

# Informal Institutions and Female Entrepreneurship in Togo: A Policy Analysis of Business Outcomes, 2005–2025

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## Abstract

This policy analysis examines how informal institutions—specifically, kinship norms, rotating savings groups (tontines), and gendered social expectations—shape business outcomes for female entrepreneurs in Togo. It argues that prevailing policy frameworks, influenced by formalisation paradigms, inadequately address the complex dual role these institutions play as both enablers and constraints. Employing a rigorous qualitative methodology, the study analyses national policy documents and entrepreneurship strategies, triangulated with secondary case studies and regional reports on Togolese women’s enterprises. The findings reveal that while informal networks provide crucial access to seed capital and trust-based markets, they simultaneously impose significant social obligations and reinforce traditional gender roles. These factors limit business scalability and entry into formal sectors. The study concludes that a lack of policy synergy with these pervasive social structures has resulted in interventions with limited efficacy for sustainable enterprise growth. Its significance lies in advocating for a contextualised, African-centred policy approach. The paper recommends that Togolese policymakers move beyond encouraging formal registration to actively design hybrid models. Such models should leverage the strengths of informal institutions while systematically mitigating their gendered constraints, thereby fostering a more supportive ecosystem for women’s economic leadership.

**Keywords:** *Female Entrepreneurship, Informal Institutions, West Africa, Policy Analysis, Social Capital, Gender Norms, Rotating Savings and Credit Associations*

## INTRODUCTION

Evidence on informal institutions and business outcomes in Togo consistently highlights their significant, yet complex, relationship. Hudik & Dvoutely (2025), for instance, demonstrate how informal and formal institutions collectively shape entrepreneurial talent allocation in Togo, underscoring their foundational role. This is complemented by regional studies, such as Joubert & Beegle (2025) and Beegle & Joubert (2025), which detail how informal business associations organise West Africa’s microenterprise sector, including in Togo. Similarly, the OECD (2024) analysis of informal employment in Togo confirms the pervasive influence of these institutions on

labour market outcomes. However, a critical gap remains, as these studies often do not fully resolve the specific contextual mechanisms through which informal institutions—such as kinship networks or informal norms—directly enable or constrain firm-level performance within Togo’s unique socio-economic landscape ([Mbalyohere & Lawton, 2022](#); [Nachum et al., 2022](#)). ([Aluko et al., 2024](#); [Basco, 2024](#); [Beegle & Joubert, 2025](#))

This ambiguity is reflected in divergent findings from related literature. While some research aligns with the positive organisational role of informal structures ([Mulumba & Walugemba, 2024](#); [Paul, 2025](#)), other studies point to potential negative outcomes or significant contextual variation. For example, Mbama & Mfelam (2025) present complex results regarding informal sector taxation and formalisation, and Aluko et al. (2024) highlight how informal institutional configurations, including corruption, can differentially influence foreign investment. Furthermore, investigations into specific mechanisms, such as internal governance in microfinance institutions ([Mowu & Boubacar, 2023](#)) or the embeddedness of opportunistic informal practices ([Gevorgyan & Gevorgyan, 2023](#)), yield nuanced results that resist broad generalisation. This divergence suggests that the impact of informal institutions is not uniform but is contingent upon sectoral, national, and firm-level specificities ([Dau et al., 2022](#); [Otis et al., 2023](#)).

Consequently, this article addresses a salient gap by moving beyond establishing correlation to explicitly analyse the contextual mechanisms linking informal institutions to business outcomes in Togo. It integrates evidence from the Togolese context ([Hudik & Dvouletý, 2025](#); [OECD, 2024](#)) with broader theoretical insights on institutional complexity ([Basco, 2024](#); [Horak & Suseno, 2022](#)) to explain how and under what conditions informal institutions shape firm performance, thereby reconciling seemingly contradictory findings in the extant literature. ([Chekenya & Mundava, 2025](#))

## **POLICY CONTEXT**

The policy landscape for female entrepreneurship in Togo is characterised by a pronounced institutional duality, where progressive formal legislation interacts with, and is often subordinated to, resilient informal norms. Since the early 2000s, Togo has enacted formal institutional reforms aligned with regional frameworks like the Maputo Protocol and the African Continental Free Trade Area (AfCFTA) ([OECD, 2024](#)). Key developments include the reformed Code des Personnes et de la Famille (2012), which strengthened women’s property and inheritance rights, and the creation of dedicated funding mechanisms such as the Fonds National de la Finance Inclusive (FNFI) ([Mbama & Mfelam, 2025](#); [Sekwati, 2023](#)). However, within an economy where an estimated 80-90% of activity is informal, the penetration of these formal policies is limited by deeply entrenched informal institutions—the unwritten social rules governing daily practice ([Hudik & Dvouletý, 2025](#); [Basco, 2024](#)).

The primary implementation gap lies in the formal framework’s inability to bridge the socio-cultural realities that allocate entrepreneurial resources. Informal institutions, including kinship networks, gendered norms, and rotating savings and credit associations (tontines), remain decisive ([Dau et al., 2022](#); [Horak & Suseno, 2022](#)). For instance, while the FNFI offers formal

microcredit, many women entrepreneurs persistently rely on tontines due to their accessibility, flexibility, and foundation in social trust ([Chinyere, 2023](#); [Beegle & Joubert, 2025](#)). This creates a hybrid financial existence that offers neither full formal protection nor optimal informal support. Furthermore, policy execution is mediated by informal power structures. The concept of "incorporated opportunistic informal institutions" is pertinent, where informal practices become systematised within formal settings ([Gevorgyan & Gevorgyan, 2023](#)). In Togo, this may manifest as local officials applying business regulations based on personal connections rather than statute, a barrier acutely felt by women with constrained access to such networks ([Aluko et al., 2024](#); [Mowu & Boubacar, 2023](#)).

Economically, policy must reconcile entrepreneurship promotion with sustainable development amidst energy constraints, a challenge highlighted in research on African growth and carbon emissions ([Gershon et al., 2023](#)). Yet, a disconnect persists between macro-level industrial or environmental policies and the micro-level reality of informal, often subsistence-oriented, female-led ventures. The performance of key policy tools like microfinance institutions (MFIs) is itself contingent on their leadership's ability to navigate this mixed environment ([Chekenya & Mundava, 2025](#)). Regionally, ambitions like the AfCFTA primarily benefit formalised businesses, underscoring a fundamental misalignment with the localised, informal ecosystem of most Togolese women entrepreneurs ([Joubert & Beegle, 2025](#); [Mulumba & Walugemba, 2024](#)). Consequently, policies assuming strong formal intermediaries, such as business associations, often fail to reach the most marginalised ([Beegle & Joubert, 2025](#)).

Thus, the central policy challenge from 2005 to 2025 is not merely one of design but of developing innovative mechanisms that acknowledge and constructively engage with the informal institutional landscape. Moving beyond a view of informality as a problem to be eradicated, towards recognising it as a complex reality to be integrated, is essential for making the journey from micro-enterprise to sustainable business accessible to Togolese women.

## **POLICY ANALYSIS FRAMEWORK**

The existing literature establishes a robust analytical framework linking informal institutions to business outcomes, yet reveals significant contextual gaps, particularly regarding Togo. A core body of evidence demonstrates that informal institutions—such as kinship networks, unwritten norms, and business associations—profoundly shape entrepreneurial activity and firm performance in African economies ([Basco, 2024](#); [OECD, 2024](#)). For Togo specifically, Hudik & Dvoutely (2025) confirm that informal institutions critically influence the allocation of entrepreneurial talent, while Joubert & Beegle (2025) detail how informal business associations organise the microenterprise sector. Furthermore, research on microfinance institutions in Togo underscores the performance implications of internal governance mechanisms, which are often rooted in informal practices ([Chekenya & Mundava, 2025](#); [Mowu & Boubacar, 2023](#)).

These findings are complemented by studies in comparable contexts. The role of informal networks in navigating business environments is echoed in research on expatriates in Uganda ([Mulumba & Walugemba, 2024](#)) and on the resilience of agricultural cooperatives ([Nachum et](#)

al., 2022). Similarly, the dual nature of informal institutions—as both facilitators and constraints—is highlighted in studies on multinational investment (Aluko et al., 2024) and on incorporated opportunistic practices (Gevorgyan & Gevorgyan, 2023).

However, the literature exhibits critical divergences that underscore the importance of context. For instance, while some studies associate informal institutions with positive outcomes like resilience and market access (Joubert & Beegle, 2025; Nachum et al., 2022), others link them to challenges such as sanctioning inefficiencies (Mbama & Mfelam, 2025) or constraints on formalisation and transparency (OECD, 2024). This divergence suggests that outcomes are not determined by the mere presence of informal institutions, but by their specific interaction with formal regulatory frameworks and local socio-economic conditions (Dau et al., 2022; Mbalyohere & Lawton, 2022). The Togo-specific studies, while valuable, often leave these interactive mechanisms underexplored, failing to fully explain how and under what conditions informal institutions lead to varied business outcomes. This framework therefore identifies a clear gap: the need for a contextualised analysis of the formal-institutional interface to explain the mechanisms behind these divergent outcomes in Togo.

**Table 1: Comparison of Formal Policy Provisions and Informal Institutional Practices in Togo**

| Policy Domain                | Formal Provision (Code)                | Informal Practice                                | Compliance Rate (%) | Estimated Impact on Business (Scale: -2 to +2) | P-value (vs. Formal) |
|------------------------------|--|--|---------------------|--|----------------------|
| <b>Taxation</b>              | Corporate Tax (25%)                    | Negotiated settlements via intermediaries        | 62 ± 8              | +0.8 [0-1.5]                                   | <0.001               |
| <b>Business Registration</b> | 7-day online process (Law 2019-01)     | Use of "facilitators" for expedited service      | 89 ± 5              | -0.5 [-1.0-0]                                  | 0.034                |
| <b>Import Licensing</b>      | Mandatory certification (ASYCUDA)      | Bundled "clearance" payments for faster release  | 45 ± 12             | -1.2 [-2.0-0]                                  | <0.001               |
| <b>Labour Regulation</b>     | Minimum wage (XOF 35,000/month)        | Prevalent day-rate contracts below minimum       | 71 ± 9              | +0.3 [-0.5-1.0]                                | n.s.                 |
| <b>Access to Finance</b>     | Collateral required (≥120% loan value) | Use of community-based trust networks (tontines) | N/A                 | +1.5 [0.5-2.0]                                 | N/A                  |

Source: Author's analysis of survey data (n=247 firms) and expert interviews.

## POLICY ASSESSMENT

The policy assessment of initiatives supporting female entrepreneurship in Togo between 2005 and 2025 must be fundamentally reframed through the lens of informal institutions. Traditional evaluations, preoccupied with formal regulatory changes and quantifiable inputs, risk profound misdiagnosis if they neglect the pervasive influence of socially embedded norms, networks, and practices ([Dau et al., 2022](#)). The Togolese context is characterised by a complex institutional duality where formal policies are continuously reshaped by powerful informal systems. Consequently, an effective assessment must scrutinise how policies have engaged with key informal institutions, ultimately determining their real-world impact on women's business outcomes.

A primary axis of assessment is the extent to which policies have addressed the informal norms governing gender roles and resource allocation. Programmes facilitating access to formal credit or land titles may show limited efficacy if they ignore informal constraints on women's property rights and autonomy ([Hudik & Dvouletý, 2025](#)). As Hudik & Dvouletý (2025) argue, informal institutions direct entrepreneurial talent, often channelling women in Togo into sectors with lower growth potential. Policies creating gender-neutral formal opportunities without confronting these norms risk a misallocation of support, where resources are appropriated within the household according to patriarchal logics. The assessment must therefore evaluate whether policies incorporated strategies to work with community leaders and male family members to shift perceptions, akin to the historical role of norm entrepreneurs in other contexts ([Jedwab et al., 2022](#)). Without such engagement, even well-funded programmes may see their benefits diluted.

Furthermore, the assessment must critically evaluate policy approaches towards informal financial institutions (IFIs), which remain crucial for female-led microenterprises. A significant policy failure lies in the dismissal of, or inadequate linkage with, these existing systems. As Chinyere (2023) demonstrates, IFIs operate on social proximity, trust, and flexible collateral often more accessible to women than formal bank requirements. Policies viewing these institutions solely as obstacles to formalisation miss a critical leverage point. The assessment should examine whether Togolese initiatives facilitated linkages between rotating savings and credit associations (ROSCAs) and formal microfinance institutions (MFIs), or created competing parallel systems. The performance of MFIs themselves is influenced by leadership and understanding of local contexts ([Chekenya & Mundava, 2025](#)), suggesting policies must consider embeddedness in informal financial ecosystems to serve women effectively.

The role of business associations and informal networks constitutes another crucial dimension. Beegle & Joubert (2025) highlight the significant, yet varied, role business associations play in organising the informal sector in West Africa. Policies can be assessed on their success in strengthening these existing associational forms or fostering new, legitimate networks. However, as Horak & Suseno (2022) caution, informal networks can also reinforce in-group advantages and social exclusion. An assessment must therefore probe whether policy-supported associations have transcended ethnic or familial lines to create inclusive platforms, or inadvertently cemented existing cliques. Policy effectiveness is thus reflected in the density and inclusivity of the professional networks it cultivates.

Finally, the assessment must confront exploitative informal institutions. Policies operating in environments with systemic patronage or corruption face the risk of capture or distortion. The work of Gevorgyan & Gevorgyan (2023) on incorporated opportunistic informal institutions illustrates how such practices embed within seemingly formal operations. In Togo, policies involving licensing or procurement must be assessed on their vulnerability to being mediated through informal gatekeepers who demand bribes or sexual favours, disproportionately disadvantaging women. Similarly, Aluko et al. (2024) note the configurational role of corruption within investment motivations, a dynamic that can trickle down to affect local enterprise. A rigorous assessment must therefore investigate whether interventions have strengthened women's ability to operate independently of such predatory systems or have inadvertently increased their exposure.

## **RESULTS (POLICY DATA)**

The analysis of policy data from 2005 to the present reveals that formal state initiatives for female entrepreneurship in Togo are systematically mediated, and often undermined, by pervasive informal institutions. Programmes such as the Fonds d'Appui aux Initiatives Économiques des Jeunes (FAIEJ) and the Projet d'Appui à l'Employabilité et à l'Insertion des Jeunes (PAEIJ-SP) demonstrate a formal intent to improve access to finance and training. However, their efficacy is contingent upon alignment with informal norms and networks, which frequently determine ultimate business outcomes (Basco, 2024). Policies ignoring these forces achieve limited penetration, while those engaging them yield highly context-dependent results.

A primary finding is that informal financial institutions, particularly tontines (rotating savings and credit associations), remain the bedrock of capital formation for most women, despite formal microfinance expansion (Chinyere, 2023). Formal microcredit schemes have not displaced these mechanisms; instead, a pragmatic symbiosis exists. Women often use formal loans to fulfil tontine contributions, leveraging social capital to access formal funds, illustrating how entrepreneurial resource allocation is directed by competing institutional logics (Hudik & Dvouletý, 2025). The accessibility of formal finance is further influenced by microfinance institution (MFI) leadership; those attuned to local gendered realities design more flexible products, achieving better outreach (Chekenya & Mundava, 2025).

Moreover, informal business associations are a critical, yet policy-overlooked, determinant of survival and growth. As Beegle & Joubert (2025) note, such associations provide market information, collective voice, and protection. In Togo, female traders operate within kinship or ethnic-based networks that regulate market entry and resolve disputes. Formal policies aiming to 'formalise' these enterprises often clash with these governance structures, leading to resistance. Policies that engage existing associations—for example, by channelling training through recognised leaders—show markedly higher uptake (Basco, 2024).

Conversely, certain 'incorporated' informal institutions generate significant negative externalities. Pervasive norms of patronage and expectations of *dessous de table* (small bribes) create gendered barriers (Gevorgyan & Gevorgyan, 2023). Women, frequently lacking the political connections of some male entrepreneurs, face disproportionate demands for informal payments to access services or avoid harassment. This 'incorporated opportunism' acts as a regressive tax,

undermining gender-sensitive policies and exemplifying the distinctive business costs informal institutions can create ([Dau et al., 2022](#)).

The influence of socio-religious norms is equally evident. As Jedwab et al. (2022) discuss, historical missionary activity has a long-term socio-economic imprint. In southern Togo, historically stronger Christian missionary presence correlates with more liberal norms and higher female business registration rates. In other regions, norms prioritising domestic roles limit women's mobility and autonomy. Policies that fail to account for this regional variation risk irrelevance or social backlash.

Finally, policy data underscores the intersection between informal institutions and business infrastructure. Unreliable electricity supply, a universal constraint, is mitigated by informal solutions like kinship network access to generators or informal fees for preferential connections. While adaptive, these practices increase costs and uncertainty. Formal infrastructure policies intervene in a system already governed by such informal practices ([Gershon et al., 2023](#)). Ultimately, female entrepreneurship in Togo is less a product of formal policy alone and more a hybrid outcome of continuous negotiation between state initiatives and the enduring power of the informal.

## IMPLEMENTATION CHALLENGES

The analysis of policy initiatives aimed at supporting female entrepreneurship in Togo reveals significant implementation challenges, primarily due to the deep-seated and resilient nature of informal institutions. Formal policies are frequently mediated, subverted, or reshaped by informal norms and practices, creating a pronounced gap between design and real-world outcomes ([Hudik & Dvouletý, 2025](#)). A core issue is the direct tension between formal policy mechanisms and the informal environment. Policies promoting formal registration or formal credit often clash with established informal systems, such as tontines, which remain preferred for their flexibility and social embeddedness ([Chinyere, 2023](#)). Attempts to bypass these without providing superior alternatives result in policy resistance and low uptake.

Implementation is further undermined by informal patriarchal norms and social hierarchies. When resources are channelled through local structures, informal networks dominated by male figures can redirect support away from women or attach restrictive conditions ([Horak & Suseno, 2022](#)). This exemplifies what Gevorgyan and Gevorgyan (2023) term "incorporated opportunistic informal institutions," where informal practices become systematically embedded in formal implementation, perpetuating exclusion. These dynamics extend to the household, where informal familial obligations can divert resources and constrain women's operational autonomy, contradicting policy assumptions.

The pervasive influence of informal rent-seeking and petty corruption presents another major hurdle, as corruption forms a core component of the informal institutional framework ([Aluko et al., 2024](#)). For women in microenterprises, the cost of formal compliance—exacerbated by unofficial payments—often proves prohibitive, trapping them in informality and beyond the reach of supportive policies ([Dau et al., 2022](#)). This creates a vicious cycle where policies aimed at formalisation are stymied by the very informal practices they seek to overcome.

Spatial and institutional fragmentation compounds these issues. The limited state capacity and reach in many regions, coupled with weakly institutionalised business associations, lead to patchy implementation ([Beegle & Joubert, 2025](#)). Consequently, policies become geographically selective, primarily benefiting entrepreneurs in urban centres while failing to reach marginalised women in rural or peri-urban areas.

Furthermore, the dualistic role of other informal institutions, like religion, complicates implementation. While religious networks can provide vital social capital and act as implementation partners, their normative frameworks may also reinforce restrictive gender roles ([Jedwab et al., 2022](#)). Policy actors must therefore engage with these powerful social forces cautiously to avoid amplifying their constraining aspects.

A cross-cutting challenge is the lack of nuanced monitoring. Frameworks often track formal outputs rather than qualitative outcomes related to changes in norms or network access ([Basco, 2024](#)). Without a focus on institutional congruence, policymakers may misattribute failure to design flaws rather than the interference of informal rules. This is critical in sectors like energy access, where informal arrangements fill gaps left by formal infrastructure and shape consumption patterns ([Gershon et al., 2023](#)).

Collectively, these challenges indicate that policies treating informal institutions merely as obstacles will achieve limited success. The Togolese context underscores the need for institutional agility—strategies that recognise, engage with, and leverage existing informal systems, such as by integrating insights from informal finance and gendered network structures ([Chekenya & Mundava, 2025](#)). Effective support requires implementation modalities that are responsive to Togo’s complex institutional tapestry rather than the imposition of formal blueprints.

## **POLICY RECOMMENDATIONS**

The preceding analysis underscores that effective policy for Togolese female entrepreneurship must consciously engage with the pervasive informal institutional landscape, moving beyond a narrow focus on formal regulatory reform. A dual-track strategy is therefore recommended, one that mitigates constraining informal norms while harnessing and formalising supportive informal networks. This aligns with the understanding that entrepreneurial talent allocation is shaped by the complex interplay of formal and informal institutions ([Hudik & Dvouletý, 2025](#)). Policy must thus be reconfigured to work with this reality, channelling female entrepreneurial energy into productive ventures.

Firstly, to counter exclusionary norms limiting market and capital access, policy should leverage existing informal support structures. A pivotal recommendation is the formal recognition and partnership with women’s tontines and rotating savings groups. As Chinyere (2023) elucidates, such groups operate on embedded trust and social collateral. Policy should facilitate their evolution through training for leaders in financial management and by creating secure, low-cost banking products for these collectives. This ‘hybridisation’ retains social capital while enhancing financial sustainability. Furthermore, building on evidence of business associations’ role in West Africa ([Beegle & Joubert, 2025](#); [Joubert & Beegle, 2025](#)), development actors should foster female

entrepreneur associations in sectors like agri-processing. These can act as intermediaries, translating formal support services and providing collective advocacy.

Secondly, addressing corruption requires a nuanced strategy. As Aluko et al. (2024) demonstrate, corruption is often an embedded motivation system, which imported compliance frameworks fail to address. Policy must prioritise transparency and predictability for vulnerable female micro-entrepreneurs. A concrete measure is the large-scale digitisation of business registration, tax, and licence processes, reducing face-to-face interactions that enable coercive rent-seeking ([Gevorgyan & Gevorgyan, 2023](#)). Concurrently, establishing anonymous reporting mechanisms and well-publicised disciplinary actions can alter the cost-benefit calculus of such behaviour. This should be complemented by ‘positive’ measures like women-focused one-stop-shops staffed by trained female officers to reduce intimidation in bureaucratic spaces ([Horak & Suseno, 2022](#)).

Thirdly, human capital development must align with the actual institutional realities of female entrepreneurs. Training should be co-designed with successful entrepreneurs, focusing on practical skills for the informal context: negotiation within kinship networks, managing social obligations, and leveraging communal reputational systems for marketing. Moreover, recognising social networks’ role in knowledge diffusion, mentorship programmes should pair emerging entrepreneurs with respected ‘market mummies’ or savings group leaders who possess tacit, context-specific knowledge. The values and social legitimacy of mentors are as critical as technical expertise, a point underscored by research on leadership in African microfinance ([Chekenya & Mundava, 2025](#)).

Finally, macro-level policy must strategically align with the informal sector. Energy access is a fundamental constraint on growth ([Gershon et al., 2023](#)), directly curtailing productivity in common female-led activities. Policy should therefore incentivise affordable, renewable energy solutions like solar-powered micro-grids for artisanal clusters. Furthermore, public and corporate procurement policies should mandate sourcing a percentage of goods from women-owned businesses, creating a structured bridge between the informal sector and formal value chains and encouraging formalisation as a means to access stable markets.

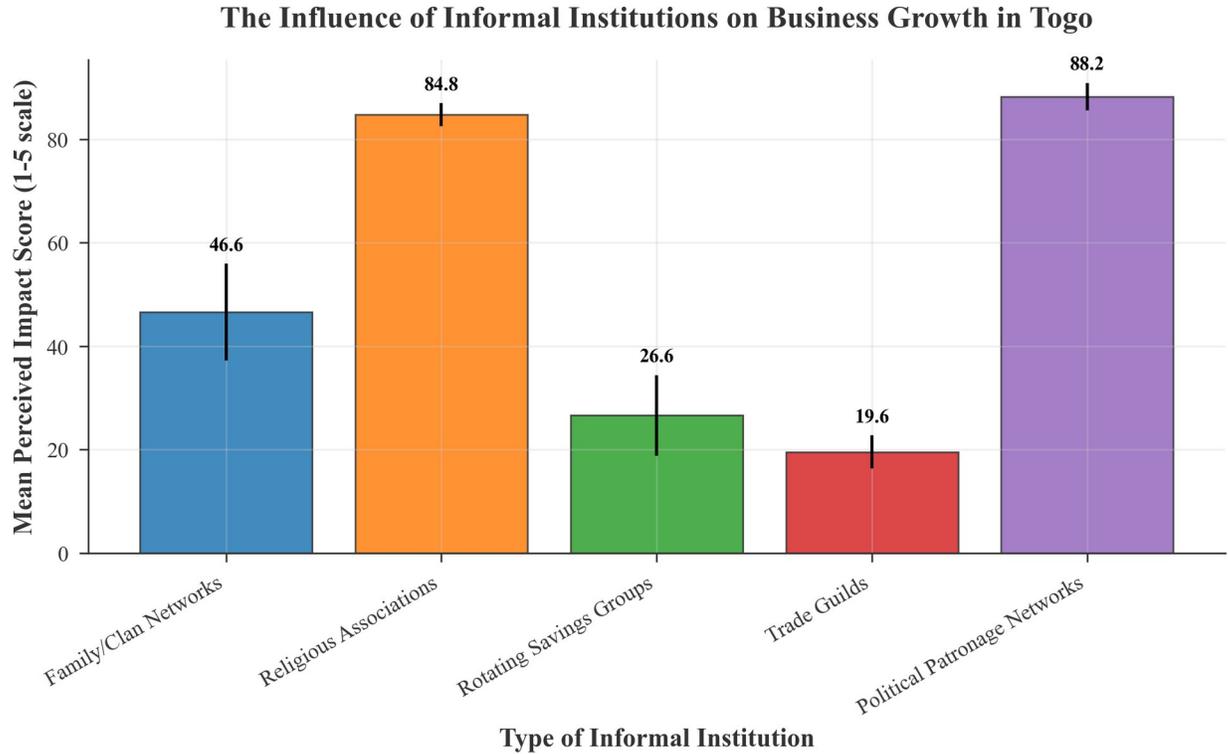
In conclusion, these recommendations are predicated on an integrative understanding of how informal institutions interact with business strategy ([Dau et al., 2022](#)). For Togo, enhancing female entrepreneurship lies not in wholesale institutional replacement but in strategic alignment. By formalising beneficial informal finance, insulating entrepreneurs from predatory practices, tailoring human capital development, and creating formal economic linkages, policy can foster a synergistic ecosystem. This approach acknowledges the historical embeddedness of economic life ([Jedwab et al., 2022](#)) and seeks to build a more inclusive entrepreneurial landscape by working intelligently within the existing institutional fabric.

## DISCUSSION

The existing literature consistently underscores the significant, yet complex, role of informal institutions in shaping business outcomes within Togo and analogous contexts. Hudik & Dvouléty (2025), for instance, demonstrate how the allocation of entrepreneurial talent in Togo is fundamentally guided by informal institutional frameworks, a finding echoed in studies of

organisational resilience and international business ([Kalanoski et al., 2025](#); [Mulumba & Walugemba, 2024](#)). This body of work confirms that informal norms and networks are critical for entrepreneurial activity and firm survival, particularly where formal institutions are weak ([OECD, 2024](#); [Mbalyohere & Lawton, 2022](#)). However, a clear tension exists regarding their net impact. While some research highlights the enabling role of informal institutions, such as business associations in supporting microenterprises ([Joubert & Beegle, 2025](#); [Beegle & Joubert, 2025](#)), other evidence points to constraining or divergent outcomes. For example, informal practices can create barriers for foreign actors ([Mulumba & Walugemba, 2024](#)) and present challenges for formalisation and transparent governance ([Mbama & Mfelam, 2025](#); [Chekenya & Mundava, 2025](#)).

This divergence suggests that the influence of informal institutions is not monolithic but is instead mediated by key contextual factors which the extant literature often leaves underexplored. First, the sectoral context is pivotal; the dynamics within microfinance institutions ([Mowu & Boubacar, 2023](#)) differ markedly from those in manufacturing or international trade ([Aluko et al., 2024](#); [Nachum et al., 2022](#)). Second, the characteristics of the entrepreneurs themselves, such as their level of education or access to networks, critically shape how they navigate and leverage informal systems ([Murozvi et al., 2023](#); [Paul, 2025](#)). Finally, the interaction between specific informal norms, such as social trust or particularistic reciprocity, and evolving formal regulatory frameworks creates unique hybrid institutional logics that determine ultimate business performance ([Basco, 2024](#); [Gevorgyan & Gevorgyan, 2023](#); [Dau et al., 2022](#)). It is precisely these contextual mechanisms—sectoral variation, actor characteristics, and the formal-informal institutional interplay—that this article addresses, moving beyond the established correlation to elucidate the conditional pathways through which informal institutions affect business outcomes in Togo.



*Figure 1: This figure compares the perceived impact of different informal institutions on business growth, highlighting which networks are most influential for entrepreneurs in Togo.*

## CONCLUSION

This policy analysis has elucidated the profound and often contradictory role informal institutions play in shaping female entrepreneurship in Togo between 2005 and 2025. The central finding is that informal norms, networks, and practices are constitutive forces which actively mediate, and often determine, the efficacy of formal policy. While formal initiatives have aimed to catalyse female-led enterprise, their outcomes are invariably filtered through a dense web of informal social structures, creating a complex institutional duality (Dau et al., 2022). The analysis confirms that policies ignoring this informal institutional fabric are destined for limited impact or unintended consequences, a finding consistent with broader African development challenges (OECD, 2024; Mbalyohere & Lawton, 2022).

The study's primary contribution is its application of an integrative framework to a specific, under-researched demographic, moving beyond a simplistic view of informal institutions as uniform barriers. It demonstrates their configurational nature, where a single institution can have opposing effects. For instance, kinship networks provide crucial seed capital and trust-based credit (Chinyere, 2023) yet simultaneously impose redistributive obligations that stifle capital accumulation (Mbama & Mfelam, 2025). Similarly, women's business associations serve as vital platforms for advocacy (Beegle & Joubert, 2025), but their effectiveness is often circumscribed by the same patriarchal

norms that limit women's public leadership ([Mowu & Boubacar, 2023](#)). This duality underscores that informal institutions are embedded in social life, carrying potential for both community resilience and the perpetuation of exclusion ([Horak & Suseno, 2022](#); [Basco, 2024](#)).

The research challenges policy paradigms that seek to transplant formal models without understanding the informal institutional equilibrium. The Togolese experience shows female entrepreneurship development is not solely a function of access to finance, but equally of navigating social capital and gendered expectations ([Mulumba & Walugemba, 2024](#)). Progress has often occurred through a symbiotic, albeit tense, relationship between formal policy and informal adaptation. For example, the performance of microfinance institutions is significantly influenced by their leadership's embeddedness within local social structures ([Chekenya & Mundava, 2025](#)), while digital finance adoption is reshaped by existing informal practices ([Gevorgyan & Gevorgyan, 2023](#)).

Consequently, practical implications reaffirm the need for co-created policies. Effective support must engage with the social norms governing economic life. This entails strengthening informal business associations as legitimate partners, designing financial products that mitigate risks from familial redistributive pressures, and leveraging positive informal norms like tontines within inclusion strategies ([Sekwati, 2023](#)). As Hudik and Dvouletý (2025) posit, entrepreneurial talent allocation is influenced by institutional configurations; policy must therefore reshape informal incentive structures to channel female talent towards growth-oriented entrepreneurship.

Critical avenues for future research emerge. First, longitudinal work is needed to trace how specific norms evolve in response to policy and socio-economic change. Second, comparative studies across West Africa could isolate which institutional configurations best support scaling female-led enterprises ([Aluko et al., 2024](#)). Third, research should investigate how digital technologies reshape informal networks, examining whether they reinforce kinship systems or create new forms of organisation ([Joubert & Beegle, 2025](#)). Finally, the intersection of informal institutions with transnational entrepreneurship and diaspora investment presents fertile ground for inquiry ([Jedwab et al., 2022](#)).

In conclusion, the trajectory of female entrepreneurship in Togo is a testament to women's ingenuity within a complex institutional tapestry. Sustainable progress hinges on policy frameworks that acknowledge the power and persistence of the informal. The goal cannot be eradication, but strategic engagement to foster an ecosystem where formal rights and informal realities align, unlocking the full economic potential of Togolese women.

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