

Guest editorial: Managing the complexities of informal female entrepreneurship

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Introduction

Informal female entrepreneurship (IFE) represents a central yet underexplored component of entrepreneurial systems, particularly in developing and emerging economies. Women are disproportionately represented in informal entrepreneurship, often entering self-employment out of necessity rather than choice, while men tend to participate more voluntarily (Williams, 2009). Despite its prevalence, IFE remains a highly complex and multifaceted phenomenon, shaped by interactions across multiple levels of actors and embedded in unique social, economic and institutional contexts (Welter *et al.*, 2015), especially in developing countries (Rashid and Ratten, 2020).

IFE refers to women who engage in self-employment or operate businesses without formal registration with government authorities (Thapa Karki *et al.*, 2021). These women entrepreneurs are active across a wide range of sectors, including trade, services and manufacturing, and they make meaningful contributions to household welfare, community livelihoods and local economies (Muhammad *et al.*, 2021). Informal entrepreneurship is particularly salient during periods of financial, health and geopolitical crises, when informal businesses often serve as survival mechanisms despite being excluded from formal recovery policies and institutional support systems (Santos *et al.*, 2021; Jha and Bag, 2019).

Existing research on IFE primarily examines two interconnected themes: the obstacles women encounter in informal operations and the alternative strategies they adopt to build and maintain their businesses. Consistent findings highlight major barriers, including limited market information, low levels of education and skills and ongoing gender and ethnic discrimination throughout the entrepreneurial process (Chiplunkar and Goldberg, 2021). Another key challenge is the restricted access to formal institutions, including credit markets, training opportunities and business development services (Babbitt *et al.*, 2015).

To navigate these constraints, informal women entrepreneurs rely heavily on social networks involving family, friends and local communities to access information, finance and emotional support while also fostering a sense of belonging and contribution to local economic development (Afreh *et al.*, 2019; Boafo *et al.*, 2022). Microfinance initiatives have also emerged as an important mechanism by providing small loans, savings and basic financial services to low-income individuals, including informal entrepreneurs (Bruton *et al.*, 2021). In addition, education and training initiatives can strengthen entrepreneurial capabilities, enabling women to identify opportunities, address challenges and improve business outcomes (Jiménez *et al.*, 2015).

Despite these insights, IFE has received relatively limited attention from scholars, policymakers and practitioners. The existing body of research remains fragmented and insufficiently comprehensive to capture the full complexity of informal female entrepreneurship or to inform policy design and support mechanisms effectively. Recent studies, therefore, call for a deeper examination of IFE's multi-level dynamics, including its role in advancing economic growth alongside social and environmental sustainability (Raman *et al.*, 2022), as well as the identification of context-appropriate best practices – particularly those enabled by digital technologies – in developing socioeconomic environments (Ejaz *et al.*, 2022).

Moving forward, the informal female entrepreneurship

This editorial highlights IFE's progress by summarising the eight articles accepted for this issue, which illustrate a notable shift in IFE research. Previously, IFE was often viewed as a



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residual category driven by necessity, poverty or exclusion from formal systems. The studies here advance the field by demonstrating that IFE is neither static nor uniform and that it cannot be fully understood through single-level or single-theory explanations. Instead, these contributions portray IFE as a constantly evolving, contextually embedded and gendered form of the entrepreneurial process.

Mapping and reframing the field

[Martins et al. \(2026\)](#) established a foundational basis for this Special Issue through a systematic review of literature pertaining to IFE research. Instead of merely providing a summary of previous studies, they reorganise the dispersed literature into four principal domains – namely, gender roles, formal institutions, business characteristics and social and personal competencies – and elucidate how these domains interact across individual and contextual levels. Their primary contribution is not merely descriptive but integrative: they construct a multi-theoretical framework that synthesises institutional theory, role congruity theory, network theory and the resource-based view. Notably, they challenge the common binary of necessity versus opportunity, showing that women’s informal entrepreneurship is shaped by both structural constraints and personal agency. Additionally, this review identifies persistent gaps, particularly in political empowerment, gender equality policies, spatial context and formalisation choices, which are directly addressed by the empirical studies featured in this issue.

Conceptualising IFE as a process, not a state

[Zucchella et al. \(2026\)](#) fill an important theoretical gap by viewing female informal entrepreneurship as a dynamic, multi-level process. Rather than treating informality as static, they frame IFE as continually shifting through stages of informalization, formalisation and hybridity. Their model explicitly considers gendered aspects of the institutional, economic and technological contexts, illustrating how women’s entrepreneurial paths develop through tensions and paradoxes rather than straightforward progress. The key contribution is to reframe IFE as an ongoing venture journey shaped by changing environments rather than simply a problem to be solved by policy.

Deepening contextual and gendered understanding

[James and Onoshakpor \(2026\)](#) directly respond to calls for more contextually grounded research by examining IFE in Nigeria, where patriarchal norms and institutional voids remain pronounced. Using an interpretivist phenomenological approach and the 5M framework, they show how money, motherhood, management, markets and the macro/meso environment jointly shape women’s informal entrepreneurial experiences. Their contribution lies in demonstrating how informality persists not simply because of exclusion, but because women actively adapt their products, scale and aspirations to survive within structurally unequal systems. While growth is constrained, the study shows that innovation and collective resource pooling within informal communities remain viable pathways. This paper moves the literature forward by empirically grounding gendered informality in patriarchy rather than treating gender as a background variable.

Financial informality and formalisation decisions

[Gómez García et al. \(2026\)](#) examine female entrepreneurs in Lima’s Bodega sector, providing one of the few empirical studies on how education, financial literacy and financial inclusion influence formalisation intentions. Their results challenge common policy assumptions: simply registering legally does not significantly alter women’s financial behaviors or reduce informal activities. Instead, financial literacy and access to financial services serve as crucial mediators between education and the desire to formalise. The study also uncovers a surprising

age-related trend, with older women showing lower intentions to formalise. This research shifts the focus in IFE studies from legal status to financial practices, emphasising that informality often persists even after formal registration and that policies must address more than compliance.

Capturing the reality of entrepreneurial cycles

[Wan Ali and Ali Othman \(2026\)](#) empirically extend this process perspective by studying B40 women entrepreneurs in Malaysia. Their eight-stage home-based business lifecycle model challenges traditional linear growth frameworks that dominate entrepreneurship research. Drawing on focus group discussions with women entrepreneurs and experts, they show that B40 women move cyclically among growth, stagnation and decline, often operating multiple businesses simultaneously to mitigate risk. The study highlights how cultural constraints, family responsibilities and rural contexts shape entrepreneurial behavior. Its contribution to the IFE literature lies in making visible what entrepreneurship entails for low-income women, rather than imposing inappropriate linear models on their experiences.

Education, informality, and sectoral diversification

[Sandhu et al. \(2026\)](#) examine women's participation in agritourism in rural India, focusing on the role of entrepreneurship education and training (EET). Using mixed methods, they show that EET improves land use, management practices, innovation and income generation for women farmers, many of whom operate informally or semi-formally. This study moves IFE research beyond urban trade and services into rural and sector-specific contexts. It also demonstrates that informality does not preclude innovation or sustainability, particularly when education enables women to diversify income sources and indirectly access external finance.

Competence under constraint for informal female entrepreneurs

[Shet et al. \(2026\)](#) examine how informal female entrepreneurs in India endure and sustain their ventures within structurally hostile and resource-constrained environments. Drawing on the abilities–motivation–opportunity (AMO) framework and qualitative interviews with 14 IFEs, the study identifies the multi-layered challenges confronting these entrepreneurs, including individual burdens, operational and functional business constraints and systemic barriers embedded in the broader institutional context. The findings underscore that persistence in informality is neither accidental nor passive but requires continuous negotiation amid instability, scarcity and institutional voids. The authors classify the competencies enabling such persistence into three interrelated clusters: ability-enhancing (technical skills, problem-solving, communication and adaptability), motivation-enhancing (self-motivation, resilience and optimism) and opportunity-enhancing (local embeddedness, networking and resourcefulness). By foregrounding the interplay between challenges and competencies, [Shet et al. \(2026\)](#) call for deeper theoretical engagement with informal female entrepreneurship within mainstream entrepreneurship scholarship.

Psychological drivers and transitions between informality and formality

Finally, [Thabti et al. \(2026\)](#) introduce entrepreneurial passion as a neglected but important factor in understanding women's entrepreneurial decision-making in Tunisia. Through qualitative interviews, they show that passion plays a strong role during pre-startup and startup phases, including transitions from informal to formal entrepreneurship. As ventures grow, passion becomes less explicit and more embedded in rational decision-making. This study contributes to IFE research by linking emotional drivers to lifecycle stages and by providing rare empirical insight from the Middle East, where cultural norms strongly shape women's entrepreneurial choices.

Conclusion

The article published in this special issue advances IFE research in three keyways. First, it moves the focus from static descriptions of informality to dynamic, process-oriented explanations of women's entrepreneurship (Martins *et al.*, 2026; Zucchella *et al.*, 2026; Wan Ali and Ali Othman, 2026). Second, it situates IFE within specific gendered, institutional and cultural contexts rather than viewing women entrepreneurs as a uniform group, highlighting factors like patriarchy, social norms, education, financial literacy and sector-specific conditions across countries such as Nigeria, Peru, Malaysia, India and Tunisia (James and Onoshakpor, 2026; Gómez García *et al.*, 2026; Sandhu *et al.*, 2026; Thabti *et al.*, 2026).

Third, the articles challenge assumptions that formalisation, legal registration, or access to finance alone can address informality, demonstrating that informal practices often endure due to structural constraints, lifecycle effects and strategic choices by women entrepreneurs (Gómez García *et al.*, 2026; Wan Ali and Ali Othman, 2026; Martins *et al.*, 2026). Instead of hyping IFE, the studies emphasise its constraints – like institutional gaps, gender-related hurdles and resource shortages – while also appreciating women's agency, resilience and strategic choices in informal and hybrid entrepreneurial situations (James and Onoshakpor, 2026; Thabti *et al.*, 2026; Zucchella *et al.*, 2026). This special issue does not conclude the IFE debate but instead refines it by providing more nuanced conceptual tools, richer empirical data and stronger practical foundations for future research and policy (Martins *et al.*, 2026).

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