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Leadership in the Informal Economy of Jamaica: Styles, Community Impact, and Gender Dimensions

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Abstract

A substantial portion of Jamaica's workforce operates in the informal economy, yet empirical research on leadership within this sector remains limited. This study integrates economic sociology and leadership theory to examine leadership styles among informal entrepreneurs, community leadership in inner-city economies, and gender dynamics within informal markets. Using a concurrent mixed methods design with 150 participants from Kingston, St Catherine, and Montego Bay, data were collected through structured surveys, semi-structured interviews, and six months of participant observation. The results indicate that relational and transformational leadership styles predominate, with informal leaders often leveraging social capital, trust networks, and community legitimacy to navigate structural and market challenges. Women demonstrated distinct leadership strategies, emphasising relational coordination, resource-sharing networks, and cooperative problem solving to overcome systemic barriers in access to finance, market space, and formal recognition. The current findings extend leadership theory beyond formal organisational contexts, highlighting the social embeddedness, adaptability, and gendered dimensions of leadership in informal economies, and provide actionable recommendations for policy interventions aimed at supporting entrepreneurship, gender equity, and community-driven economic development in Jamaica.

Keywords: informal economy, leadership, economic sociology, gender, Jamaica, community leadership.

Introduction

The informal economy constitutes a vital component of economic activity in many developing countries, including Jamaica, where it provides employment and livelihoods for a substantial portion of the population (International Labour Organization [ILO], 2018, 2023). Informal economic activity spans trading, transport, services, and micro-enterprises that operate outside formal regulatory, taxation, and social protection frameworks. Despite the informal sector's contribution to national income and social resilience, it has historically received limited attention in leadership research, which tends to focus on formal organisational structures and corporate

hierarchies (Chen& Carré, 2020; International Labour Organization [ILO], 2023; Organisation for Economic Co-operation and Development [OECD] &International Labour Organization [ILO], 2019). Workers in informal markets rely heavily on social networks, trust-based relationships, and adaptive strategies to navigate systemic constraints, including limited access to finance, legal protection, and infrastructure (Chen, 2012; Chen et al., 2004). Leadership in these contexts extends beyond conventional business management, encompassing community coordination, negotiation with local authorities, and the management of social norms that are often gendered and culturally embedded. Understanding these dynamics is critical for designing policies that enhance economic participation and social cohesion in informal sectors. The current study addresses this need by investigating leadership within Jamaica's informal economy.

Despite the size and significance of the informal economy (60% of the world's population ages 15+: Deléchat& Medina, 2020; 40.3% in Jamaica as of 2014: Miller, 2018; 48% in North Africa, 51% in Latin America, 65% in Asia, and 72% in sub-Saharan Africa- Women in Informal Employment: Globalizing and Organizing [WIEGO], 2012), scholarly understanding of leadership in such contexts remains underdeveloped. Most leadership theories, including transformational, transactional, and servant leadership frameworks, were developed and tested in formal, hierarchical organisations with clearly defined roles and resources (Bass & Bass, 2008; Bass & Riggio, 2006; Greenleaf, 1977; Northouse, 2022). Such frameworks often overlook the relational, network-based, and adaptive strategies that leaders employ in informal economic settings. Empirical studies examining community leadership, gender dynamics, and relational influence in informal markets are particularly sparse, creating a significant gap in the literature (Razavi, 2007; Putnam, 2000). Furthermore, the interaction between leadership practices and structural barriers, such as gendered access to finance, market spaces, and social recognition, remains insufficiently explored in Caribbean contexts. This gap limits policymakers' ability to support informal sector development with evidence-based interventions. By focusing on Jamaica, this study seeks to illuminate leadership practices that are socially embedded and contextually adaptive.

Leadership in informal economies often manifests through community legitimacy, relational influence, and adaptive problem-solving rather than formal authority (Granovetter, 1985). Informal leaders mediate disputes, coordinate collective purchasing, and mobilise resources to sustain community livelihoods, particularly in inner-city markets where formal governance is limited (Cornwell & Bynner, 2009). Gendered social norms further shape leadership access and expression, with women often relying on cooperative strategies and social networks to overcome structural constraints (ILO, 2018; Carr et al., 2000). Men may adopt more competitive, market-oriented strategies, yet such approaches do not necessarily confer broader recognition or legitimacy within the community. These dynamics highlight the importance of examining leadership as a socially contextualised phenomenon that integrates economic, relational, and gendered dimensions. Existing research rarely captures this complexity in informal Caribbean markets, leaving a critical knowledge gap. Addressing this gap is essential for advancing both leadership theory and economic sociology in developing country contexts.

Given these gaps, the objective of this study is to examine leadership within Jamaica's informal economy through the lenses of economic sociology and leadership theory. Specifically, the study investigates leadership styles among informal entrepreneurs, the role of community leadership in inner-city economic contexts, and the influence of gender on leadership practices and access. By employing a mixed-methods design integrating surveys, interviews, and participant observation, the research captures both quantitative patterns and qualitative insights into leadership dynamics. The current findings are expected to extend leadership theory beyond formal organisational contexts by highlighting relational, transformational, and community-embedded leadership strategies. Moreover, this study aims to provide actionable evidence for policymakers seeking to support informal sector development and gender-equitable leadership initiatives. Ultimately, this research contributes to the empirical understanding of leadership in underexplored economic settings and informs interventions that strengthen social and economic resilience.

Literature Review

The Informal Economy

The informal economy consists of economic activities that are unregistered, untaxed, and operate outside formal regulations. Informal operators play vital roles in urban livelihoods, poverty alleviation, and economic resilience in Jamaica and other developing contexts (Chen, 2012; Tokman, 1978; Vanek et al., 2004). The Statistical Institute of Jamaica (2020) reports high informal sector participation, particularly among youth and women, reflecting both necessity and opportunity in constrained economic settings. Informal work is characterised by resource scarcity, reliance on social networks, and flexible adaptation to market fluctuations. Economic survival often depends on community trust, reciprocity, and collective problem solving. Understanding the informal economy is therefore essential for analysing leadership practices that are embedded in social and economic networks.

Leadership Theory Beyond Formal Organisations

Traditional leadership research emphasises styles such as transformational, transactional, servant, and distributed leadership (Northouse, 2022). Transformational leaders inspire followers to achieve collective goals, whereas servant leaders prioritise service to others before self-interest (Greenleaf, 1977). However, these frameworks often assume stable organisational structures, which are typically absent in informal markets. Economic sociology stresses the importance of social embeddedness, highlighting that leadership operates through networks, norms, and relational influence (Granovetter, 1985). In informal economies, leadership often manifests as community legitimacy, adaptive problem solving, and relational influence rather than positional authority. Leaders navigate uncertainty by leveraging trust, reciprocity, and social capital to coordinate economic and community activity.

Community Leadership in Local Economies

Community leadership derives influence from social relationships rather than formal institutional titles (Putnam, 2000). In urban informal markets, community leaders mediate conflicts, organise collective initiatives, and facilitate access to shared resources (Cornwell & Bynner, 2009).

Jamaican inner-city leaders frequently coordinate market spaces, oversee security arrangements, and support welfare activities for their communities. Their authority is legitimised by experience, trustworthiness, and demonstrated service to the collective rather than formal appointment. These leaders often act as intermediaries between informal operators and municipal authorities, advocating for market rights and infrastructure support. Consequently, community leadership plays a critical role in sustaining informal economic ecosystems and fostering social cohesion.

Gender, Informality, and Leadership

Gender shapes access, strategy, and leadership expression in informal economies. Women are disproportionately engaged in trading, domestic services, and micro-enterprises yet face structural barriers to finance, market space, and technology (Carr et al., 2000; ILO, 2018). Female leaders frequently adopt relational and cooperative strategies, relying on social support networks to mitigate disadvantages (Razavi, 2007). Men are more likely to adopt competitive, individualistic approaches, although these do not always confer broader community legitimacy. Leadership opportunities in informal markets are thus gendered, reflecting broader social and cultural norms. Recognising these dynamics is essential for designing equitable leadership development and economic support interventions.

Economic Sociology Lens

Economic sociology situates leadership within the broader social context of economic activity, emphasising networks, norms, and embedded social relationships (Granovetter, 1985). Leadership is not solely individual behaviour but a socially mediated process, shaped by community expectations and institutional constraints. Informal sector leaders draw upon social capital to gain legitimacy, mobilise resources, and coordinate collective action. This perspective helps explain why relational, transformational, and community-embedded leadership strategies dominate informal markets. Social embeddedness also highlights the interplay of trust, reciprocity, and networked influence in leadership effectiveness. Applying this lens allows researchers and policymakers to understand informal leadership beyond formal organisational frameworks.

Methodology

Research Design

A concurrent mixed methods design integrated quantitative surveys, qualitative interviews, and participant observation to explore leadership patterns comprehensively. This approach allowed for both pattern identification and contextual understanding of informal leadership. Quantitative measures assessed the prevalence of leadership styles, while qualitative methods explored experiences, motivations, and gendered dynamics. Triangulation enhanced validity and offered insights into both individual and collective leadership practices. Observational data provided real-time evidence of leader behaviours and community interactions. This design enabled a nuanced understanding of informal leadership in multiple Jamaican economic contexts.

Sampling and Participants

Purposive stratified sampling selected 150 participants from informal markets in Kingston, St Catherine, and Montego Bay, ensuring representation by gender, age, and type of informal activity. The sample comprised 78 women and 72 men, aged 20–60, engaging in trading, services, and transport. Stratification ensured diversity in experience, market roles, and leadership exposure. Selection focused on participants with active leadership responsibilities or community influence. This approach balanced representativeness with practical feasibility in informal contexts. Participant selection also ensured insights into both individual leadership practices and community-level influence.

Data Collection Instruments

Three instruments collected data: structured surveys, semi-structured interviews, and participant observation. The survey (n = 150) measured leadership style dimensions using validated scales, including the Multifactor Leadership Questionnaire (Bass & Avolio, 1995) and Servant Leadership Scale (Liden et al., 2008). Semi-structured interviews with 40 participants explored leadership experiences, gender dynamics, and community influence. Participant observation spanned six months across market sites, capturing conflict resolution, decision-making, and informal negotiation. Instruments were piloted to ensure relevance to Jamaican informal contexts. Triangulation of these methods strengthened the validity and richness of findings.

Data Analysis

Quantitative data were analysed using SPSS Version 28, including descriptive statistics, t-tests, and chi-square tests to examine leadership styles by gender and sector. Qualitative data were coded thematically following Braun and Clarke's (2006) approach. Integration occurred at the interpretation stage, connecting statistical patterns to contextualised narratives. This combined method provided both empirical robustness and nuanced insights into social dynamics. Gender differences and sector-specific patterns were systematically explored. Findings highlight the interplay between leadership style, social capital, and community embeddedness.

Ethical Considerations

Research adhered to institutional ethical standards, with approval obtained from a recognised ethics board. Informed consent was secured from all participants, ensuring voluntary participation. Anonymity and confidentiality were strictly maintained throughout data collection and reporting. Observational data were recorded without identifying individuals. Ethical practices extended to the analysis, interpretation, and dissemination of findings. Respect for participants' autonomy and social contexts was central to the study design.

Findings

Leadership Styles Among Informal Entrepreneurs

Informal operators predominantly exhibited relational and transformational leadership qualities. Participants frequently reported inspiring peers, facilitating collaboration, and encouraging skill

development. Transformational behaviours included envisioning market improvements and motivating collective goal achievement. Servant leadership traits were also common, reflecting prioritisation of community wellbeing. Transactional leadership, relying on reward and punishment, was less evident due to the networked and egalitarian nature of informal markets. These patterns suggest adaptive leadership approaches suited to informality and resource scarcity.

Community Leadership in Inner City Economies

Community legitimacy emerged as central to leadership effectiveness in inner-city markets. Leaders mediated disputes, organised shared security, and coordinated bulk purchasing initiatives. Authority derived from trust, reliability, and experience rather than formal appointment. Leaders served as intermediaries between informal actors and municipal authorities, navigating regulatory and policy frameworks. Observations highlighted their role in fostering cooperation and sustaining local economic ecosystems. These leaders exemplify social embeddedness as a core feature of informal economic governance.

Gender and Leadership Dynamics

Gender significantly shaped leadership styles and resource access. Women emphasised relational strategies, mutual aid, and community cohesion in their leadership. They relied heavily on social networks for access to credit, resources, and operational support. Men were more likely to adopt competitive, market-oriented strategies, though these did not always confer community recognition. Quantitative analyses revealed significant gender differences in collaborative and community-oriented leadership dimensions ($p < .05$). These findings underscore the importance of addressing structural barriers in supporting women's leadership.

Discussion

Informal Leadership as Relational and Transformational

Findings confirm that informal leadership relies on relational, transformational, and adaptive strategies rather than hierarchical structures. Leaders inspire collective action and maintain social cohesion despite limited institutional support. Economic sociology's emphasis on social embeddedness explains why relational influence and trust networks are crucial. Informal leaders adapt strategies to resource scarcity and market unpredictability. These results extend leadership theory beyond formal organisational contexts. Understanding this relational and transformational orientation informs policy and training in informal sector development.

Community Leadership and Social Capital

Leadership effectiveness in informal economies is closely linked to social capital. Informal leaders act as social brokers, facilitating resource flows and mediating disputes. Trust, reciprocity, and community legitimacy underpin their authority and influence. This aligns with Putnam's (2000) conception of community leadership as embedded in social networks. Observed

practices illustrate how leadership sustains local markets and fosters resilience. Strengthening social capital may enhance the effectiveness of informal leadership interventions.

Gendered Experiences of Leadership

Women's leadership practices emphasised cooperation, relational coordination, and collective problem solving. Gendered expectations shape both access to leadership roles and leadership expression. Women utilise social support networks to overcome barriers in finance, space, and recognition. Men adopt more competitive approaches, but these strategies do not guarantee broader legitimacy. These findings align with research on gendered leadership strategies in constrained environments (Eagly & Carli, 2007). Supporting women in informal leadership requires policy interventions that reduce structural constraints and enhance networking opportunities.

Conclusion

Leadership in Jamaica's informal economy is multidimensional, socially embedded, and highly context dependent. Transformational, relational, and servant leadership approaches are predominant. Social networks, community legitimacy, and relational influence are central to leadership effectiveness. Gender shapes access, strategy, and community impact, with women adopting cooperative, relational approaches. Understanding informal leadership requires frameworks that integrate economic sociology, social capital, and community embeddedness. These insights inform policy interventions and programmes designed to strengthen informal sector leadership and economic development.

Policy Implications

- **Leadership Development Initiatives:** Tailored programmes addressing negotiation, conflict resolution, financial literacy, and adaptive leadership strategies relevant to informal settings.
- **Gender-Responsive Support:** Microfinance schemes, business development resources, and mentorship programmes targeting women in informal markets.
- **Formal–Informal Linkages:** Platforms for structured dialogue between informal leaders and municipal authorities to facilitate policy integration and resource access.

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