICS countries. In terms of culture, informal tourism activities are often supported by the abundance of local traditions, crafts, and heritage sites. India's varied cultural scenery creates a rich environment for casual tourism, with local festivals, handicrafts, and cuisine being popular draws for visitors (Chatterjee, 2021).

In regions with limited formal job opportunities, the informal sector in tourism flourishes economically due to necessity-driven entrepreneurship. For instance, in Russia, the informal tourism sector has grown due to economic difficulties in rural regions with scarce formal tourism facilities (Ivanov & Orlova, 2021).

In terms of politics, governmental policies and regulations can either help or hinder the expansion of informal tourism. In South Africa, policies that acknowledge the importance of informal tourism have aided in its integration into the overall tourism industry, while in China, rural tourism policies have supported the development of informal tourism businesses by offering access to markets and resources (Rogerson & Rogerson, 2023; Li et al., 2022).

#### **2.4.4 The Interaction Between Formal and Informal Economies in the Tourism Sector**

The relationship between formal and informal economies in the tourism industry is intricate and multi-dimensional. Informal tourism businesses coexist with formal tourism establishments in several BRICS nations, frequently acting in synergy with each other. In India, formal tour operators often work together with informal guides and vendors to provide visitors with a more genuine and engaging experience (Sharma & Singh, 2022). These partnerships not just improve the tourism experience but also give informal entrepreneurs opportunities to reach bigger markets.

In South Africa, the blending of formal and informal tourism is visible in township tourism, as formal tour companies collaborate with local informal businesses to provide tours highlighting the cultural and historical importance of townships such as Soweto. These collaborations have played a key role in advancing inclusive tourism that provides advantages to both official businesses and independent business owners (Rogerson & Rogerson, 2023).

#### **2.4.5 The Impact of Formalization Efforts on Informal Tourism Businesses**

Attempts to regulate the unstructured tourism industry have resulted in varying degrees of success in BRICS countries. Formalization offers informal businesses improved access to resources, legal protection, and the opportunity to expand operations. In Brazil, efforts to legalize informal tourism businesses in Salvador have resulted in better working conditions, expanded market opportunities, and improved overall tourism quality (Silva & Souza, 2021).

Yet, formalization can present obstacles as well, especially when it enforces regulatory requirements that small informal enterprises struggle to comply with. In China, certain informal tourism operators have faced challenges when it comes to the expenses and complications of becoming formalized, which can impede new entries and restrict the sector's adaptability (Li et al., 2022). In South Africa, attempts to legalize informal tourism businesses have occasionally caused conflicts between informal operators and formal tourism companies, especially

when formalization is seen as a danger to the incomes of informal entrepreneurs (Rogerson & Rogerson, 2023).

#### **2.4.6 Case Studies on Collaborations Between Formal Tourism Operators and Informal Entrepreneurs**

Partnerships between established tourism companies and independent entrepreneurs in BRICS countries have produced beneficial results, highlighting the possibility of cooperation between the two industries. In India, formal travel agencies have collaborated with local artisans and street vendors to offer tailored shopping experiences for tourists, enhancing both vendors' sales and the overall tourism experience (Chatterjee, 2021).

In Brazil, collaborations between established hotels and unofficial tour guides in the Amazon have boosted ecotourism and ensured local communities receive financial benefits from tourism. These partnerships have proven to be highly successful in offering travelers genuine experiences while also helping to sustain the incomes of small-scale business owners (Mendonça & Vieira, 2021).

In Brazil, partnerships between formal hotels and informal tour guides in the Amazon region have helped promote ecotourism while ensuring that local communities benefit from tourism revenues. These collaborations have been particularly effective in providing tourists with authentic experiences while supporting the livelihoods of informal entrepreneurs (Mendonça & Vieira, 2021).

In South Africa, collaborations between formal businesses and informal entrepreneurs in township tourism have been essential in advancing sustainable tourism initiatives. Frequent partnerships include official tour operators collaborating closely with informal local businesses to distribute tourism benefits to the community and improve the tourist experience with genuine local interactions (Rogerson & Rogerson, 2023).

To sum up, comparing informal tourism sectors in BRICS countries shows varied operational methods and relationships with formal economies. Success stories and lessons learned from these nations demonstrate the potential for informal tourism to boost economic growth, with partnerships between formal and informal tourism providers providing valuable perspectives on their collaborative potential for mutual gain. Yet, the impact of cultural, economic, and political elements, along with the difficulties presented by formalization attempts, highlight the necessity for nuanced strategies that uphold the distinctive dynamics of informal tourism in every BRICS country.

## **2.5 Challenges and Opportunities in Informal Sector Tourism and Policy Implications**

### **2.5.1 Barriers to Growth for Informal Entrepreneurs in the Tourism Sector**

Informal entrepreneurs in the tourism industry in BRICS countries encounter numerous obstacles that impede their development and long-term viability. One of the main obstacles for informal businesses is the lack of collateral and credit history needed to obtain loans from formal financial institutions, making access to capital difficult. This lack of financial access hinders their capacity to invest in essential infrastructure, marketing, and innovations that could improve their competitiveness in the tourism industry (Bharadwaj & Mahadevan, 2023). Moreover, the limited availability of skills training hinders the potential growth of informal tourism entrepreneurs. Many informal entrepreneurs face challenges in effectively managing and expanding their businesses due to a lack of formal education and business training, which hinders their competitiveness against formal enterprises (Silva & Souza, 2021).

Infrastructure inadequacies also present considerable obstacles. In numerous BRICS countries, especially in rural and economically disadvantaged regions, limited infrastructure such as roads, communication networks, and essential services restricts the development of informal tourism enterprises. This impacts the service quality for tourists and raises operational expenses, thereby decreasing profits for informal entrepreneurs (Li et al., 2022).

### **2.5.2 Opportunities for Informal Entrepreneurs to Leverage Tourism for Economic Development**

Despite these difficulties, informal entrepreneurs have many chances to utilize tourism for economic growth. The increasing fascination with cultural and experiential tourism presents a special opportunity for small businesses to offer genuine, local experiences that are in high demand among tourists. Informal entrepreneurs who are able to cater to this demand by providing local crafts, guided tours, or traditional culinary experiences have the potential to gain substantial advantages (Mendonça & Vieira, 2021).

The increase of digital platforms offers a significant chance for informal tourism entrepreneurs. Mobile applications and social networking platforms allow small businesses to expand their customer base, promote their services more efficiently, and maintain customer connections without the need for large investments in physical facilities. In South Africa, informal tour guides have effectively utilized digital platforms to draw in international tourists and provide customized tours, thus

boosting their earnings and potential for business growth (Rogerson, 2022).

### **2.5.3 The Impact of Government Policies on Informal Tourism-Related Businesses**

Government policies are essential in determining whether informal tourism businesses thrive or struggle to grow. Supportive policies in certain BRICS countries have played a key role in incorporating informal tourism into the overall economy. In Brazil, policies focused on boosting cultural tourism have given informal entrepreneurs chances to join government-backed tourism initiatives, enhancing their visibility and market reach (Silva & Souza, 2021).

On the other hand, informal tourism businesses in countries with strict policies or a lack of acknowledgment of the informal sector's economic impact may encounter major obstacles. Excessive regulations, uneven law enforcement, and demanding formalization criteria can hinder the growth of small informal businesses and push them towards the fringes (Ivanov & Orlova, 2021).

## **2.6 Policy Implications for the Informal Sector in Tourism**

### **2.6.1 The Role of Government Policies in Supporting or Hindering Informal Sector Growth in Tourism**

Government actions can greatly influence the growth of the informal tourism industry. The absence of clear and supportive policies for informal businesses has been a significant obstacle to the growth of many BRICS nations. Failure to recognize the informal sector's significance in the economy or implementing excessive regulations can drive informal entrepreneurs into more unstable situations, hampering their capacity to support sustainable tourism development (Rothenberg & Nadvi, 2021).

Conversely, effectively crafted policies that acknowledge and assist the distinct requirements of informal tourism establishments can create a setting in which these businesses flourish. Policies like making microfinance more accessible, offering training programs, and integrating informal businesses into the formal tourism sector can greatly improve the growth opportunities for informal entrepreneurs (Chatterjee, 2021).

### **2.6.2 Policy Recommendations for Fostering a Supportive Environment for Informal Entrepreneurs**

Several suggestions for policies can be proposed to create a conducive atmosphere for informal tourism entrepreneurs. Initially, governments need to prioritize establishing a financial system that is more inclusive, giving informal enterprises the opportunity to access credit and financial services. Microfinance organizations, cooperative credit unions, and

government-supported lending programs designed for informal entrepreneurs can narrow the access to capital divide (Bharadwaj & Mahadevan, 2023).

Also, there needs to be an increased focus on enhancing capabilities through training and educational initiatives. Governments and NGOs can work together to offer informal entrepreneurs the necessary skills and knowledge to enhance their business activities, implement sustainable methods, and utilize technology for business expansion (Rogerson & Rogerson, 2023).

Thirdly, there is a need to simplify regulatory frameworks in order to lessen the pressure on informal businesses, while also guaranteeing that they adhere to specific standards. Streamlined registration procedures, reduced compliance expenses, and favorable legal settings may prompt unregistered businesses to become official, expanding their access to a wider range of resources and opportunities (Silva & Souza, 2021).

### **2.6.3 The Potential for Policy Frameworks to Promote Inclusivity and Sustainability in Tourism**

Policy frameworks that support inclusivity and sustainability within the tourism industry can lead to a significant change in the informal sector. Implementing policies that focus on marginalized groups like women, youth, and ethnic minorities can ensure that the advantages of tourism are spread equitably. Such as, measures that back female entrepreneurship in tourism, offer young people training and mentoring chances, and safeguard the rights of indigenous groups can help create a fairer tourism industry (Das & Mukherjee, 2021).

Tourism policies must prioritize sustainability as a central focus as well. Governments can promote sustainable practices by providing rewards for companies that implement eco-friendly technologies, responsibly utilize local resources, and help in conserving cultural heritage. These measures not only safeguard the environment but also boost the attractiveness of tourist spots, benefiting both official and unofficial businesses (Rothenberg & Nadvi, 2021).

## **2.7 Social and Economic Impacts of Informal Tourism**

### **2.7.1 The Contribution of Informal Tourism to Local and National Economies in BRICS Nations**

Informal tourism is important for the economies of BRICS countries, supporting local communities and the overall GDP. Informal tourism activities often bring in significant income for local communities, especially in rural and underdeveloped areas with few formal job prospects. In states such as



Rajasthan and Kerala in India, the informal tourism industry has played a significant role in driving economic growth, attracting tourists with local crafts, cuisine, and cultural offerings (Sharma & Singh, 2022).

Informal tourism at the national level plays a role in boosting the tourism economy by offering additional services and products that improve the visitor's experience. In South Africa, informal tourism businesses play a crucial role in the country's tourism sector, especially in township tourism, offering distinctive experiences that formal businesses cannot match (Rogerson & Rogerson, 2023).

#### **2.7.2 Social Impacts of Informal Tourism on Communities, Including Gender and Youth Empowerment**

Informal tourism greatly influences local communities, especially in terms of empowering women and young people. Informal tourism in several BRICS countries gives women chances to participate in money-making activities, leading to increased financial independence and enhanced social standing. In Brazil, women-driven informal enterprises within the tourism industry have effectively provided cultural and culinary activities to draw in tourists, leading to the economic and social empowerment of women (Silva & Souza, 2021).

Informal tourism also plays a key role in empowering young people in society. In areas with limited formal employment, informal tourism offers young individual's chances to acquire job skills, build entrepreneurial abilities, and make money. Youth participation in township tourism in South Africa has given young people an opportunity to be economically active, decreasing unemployment and building community pride (Ndlovu & Rogerson, 2023).

#### **2.7.3 The Role of Informal Tourism in Poverty Alleviation and Social Equity**

Informal tourism is important for reducing poverty and advancing social equality, especially in rural and marginalized areas. Informal tourism helps decrease poverty and enhance living standards for many families by offering different income opportunities. In China, rural tourism has emerged as a vital approach to reducing poverty, by allowing local residents to earn money and enhance their standard of living through informal tourism enterprises (Li et al., 2022).

Furthermore, casual tourism has the potential to enhance social fairness by guaranteeing that the financial advantages of tourism are spread more evenly. In areas where big companies control the formal tourism industry, informal businesses can act as a balance by offering locally owned and operated options. This ensures that tourism revenue stays in the

community and also helps in preserving and promoting local cultures and traditions (Das & Mukherjee, 2021).

Despite facing substantial challenges, informal tourism in BRICS nations also presents significant opportunities for economic growth, social empowerment, and reducing poverty. Governments can utilize supportive policies and promote sustainable practices to unlock the potential of informal tourism for inclusive and sustainable development.

### **Recommendations**

Based on the findings of this study, several recommendations can be made to enhance the growth and sustainability of the informal tourism sector in BRICS nations:

1. **Enhancing Access to Finance:** Governments and financial institutions must create microfinance programs designed to meet the specific requirements of informal tourism entrepreneurs. These initiatives are aimed at offering informal businesses access to funding they require to expand and innovate through the provision of low-interest loans, grants, and financial literacy training (Bharadwaj & Mahadevan, 2023).
2. **Capacity Building and Training:** A united effort is needed to provide training programs that concentrate on business management, digital marketing, and sustainable tourism practices. Informal entrepreneurs in the tourism sector should have access to programs that are customized to address their unique challenges (Rogerson & Rogerson, 2023).
3. **Streamlining Regulatory Frameworks:** Governments should streamline the regulatory obligations for informal tourism enterprises, facilitating their registration and legal operation. This might involve decreasing costs, giving explicit instructions, and providing assistance to navigate the formalization procedure (Rothenberg & Nadvi, 2021).
4. **Promoting Public-Private Partnerships:** Encouraging collaboration among the public sector, private tourism operators, and informal entrepreneurs can create synergies that are mutually beneficial. Collaborations between the public and private sectors can help with sharing resources, marketing, and creating sustainable tourism projects (Li et al., 2022).
5. **Supporting Digital Transformation:** Digital platforms and technology have the potential to significantly improve the reach and productivity of informal tourism enterprises. Governments and NGOs should offer assistance for implementing digital technologies, including instruction on utilizing social media, e-

commerce platforms, and mobile apps to promote business expansion (Sharma & Singh, 2022).

6. **Promoting Social and Environmental Sustainability:** Policymakers need to motivate informal tourism businesses to embrace sustainable practices with incentives like tax deductions, grants, and recognition programs for those who incorporate eco-friendly measures and support social equality (Das & Mukherjee, 2021).
7. **Fostering Inclusive Tourism Policies:** Tourism policies must be designed in a way that allows marginalized groups such as women, youth, and ethnic minorities to be empowered to both be involved in and profit from the tourism industry. This can be accomplished by specific training initiatives, funding assistance, and legal safeguards (Silva & Souza, 2021).

### Conclusion

The informal tourism industry in BRICS countries is crucial for fostering economic growth, protecting cultural heritage, and promoting social equality. Although encountering obstacles such as restricted capital access, regulatory obstacles, and a requirement for increased sustainability, the industry offers considerable potential for development and creativity. Governments and stakeholders can harness the full potential of informal tourism by following the suggestions mentioned in this study, which include improving finance accessibility, offering focused training, streamlining regulations, and fostering sustainability. These endeavors will not just help strengthen and support the tourism sector, but also encourage fair economic growth that aids disadvantaged communities in BRICS countries.

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