



BACKGROUND NOTE

Female Entrepreneurship and Gender Equality: Literature Review

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Female Entrepreneurship and Gender Equality: Literature Review

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OECD (2004) highlighted that women's entrepreneurship is an important untapped source of economic growth because they create new jobs for themselves and others and by being different. They also provide society with different solutions to management, organization, and business problems as well as to the exploitation of entrepreneurial opportunities. In its comprehensive report, it found out that women's entrepreneurship is dependent on both demand side (political and institutional framework, family policy, and market sources) and supply side factors (availability of suitable individuals to occupy entrepreneurial roles). In addition, women's entrepreneurship depends on both the situation of women in society and the role of entrepreneurship in that same society. The factors that affect the gender system and the entrepreneurship in society are involved.

Gender equality is one of the fundamental human rights and is an essential foundation for a prosperous, peaceful, and sustainable world. Empowerment of women and girls are an essential element in the expansion of economic growth, social development, and entrepreneurial development. To capture the development level of women and their extent to access the resources and capabilities and unbound to discrimination, UNDP's Gender Development Index is used to measure gender equity across countries. As per the World Economic Forum's Global Gender Gap Report, dimensions like economic participation and opportunities of women, educational attainment, health and survival, as well as political empowerment are taken into consideration for the measurement of the gender gap globally.

Gender inequality hinders economic growth by lowering the pool of potential talents for production, through distorted access of one gender to education, employment, entrepreneurship, and creation of innovation. Sarfaraz et al. (2014) emphasized that the degree at which entrepreneurship affects the economy depends on numerous factors, including the quality, gender composition, and type of entrepreneurial activity. Gender equality and female entrepreneurship are key factors in economic development. Analyzing the relationship between gender-related development indices (introduced by the United Nations) and different stages of women entrepreneurial activity (created by the Global Entrepreneurship Monitor), their results suggest that female entrepreneurial activity is not significantly correlated with gender equality.

All countries consider entrepreneurial promotion as a crucial policy for sustained employment creation, as well as innovation in products, production processes, and organizations (OECD 2012). Countries with high total entrepreneurial activity rates are also associated with high female entrepreneurial activity rates (Verheul et al. 2006). The number of female entrepreneurs across the world has been gradually growing in recent years; researchers and policy makers have been paying more attention to female entrepreneurship (Nedelcheva 2012). Despite the efforts by some international organizations, e.g., the

United Nations and the World Bank, to bridge the gender gap in access to opportunities, gender inequalities are still widely prevalent and women are deprived of having equal rights with men (Sarfaraz and Faghih 2011).

The results indicate that, in countries with higher level of income, the tendency towards starting an entrepreneurial venture diminishes because of the inverse relationship between early-stage entrepreneurial activity and gender development equality. In other words, in these countries, female early-stage entrepreneurial activity declines with improvements in gender development index. This might be because of the fact that, in countries with less gender discrimination, women may enjoy equal opportunities (specifically employment) with their fellow countrymen and have more access to social services that can discourage them to take the risk of starting their own business. This result also agrees with other studies, e.g., that in rich countries, larger companies and public employment usually offer health care and support for working mothers and, hence, reduce women's incentives for start-ups and self-employment (Allen et al. 2006; Sarfaraz et al. 2014).

Moreover, it is worth noting that, across the three income level countries, as the level of income increases from low-/middle-income countries (Latin America/Caribbean and Europe/Asia regions) to high-income country groups, less discrimination and lower rates of early entrepreneurial activity may be observed. This also agrees with the results of other studies, e.g., that, as a country develops economically, its growth of nascent entrepreneurship and of new business start-ups tends to decline (Wennekers et al. 2005). Hence, it can be concluded that the low rate of female entrepreneurship in developed economies does not necessarily imply the low rate of female contribution to the economy, whereas the low rate of female entrepreneurship in developing economies accompanied by high women unemployment rate may indicate the low contribution of women in the socioeconomic development. It is important to note that the reasons behind the lack of female entrepreneurial activity in developing economies seem to be different from the developed economies. The importance of fostering female entrepreneurial activities seems to be more essential in developing countries with high gender gap in employment. An earlier study by Baughn et al. (2006) concludes that, overall, "gender equality itself does not predict the proportion of female entrepreneurs".

Sajjad et al. (2020) recently studied the contribution of women entrepreneurs, investigating this relationship by measuring women entrepreneurship and economic development at the global level. They used secondary data from Female Entrepreneurship Index Report 2015, Human Development Report 2015, and KOF Globalisation Index 2015 covering 69 countries of the world. The results explained the significant impact of women entrepreneurship on the economies of the world. Women participation in entrepreneurial activities not only supports their family income, but also plays a significant role in economic development and social well-being of the society.

Vracheva and Stoyneva (2020) explores the contradiction when entrepreneurship opportunities for women open up in more developed and egalitarian societies; fewer women are choosing entrepreneurship, relating to female economic and political participation in the context of business regulation efficiency. Drawing on panel data from 89 countries from the Global Entrepreneurship Monitor survey and the Global Gender Gap Report, results suggest that equality in economic participation narrows and political participation widens the entrepreneurship gender gap, but a country's business regulation efficiency moderates both relationships negatively.

Some gender entrepreneur country cases present interesting findings. Satpayeva et al. (2020) analyzed existing concepts of female entrepreneurship, evaluated women's entrepreneurship in Kazakhstan, and developed recommendations for its development in the country. In this research, authors proposed the methodological tools based on systematic approach using economic and statistic methods and 5Ms (Man, Material, Machines, Methods, and Money) of Management concept. They observed increase in contribution of women in social-economic development of the republic, women's entrepreneurial activity is increasing, and the number of enterprises headed by women is growing. However, the growth of female entrepreneurship occurs while maintaining their insignificance in terms of turnover and number of employees. There is a pronounced industry specificity of female entrepreneurship: the services sector.

Quisumbing, et al. (2021) used primary data collected in Asia (Bangladesh, Philippines) and Africa (Benin, Malawi) to examine the relationships between women's empowerment, gender equality, and participation in a variety of local agricultural value chains that comprise the food system. They found that the value chain and the specific node of engagement matter, as do other individual and household characteristics, but in different ways, depending on country context. Entrepreneurship—often engaged in by wealthier households with greater ability to take risks—is not necessarily empowering for women; nor is household wealth, as proxied by their asset ownership. Increased involvement in the market is not necessarily correlated with greater gender equality. Education is positively correlated with higher empowerment of both men and women, but the strength of this association varies. Training and extension services are generally positively associated with empowerment, but could also exacerbate the inequality in empowerment between men and women in the same household.

A survey report done by Chiewattanakul et al. (2021) on women's entrepreneurship in Asia and the Pacific reveals some imbalance. When asked about barriers specifically affecting women entrepreneurs, stakeholders in Southeast Asia pointed to traditional gender roles (47%), lack of mentors and representation (45%), and economic inequality (43%). In a broad sense, these hindrances for women climate entrepreneurs mirror restrictions faced by the female workforce as a whole. A study has shown that gender discrimination concerning social norms, practices, and laws in Southeast Asia remains high compared to other regions in the world. There is also severe underrepresentation of women entrepreneurs in the region's green economy, which exposes a substantial gap, given their disproportionate vulnerability to climate change. These lends support to the earlier findings of ADB (2018) which underscored the roadblocks preventing women in developing Asia from achieving their entrepreneurial potential that are rooted in social norms and customary practices that prescribe how much capital, time, and autonomy a woman will be able to devote to entrepreneurial activities. The ADB recommendations are aimed at creating an enabling environment for women entrepreneurs and strategies for addressing gaps and leveraging opportunities.

On gender, entrepreneurship, and digital revolution, Sorgner et al. (2017) investigate how the digital revolution, characterized by artificial intelligence, big data, cloud computing, and mobile robotics, will affect gender equality in Group of Twenty (G20) countries, and how governments and nongovernment initiatives may exploit the new digital technologies to narrow these gender gaps in the future. The study focuses on four areas to derive its policy recommendations. First, it assesses if digital technologies will affect gender equality in the foreseeable future by replacing women's jobs to a different extent than men's jobs. Second, it determines the state of the art in gender equality and gender-oriented policies in labor markets, financial inclusion, and entrepreneurship in the G20 countries. Third, it identifies deficits in women's digital inclusion that may impair the effectiveness of digitally empowered gender policies. It

also shows how digital technologies may empower women. Training and popularizing high-quality online platforms and innovative web-based instruments for female entrepreneurs to access financial capital are innovative ways to encourage greater women participation.

In the wake of the coronavirus disease (COVID-19) pandemic in Asia and the Pacific, UNEP (2020) examines energy access and the need to strengthen the livelihoods of the poor, especially women, in Asia. More critical today than ever before, as governments prepare to deal with the economic and human crisis that COVID 19 has brought with it, promoting women's entrepreneurship in renewable energy provides a unique opportunity to achieve inclusive growth and climate resilience.

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