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THE OTHER HALF: STATE, CHALLENGES, AND ACTION ITEMS FOR THE REALIZATION OF WOMEN ENTREPRENEURIAL OPPORTUNITIES WORLDWIDE

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Introduction

According to the United Nations, the world population reached 7.6 billion in 2017. About half, or 49.55 percent, were female (United Nations, Department of Social and Economic Affairs, 2017). The fact that the gender demographics on the planet are balanced, compounded by the recent announcement that most countries have achieved gender parity in primary education (UNICEF, 2018) should be cause for optimism. However, these numbers are quickly obscured by the realization that disparities still remain at the other education grades, which disproportionately favor males.

President James Madison once stated that “education is the foundation of civil liberties.” Therefore, this gender unbalanced state of affairs might also escalate to the structure of several other institutions, including public and private sector activities, and the distribution of entrepreneurial opportunities.

In this brief report, we review selected gender indicators across countries, and then compare them with entrepreneurial indicators in an attempt to understand the distribution of business opportunities across economies. After reviewing the general numbers, we focus on key challenges and practical recommendations for action.

Gender and World Population, by the Numbers

The world has added about one billion people over the last twelve years, and an additional 2.2 billion will be added in the next thirty years. By 2100, the world is expected to surpass 11 billion inhabitants. Currently, sixty percent of the world population lives in Asia (4.5 billion), seventeen percent in Africa (1.3 billion), ten percent in Europe (742 million), nine percent in Latin America and the Caribbean (646 million), and the remaining six percent in North America (361 million) and Oceania (41 million) (United Nations, Department of Social and Economic Affairs, 2017).



In terms of demographic growth, more than half of the anticipated population growth is expected to take place in Africa, which will remain the largest contributor to global growth well after 2050. Population growth trends are expected to slow down in the next century primarily due to low fertility rates of more advanced economies.

One aspect worth noting when looking at global trends is that life expectancy rates are increasing, with the group aged 60 or above growing faster than any younger age group. The aging of the population will impact social structures that have traditionally relied on welfare and pension benefits to support retirement and rising health care costs. **Figure 1** shows the population breakdown by gender, location and age. Observing the aging phenomenon, especially in high innovation regions, such as Europe and North America, opens further questions on what systemic changes might be necessary to deal with troubling decreasing support ratios (defined as the number of people aged 20-64 divided by the number of people aged 65 or above). Japan had the lowest support ratio in the world: 2.1 in 2017. While helpful, the movement of migrants across regions, from low income to high income countries, is not sufficient to shift the needle of the redistribution of the population towards the older age groups. Naturally, the age distribution of a population impacts drivers such as economic growth rates, workforce participation, educational and healthcare services, housing markets. These elements have significant implications on productivity, job distribution and the social welfare needs of the future (Roser, Ritchie, & Ortiz-Ospina, 2013). As such they remain important elements of the entrepreneurial workforce discussion: the increase in life expectancy may lead to the need to identify new form of self-employment, such as business-ownership.

Figure 1: World Population, 2017

Region, country or area	Population (thousands)			Population by broad age group (percentage)			
	Total	Male	Female	0-14	15-24	25-59	60+
World.....	7 550 262	3 808 932	3 741 330	26	16	46	13
Africa.....	1 256 268	627 392	628 876	41	19	35	5
Asia.....	4 504 428	2 304 731	2 199 697	24	16	48	12
Europe.....	742 074	358 540	383 534	16	11	49	25
Latin America and the Caribbean..	645 593	319 085	326 508	25	17	46	12
Northern America.....	361 208	178 828	182 380	19	13	46	22
Oceania.....	40 691	20 356	20 335	23	15	45	17

Source: (United Nations, Department of Social and Economic Affairs, 2017)

Gender and Education, by the Numbers

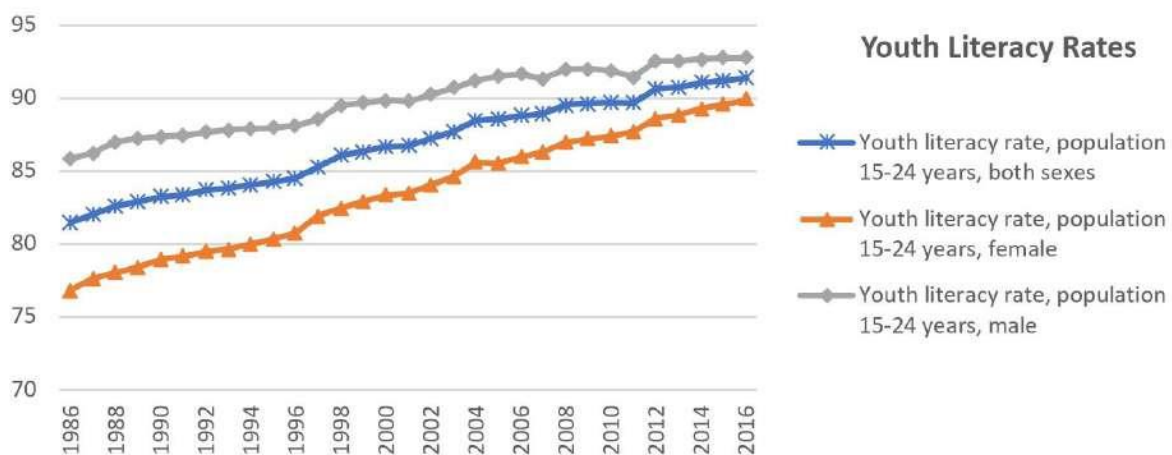
The Beijing Platform for Action, adopted in 1985, established the global priority to provide universal and gender equal access to primary education worldwide. This guideline has supported closing the gender gap in universal enrollment in elementary education. According to UNICEF, two thirds of countries have reached gender parity in the ratio of female/male school enrollment. However, in regions such as Sub-Saharan Africa, the Middle East and South Asia, girls remain at a disadvantage often because of poverty, armed conflicts, lack of adequate school infrastructure, especially in remote areas, and in some instances, gender norms on child marriage (UNICEF, 2018).

Starting from a place of disadvantage generally leads to the systemic perpetuation of imbalances. It is not surprising to observe that gender disparity increases worldwide at the secondary school level. In an interesting twist, such disparity favors girls, if the country has a high overall enrollment in secondary

education (for example, East Asia). It favors boys for countries with low total enrollment in secondary education (for example, Sub-Saharan Africa and South Asia).

While in the last two decades the youth literacy rates have increased worldwide from 83 to 91 percent (with illiteracy among 15-24 year old decreasing from 107 million in 1986 to 57 million in 2016), gender disparities are evident in the fact that young women represent 59 percent of the overall global illiterate youth population. **Figure 2** shows improving but still unbalanced trends in achieving youth literacy, narrowing from 9 to 3 percentage point-gap in the last twenty years.

Figure 2: Youth Literacy Trends Worldwide – Gender Gaps



Source: Data from (UNICEF, 2018)

West and Central Africa, and South Asia continue to show the widest gender gaps in youth literacy despite multilateral efforts that have been undertaken by international agencies such as the UNESCO to implement the multipronged education-for-all (EFA) internationally agreed agenda (Edwards Jr, Okitsu, da Costa, & Kitamura, 2018).

Gender and Entrepreneurship, by the Numbers

Even if women represent about half of the working age population and the education gap is closing as noted above, they tend to be underrepresented in the workforce, especially in leadership roles. Studies from McKinsey speculate that this lower participation may cost the economy over twenty-eight trillion dollars of unrealized gains. This opportunity cost will cap global GDP growth to \$108 trillion (Desjardins, 2018) in the next six years. Achieving the full-potential scenario, where women have an equal role compared to men in all labor markets, would push the GDP to about \$136 trillion by 2025.

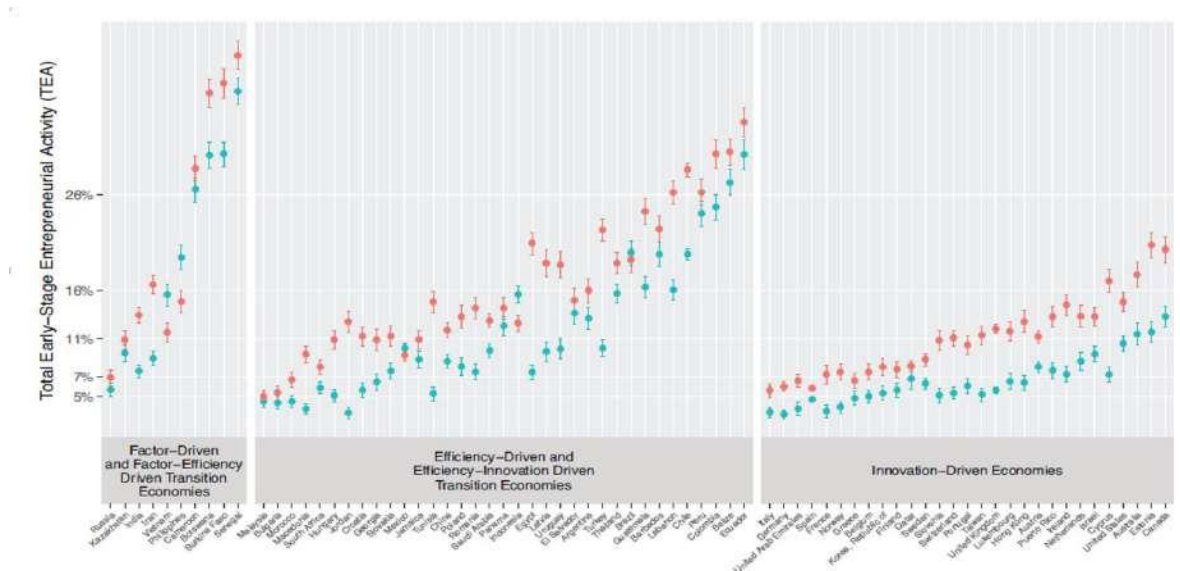
However, the full potential in women entrepreneurship has yet to be reached. A 2015 study by the Global Entrepreneurship Development Institute (thegedi.org) found that more than sixty one percent of the countries reviewed scored less than fifty points in Female Entrepreneurship Index (FEI) worldwide. The top 10 countries for female entrepreneurship included the US, Australia, UK, Denmark, Netherlands, France, Iceland, Sweden, Finland and Norway, whose FEI scores varied between 66.3 and 82.9. While the report shows

that the percent of female entrepreneurs who are highly educated has increased over the years, many constraints still need to be overcome across regional boundaries (Terjesen & Lloyd, 2015).

The Global Entrepreneurship Monitor (GEM) published a comprehensive report on the state of women entrepreneurship worldwide, based on a larger longitudinal data collection involving more than 100 countries annually. The 2016/2017 report, which featured seventy-four economies from six regions (East and South Asia and Pacific, Europe, Central Asia, Latin American and the Caribbean, Middle East and North Africa, North America and Sub-Saharan Africa) highlights that over 163 million women started new businesses, and an additional 111 million are running established businesses. These numbers underscore the financial impact of women-owned businesses, but they also move a step further by differentiating the types of entrepreneurial activities that women are involved in, and the stage of growth of their venture.

When measuring the Total Entrepreneurial Activity (TEA), which represents the percentage of working age adults who are new or nascent entrepreneurs, GEM uncovers that a gender gap remains, especially across types of ventures. Rates of female entrepreneurship in transition economies and innovation-driven economies continue to experience increasing gaps, while the ratios of male/ female startups are closer in least developed economies, such as those in Sub-Saharan Africa, where females thrive in establishing necessity level types of entrepreneurial ventures. **Figure 3** represents these gaps.

Figure 3: Total Early Stage Entrepreneurship by Gender and Country Economic Classification*



* *Factor-driven economy: least developed, agricultural, natural resources-based economy; Efficiency-driven: industrial sector-based, with advances in productivity and growth of financial institutions; Innovation-Driven: service-based and industrial economy, knowledge- work and financial focus. Source: (Kelley et al., 2017)*

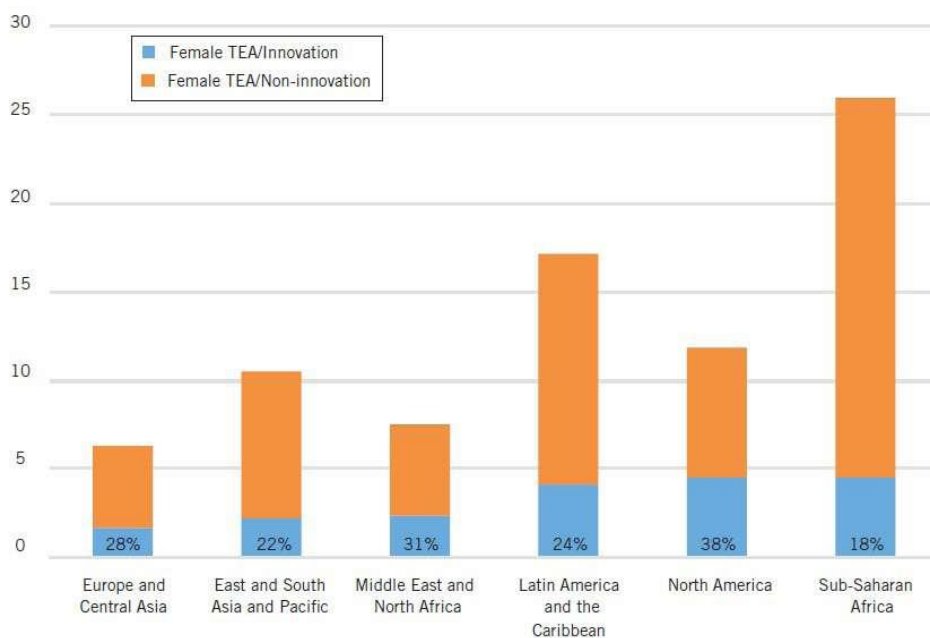
The GEM report finds that the overall gender gap is slowly reducing, and more importantly, it is slowly shifting to opportunity seeking (more than necessity- driven) entrepreneurship, especially in developed economies. The increase in TEA across regions suggests that the gender gap in startup activities will continue to shrink over the years (Kelley et al., 2017).

Fostering Opportunity- over Necessity- Entrepreneurship

While several frameworks and data sets can be used to benchmark women entrepreneurship activities worldwide, a fixed number of variables repeat across any conceptualization that attempts to study the phenomenon: a focus on the type of economic conditions that lead to the intention or actual opening of a business venture (necessity vs opportunity), a focus on attitudes (self-efficacy and cultural norms), and supporting factors (regulatory frameworks, education quality and workforce participation).

In general, necessity-driven entrepreneurship signals involvement in the start-up cycle because of lack of alternatives. For a woman, the loss of a husband or being a single mother who needs to provide for the family is a poignant driver of necessity entrepreneurship. On the opposite side of the spectrum, opportunity-driven entrepreneurship is based on the recognition of an open niche to exploit, almost independent from the need of increasing income (rather, just sustaining it). For a female entrepreneur, this often means becoming involved in initiatives that are innovative or that meet social needs such as health, education, and similar ventures that exploit the identified opportunity or novel idea. According to GEM, the number of women that start businesses out of necessity is at least thirty percent greater than men (Kelley, Singer, & Herrington, 2012). Some studies have highlighted that female entrepreneurs start their businesses as a second or third profession (Pandey, 2016). This necessity-driven higher focus limits the growth potential and sustainability of women entrepreneurship, eventually leading to discontinuance. Women-owned businesses close at a higher-rate than male owned businesses, albeit only at about a 10 percent difference. The reasons for such business mortality vary from unprofitability, lack of access to financial resources, or other personal factors. However, in innovation economies, women exit opportunity-driven ventures at a much lower rate than men, specifically at only two-thirds of the rate of their male counterparts (Kelley et al., 2017). This differential rate underlines the importance of policy level interventions to support innovation-driven entrepreneurship levels beyond their current marginal levels. Such levels are relatively higher in the Americas but continue to lag significantly behind in other regions of the world, as highlighted in the bottom portion of **Figure 4**.

Figure 4: Female Total Entrepreneurial Activity by Region (in percent of female population 18-64 years old)



Source: (Kelley et al., 2017)

The need to develop opportunity-driven entrepreneurship across regions is based not only in the statistics showing the higher survival rate, possibly associated with the higher education levels driving innovation activities, but also in the expected higher economic impact. Focusing policies and financing beyond supporting retail and artisanal entrepreneurial activities builds capacity for growth and innovation and positions women-owned businesses at a higher revenue potential. This also requires identifying training and development programs for women-owned business beyond the traditional sector of retail/social services/consumer services and providing technology and advanced training to launch tech ventures. Women-owned ICT (technology) business numbers are abysmal: five percent of total female entrepreneurs in North America are in the tech sector, less than two percent anywhere else. This state of affairs prevents women's full participation and future exploitation of the market opportunities that might be opened from operating in a high-growth and high-margin sector.

Surmountable Obstacles and Possible Actions

Factors that are brought forward when explaining the slower growth of women entrepreneurship center on a) cultural differences, such as segregated gender roles. They are followed by b) the lack of adequate financing infrastructure, exacerbated by an implicit bias whereby venture capital firms tend to disproportionately finance male entrepreneurs, a phenomenon dubbed as homophily (Miller, 2017). Finally, the largest obstacle is often c) lower self-perception and self-efficacy, including elements such as fear of failure and lack of belief in one's own capabilities.

In a study conducted in 2008 (Koellinger, Minniti, & Schade, 2008), the authors explained the women lower propensity to start businesses compared to men as highly correlated with lower levels of optimism, confidence and higher fear of failure. The study provided evidence that such correlation is independent of cultural factors to the point that, when comparing men and women with similar levels of confidence and tolerance for failure, it showed that such women had a higher probability of starting a business than a male counterpart.

If these factors are acceptable explanations of the lower rates of female entrepreneurship, they can provide guidance for actions that foster sustainable growth.

a) To overcome cultural barriers, several countries are using political interventions that mandate gender equality in parliamentary representation. Argentina was the first country to introduce gender quota by law in 1991, and other countries have since followed with voluntary adoption of quotas or by reserving seats for women (Thornton, 2019). While progress is slow, the conversation has started and is being compared with anti-trust and anti-monopoly interventions. Anti-trust laws regulate businesses against concentrating too much industry power in the hands of a few selected players. The same intervention could be used against the concentration of power on men parliamentarians when the average percentage of women in parliament across the world is 24.3 percent, despite the fact that women represent fifty percent of the population (International Parliamentary Union, 2019). Working towards such parity could contribute to the passing of legislation more favorable to women initiatives and of gender-friendly policies. This is exemplified by the "Nordic (European) Countries" which recently achieved an average 42.5 percent distribution of parliamentary seats as well as implemented some of the friendliest family-driven workplace policies (Eydal & Rostgaard, 2011).

b) To overcome the lack of adequate lending infrastructure, new public funding efforts could focus on financing women innovation and technology entrepreneurship, including professional development and technical training. Examples of the effectiveness of such initiatives are found in the concentrated financing of women in technology and other STEM initiatives (Dasgupta & Stout, 2014).

c) To overcome the emotional barriers associated with the self-efficacy perception challenge, it may be essential to develop an infrastructure of training and professional development to address the roots of the self- efficacy problem. Professional development in financial literacy paired with coaching on emotional effectiveness, posture, leadership and similar EQ-based elements (emotional quotient) needs to become integral to any financial, business law, and investment training that might be supported by existing policies and programs. Demanding that any financing be disbursed only to businesses that are 50/50 or more ownership based, tying financing to gender-equity metrics, could change outcomes much faster than any other indirect intervention.

Point a) above is not difficult to implement. From there, everything else will likely follow as role models, regulations and power distribution dynamics will inevitably change.

Conclusions: A Bold Way Forward

The Mastercard Report that annually calculates the Index of Women Entrepreneurship Worldwide (MIWE) concluded that while women-owned business is increasing, systemic bias towards segregated gender roles in society are constraining women potential. The economies that provide greater access to resources in the form of funding, training and development and show a higher trust, recognition, acceptance and encouragement of women entrepreneurship increase several business opportunities (as opposed to necessity-driven only) (Tan, 2018) . This quality growth is important especially considering women's mission. Females higher focus on social and health venture might even become essential and inevitable in a world that is increasingly facing the challenges opened by a fast-growing aging population.

This change calls for bold and radical actions. It is difficult to change a culture and a societal structure that developed over centuries. Yet, we have finally achieved a universal understanding of the principle that women and men are created equal and that they represent an equal portion of the world population. To fully enable this equality, it is time that we adopt not only principles, but also practices that enable gender-equality in any publicly or privately supported endeavor: from education, to health care, to any form of financing, and, why not, even the defense budget.



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