The rate of women’s entrepreneurship is high in Africa—higher than in any other region. However, this is not necessarily a sign of economic empowerment. Indeed, among entrepreneurs, the share of those who are self-employed compared with those who are employers is highest in Africa, particularly in low-income sub-Saharan Africa. While women account for 40 percent of the non-agricultural labor force, they make up 50 percent of the self-employed but only 25 percent of employers.

Beyond the question of rates of entrepreneurship, there is also a question of whether there are performance gaps between men’s and women’s enterprises. Among employers, we find that—after accounting for differences in size, sector, and industry—any gender gap in performance becomes statistically insignificant. Among the self-employed, there is more variation and some evidence of gender gaps (particularly where women work part-time and/or in rural areas). Rather, where gender patterns are most striking is in firm size and sector and industry type: women are disproportionately found in smaller firms, in the informal sector, and in lower-value-added industries. Thus the agenda for expanding women’s economic opportunities is one of enabling women to move into higher-value-added activities, both in terms of taking the step from self-employment to being an employer, and in broadening the types of activities in which they engage.

This chapter begins by looking at gender-disaggregated patterns of entrepreneurship across regions, and then by income groups within Africa. It compares the performance of women’s and men’s enterprises, focusing on the performance of employers, as the enterprises they run have the greatest productivity and growth potential. It examines the distribution by gender across types of entrepreneurial activities being pursued. It shows the importance of controlling for key characteristics of enterprises (sector, size, industry) and entrepreneur (particularly education) in accounting for most gender gaps in firm performance. In understanding the differences in gender sorting across types of enterprises and entrepreneurial activities, the chapter examines gender differences in human capital and access to finance and assets. However, additional constraints in the investment climate could also be important—with women entrepreneurs well positioned to identify them.
Where do women work?

Using national household and labor force surveys from 137 countries, Figures 1a and b look at where women and men are economically active. Economic participation is subdivided into five employment categories, with a sixth category reflecting non-participation in the labor force. Employers (dark blue bars) are clearly a small share of the overall population for both women and men. Self-employment (pale gray bars) represents a much larger share. The shares that are in paid employment are represented by the black bars and unpaid workers by white bars. The share in agriculture (whether as self-employed, as an employer, or as a paid or unpaid employee) is represented by the light blue bars.

There are a number of patterns that can be seen across regions. First, women are less likely than men to be in the labor force in every region. Men’s labor force participation is both higher than women’s and exhibits less variation across regions. Women’s participation rates are highest in Africa (equivalently, the rate of those who do not participate in the labor force is lowest in Africa), and the gender gap in participation is lowest in Africa.

Second, agriculture represents the most common form of employment within three regions. It is highest in Africa, with little difference in gender shares. But the share of women participating in the non-agricultural labor force in Africa falls, on average, to 25 percent. This is higher than it is in the Middle East and South Asia (less than 20 percent, but lower than the 28 percent in East Asia Pacific, 35 percent in Eastern Europe and Central Asia, and 40 percent in Latin America and the Caribbean).1

Third, Africa and the Middle East and South Asia are the two regions where women’s share in self-employment is higher than in wage employment. For men, in every region, wage earners outnumber the self-employed by at least two to one. Eastern Europe and Central Asia is the region where wage employment is particularly high and self-employment relatively low.

Fourth, rates of being an employer are low in all regions for both women and men. However, in aggregate, their activities account for a much higher share of overall employment and output, as their businesses employ those who report themselves as paid workers and unpaid workers.

Fifth, gender gaps in wage employment are greater in Africa than in the other regions. The overall availability of wage work is lowest in Africa—and is disproportionately filled by men.

One of the principal explanations for these different patterns is differences in income levels. Figure 2 looks within Africa, dividing countries by income levels. It is clear that there is significant heterogeneity within the continent, with the middle-income countries reporting patterns more similar to those of Latin America and the Caribbean or Eastern Europe and Central Asia than to low-income countries in Africa.

Thus, high rates of agricultural activities and lower rates of being out of the labor force characterize the low-income countries. In Africa’s middle-income countries, agricultural employment drops significantly. The share of those in wage work rises with country income and the share in self-employment falls. The share of employers, however, does not appear to vary significantly.

Figure 3 repeats this information, rescaling it based on including only those in the non-agricultural labor force. It shows that in low-income African countries, more than half of women in the non-agricultural labor force are self-employed—twice the rate seen in lower-middle-income countries, which is again almost twice the rate seen in upper-middle-income countries. The share of wage earners more than doubles when moving from low- to middle-income countries, and the share of unpaid workers falls dramatically.

Figure 4 shifts the perspective from the distribution of women across employment categories to look at each employment category and the share within it that is female. To benchmark the different categories, the far right bar (pale blue) shows the overall share of the non-agricultural labor force that is female. In each case, the light blue bar is below 50 percent; there are more men than women in the non-agricultural labor force. By comparing the heights of the other bars in the graph it is possible to see whether women are disproportionately more or less likely to be in that employment category.

In low-income countries, women make up approximately 42 percent of the non-agricultural labor force. However, they comprise half of the self-employed and unpaid workers, but only a quarter of the employers. In lower-middle-income countries, the share of women in employment categories is less skewed. In upper-middle-income countries, the share of self-employed women is not much higher than the overall rate of women in the non-agricultural labor force. The share of women among unpaid workers is higher, but from Figure 3 we also know this is only a small share of the labor force.

What is true is that the share of women in self-employment falls as income rises. However, the share of employers that are women remains relatively constant, at 25 percent. Explanations that account for women’s involvement as employers need to go beyond simple links to development, and are explored below after laying out the patterns of the different types of enterprises run by women and by men.
Figure 1: Where women and men work, by region

1a: Women

Source: National household and labor force surveys, various years (2000–10)

1b: Men

Source: National household and labor force surveys, various years (2000–10)
2.2. Strengthening Women’s Entrepreneurship

Figure 2: Where women work in Africa, by income level

Source: National household and labor force surveys, various years (2000–10).

Figure 3: Working women in non-agricultural labor force in Africa, by income level

Source: National household and labor force surveys, various years (2000–10).
Types of enterprises run by women and men

One challenge in comparing “women’s” and “men’s” enterprises is definitional. What criteria should be used in making this distinction?

For some enterprises, this is not a meaningful distinction. Behind this question is the assumption that women and men may face different constraints or be able to draw on different resources in starting or running a business. For some types of firms this should not be relevant. For example, for firms that are state owned, are publicly traded, or are incorporated so that the enterprise is an independent legal entity, the gender of an individual owner is not likely to matter. However, for smaller firms, the characteristics of the entrepreneur could matter more. For example, there might be gender gaps in property rights, in the ability to apply for credit, or in the likelihood of harassment from officials.

For the vast majority of small firms, the same person is the owner, manager, and key decision maker within the business. Knowing the gender of that person is sufficient. However, for firms with multiple owners, or for firms where the owner is not the person running the firm, multiple definitions are possible. Ownership and decision-making control are two possibilities, with a further question of whether it is necessary to look only at the principal owner or decision maker, or whether the presence of female participation is sufficient. It is not that one is correct, but these two possible criteria imply varying degrees of inclusion in “women’s” enterprises that may affect the comparisons with “men’s.”

The World Bank’s Enterprise Surveys provide a means of examining the importance of the different definitions—and the potential differences in the opportunities and constraints women and men may face in operating and growing their businesses. The Enterprise Surveys provide detailed information on investment climate conditions and firms performance based on large, random samples of entrepreneurs. Now covering over 100,000 entrepreneurs in 100 countries, this database provides an important tool for looking at female and male entrepreneurs around the world. The Enterprise Surveys collect information on “female participation in ownership.” A follow-on survey in six African countries also collected information on the principal decision maker. In as many as half the firms with some female ownership, the woman is not the main decision maker.

Figure 5 illustrates that the distinction between having “female participation in ownership” and a woman as the primary decision maker running the business are not the same thing. Of establishments with multiple owners of whom at least one is female, half do not have a woman as a main decision maker and 35 percent (including 55 percent of partnerships) do not have a woman even participating in a decision-making role. This was not a random distribution of firms. It was the larger, more productive multiple-owner businesses that tended to include female members among the owners but not as decision makers.

Beyond distinguishing between “female participation in ownership” and “women as prime decision makers,”...
maker,” we also look at sole proprietors where the owner and decision maker are almost always the same person. This makes distinctions along gender lines much clearer, but the firms in the sample often have fewer employees and lower levels of sales.

For the larger Enterprise Survey sample, the share of enterprises with “female participation in ownership” and the share of sole proprietors who are women show that the former includes a higher share of “women enterprises.” While “female participation in ownership” averages over 25 percent across the region, there is considerable variation across countries, with Niger reporting 10 percent and Ghana just under 50 percent. When restricted to sole proprietors, the shares of female firms are substantially lower (for example, in Swaziland and Botswana), but there are some exceptions (e.g., Ghana, Kenya, Rwanda, and Zambia).

Beyond looking at rates of ownership, the next section examines whether there are consistent differences by gender in the types of enterprises women and men run. As has been found in the literature, women are more likely than men to work in smaller firms, in the informal sector, and in lower-value-added sectors. This has been documented based on household survey data or on samples of microenterprises. The results here also show how the pattern changes when looking at the set of employers that largely operate in the formal sector (Figures 6a, b).

**Size of the enterprise**

Using the “female participation in ownership” criterion, there is little difference in gender composition by size—until reaching fairly large firms in Africa. However, looking only at sole proprietorships, the share of women declines with firm size, even starting at firms with 10 or more employees. Sub-Saharan Africa has relatively lower female participation for all sizes of firms, and more so for larger firms (see in Figure 7 that female participation is roughly 35 percent in all size categories outside of sub-Saharan Africa but in that region it is roughly 28 percent for small- and medium-sized enterprises and 15 percent for large firms).

**Formal or informal?**

Rates of informality are high in many countries in Africa. Figures 8a and b show this from two different perspectives. The first uses data from national household surveys, and asks what share of women and men register their businesses. The second flips the perspective and looks at informal businesses, and asks what share of these businesses is run by women. The first better captures whether there are differences across gender in rates of formality. The second takes into account the fact that there are gender gaps in rates of participation as well as gender gaps by sector.

Using the household data, women-run firms are more likely to be informal than those run by men in all countries for which we have data. This difference persists even after distinguishing between those entrepreneurs who are employers and those who are not...
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Figure 6: Share of formal firms that are owned by women in Africa

6a: All formal firms

6b: Formal sole proprietorships

Figure 7: Share of firms that are owned by women, by size

7a: All formal firms

7b: Formal sole proprietorships

Figure 8: Share of individuals who register their business

8a: Self-employed individuals

Source: Hallward-Driemeier et al., 2011.

8b: Employers
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Six percent of the enterprises are owned by women. Women are more likely to be working in informal enterprises, but those running larger businesses are as likely as men to register their enterprise. Among firms with 20 or more employees, the share that is registered is significantly higher than the share of smaller firms, and with little gender gap. This is even more pronounced among larger firms (more than 100 employees). Women are more likely to be working in informal enterprises, but those running larger businesses are as likely as men to register their enterprise.

Sector of operation

Female entrepreneurs are, unsurprisingly, not uniformly distributed across all industries. This has important ramifications since, like their formal status, industries differ in their profitability, size, and opportunities for growth. Figure 10 shows, by sector, the share of registered firms that are owned by women. Women concentrate more than men in services and traditional, lower-value-added sectors such as garments and food processing. Men concentrate relatively more in other manufacturing and metals.

Female micro-entrepreneurs are less likely to be in the manufacturing sector and more likely to be in services. Women’s participation across sectors tends to increase with literacy rates; the vast majority of women in low-literacy countries are in services.8

Productivity

Having shown that female entrepreneurs are relatively more concentrated in self-employment and in lower-value-added activities (they are less likely to be registered, and more likely to be in smaller firms and in more traditional sectors), the question is whether this matters. Are women’s enterprises less productive or profitable than men’s? Looking only at the average productivity of men’s and women’s enterprises, a performance gap is evident. However, controlling for the enterprises’ characteristics (i.e., the sector and size of the business), and controlling for entrepreneur’s characteristics (e.g., education and past experience), these gaps shrink and often disappear.7

Figure 11, which uses the formal Enterprise Surveys from 37 countries in Africa, shows the effect of controlling for enterprise characteristics. When comparing women and men without taking into consideration the types of businesses they run, one finds a 5.8 percent gap in labor productivity. Controlling for sector closes this gender gap somewhat and reduces its statistical significance. Adding in the size of the enterprise reduces the coefficient and the gap is borderline significant. Finally, controlling for the capital intensity of the enterprise makes the coefficient far from significant. Simply comparing women and men indicates there is a gender gap in labor productivity, but comparing women and men in the enterprises of the same sector, size, and capital intensity, there is no productivity gap. Thus, the productivity gap stems from women operating in lower-value-added sectors and smaller firms, rather than as a result of gender per se.

Constraints to improving performance: Differences by gender or type of enterprise?

Do women face additional constraints to running and improving their enterprises? Figure 12 shows the responses to objective questions about experienced obstacles, looking at four issues: the frequency of payments needed to “get things done;” access to finance, manager time with officials, and losses from electricity outages. The differences are more significant by size than by gender. Among formal firms, smaller firms are less likely to be able to access finance. But smaller firms’ managers spend less time with officials and face somewhat less frequent demands for bribes, perhaps reflecting that smaller firms are less likely to be fully compliant with the regulations and stay under the radar of officials.

Similar patterns are also found in more subjective measures of what entrepreneurs identify as being constraining, as well as when dividing the sample by sector and gender rather than by size. Enterprise characteristics—rather than gender per se—help account for which obstacles are seen as being relatively constraining to the operation and growth of existing businesses.

Strengthening women’s entrepreneurship

The evidence provided so far shows that where gender matters most is in the selection of type of entrepreneurial activity—that is, self-employment versus employer, and size and sector of the enterprise. Thus in order to strengthen women’s entrepreneurship, we must understand what steers women to choose lower-return activities. Three areas are focused on here: access to human capital, access to financial and physical capital, and other investment climate constraints.

Looking first at patterns across countries, Expanding Opportunities for Women Entrepreneurs in Africa shows how differences in human capital and access to assets are part of the explanation.9 In lower-income countries, the educational attainment of women is lower than men’s—both the absolute share of women who attain various
levels of education is lower than the share of men and the relative educational achievement gap with men is larger. As women’s education improves and the gender-education gap closes, their inclusion among wage earners increases. Thus relatively lower levels of education help account for the relatively higher share of self-employed women.

The other dimension of access to capital is access to assets, which is associated with security of property rights. Improving the Legal Investment Climate for Women in Africa introduces the Women’s Legal and Economic Empowerment Database (Women LEED Africa), which illustrates the various ways that women’s formal legal capacity and property rights differ from men’s. It shows that gender gaps in legal and economic rights are relatively widespread across the region. It should be noted that the pattern of gaps does not follow clear income patterns: middle-income countries are as likely as low-income countries to have gender gaps in formal economic rights. However, the pattern of rights is associated with the share of women who are employers; where women’s economic rights are stronger, the share of employers who are women is higher. The association is robust to controlling for both income and level of education of the country.

**Strengthening access to human and physical capital**

Human capital is a key asset of entrepreneurs. It includes not only formal education, but also specific business skills such as management techniques, as well as the experience the entrepreneur brings to the business.

**Education**

Education is the most documented measure of human capital—and one where a gender gap has persisted for years.

In most countries, three patterns emerge (Figure 13). First, men (gray and white) tend to be more educated than women (blue and black). Second, employers are more educated than self-employed entrepreneurs. Third, this is particularly true within gender (i.e., male employers are more educated than male self-employed entrepreneurs; female employers are more educated than female self-employed entrepreneurs), but often not across genders. Self-employed women are almost always the least educated among the four categories.

An individual’s level of education is strongly correlated with the success of the enterprise. Entrepreneurs with more education are more likely to earn higher profits and their enterprises to be more productive. And women and men benefit similarly from higher education. In most countries in the region, women have less education than men, although the gap is closing with younger generations. Not controlling for the entrepreneur’s education can result in apparent gender gaps in performance. However, when comparing those with similar levels of education, there is no significant gender gap.

**Managerial techniques**

Education is not the only measure of human capital that has been tested for and found to matter. There has been a particular interest in specific types of human capital, namely managerial techniques that should be associated with higher productivity. Recent research shows the importance of management techniques in improving firms’ performance across a range of developed and developing countries. Using a similar set of indicators in five sub-Saharan African countries, Hallward-Driemeier and Aterido’s analysis shows that the use of these techniques is relatively low in the region—but significantly correlated with higher productivity. Women were slightly less likely to use these techniques. But those who did benefited from them to the same extent as men.

**Prior labor market experience**

Another important human capital variable is experience. Entrepreneurship-related experience may, in some cases, be a bigger determinant of productivity than non-specialized formal education. Because of the likely presence of learning by doing, heterogeneity in experience is important. This could be the result of a better understanding of the available opportunities in particular product lines (and, correspondingly, a better appreciation of relevant constraints and how to navigate them). It also reflects the development of valuable contacts for finance and/or the accumulation of non-tangible but important management and production skills that can be learned only on the job. Gender is also likely to affect labor supply. The time demand for men and women at home vary, and this sometimes leads to different elasticities of labor supply. Consequently, both the duration and type of experience may differ by gender.

As in education, when it comes to the background of entrepreneurs, the difference between the formal and informal sectors is greater than the difference across gender. New entrepreneurs were far more likely to start an enterprise in the sector in which they had been employed prior to starting their business. Within a sector, the types of prior experience women had is far more similar to that of their male colleagues in that same sector than to women in other sectors. However, there was some evidence of a gender gap in the informal sector. Female entrepreneurs in the informal sector were significantly more likely to have been unemployed and looking for a job in the months preceding their entry into entrepreneurship than male entrepreneurs in the informal sector (29 percent versus 21.6 percent). The percentage of men in the informal sector who used to be paid enterprise (both formal and informal) employees (50 percent) significantly exceeds the percentage of women in that category (39 percent).
Figure 9: Share of informal enterprises (with employees) that are owned by women in Africa

9a: All informal firms

9b: Informal sole proprietorships

Figure 10: Women’s participation across industries: Share of firms that are owned by women

10a: All formal firms

10b: Formal sole proprietorships

2.2 Strengthening Women’s Entrepreneurship

Figure 11: Gender gap in performance by different enterprise characteristics

Note: These are based on regression coefficients on a dummy for women entrepreneurs, with each regression controlling for different sets of enterprise characteristics.

Figure 12: Business environment conditions: Obstacles to doing business in Africa, by firm size

Motivation

Are there differences between women and men in their motivation for being an entrepreneur? The desire for flexible hours or location is more often attributed to women. According to Hallward-Driemeier and Aterido’s study of five sub-Saharan countries, women were somewhat more likely than men to report “remaining in business” as their measure of success, while men were more likely to report “expansion” and “growing profits” as their goal. However, the overall patterns are far more similar throughout the whole population than the minor differences across genders. Just over half of women and of men alike reported various reasons associated with following an opportunity (e.g., the chance to earn additional income, an identified business opportunity, and so on) than push factors that indicate few alternative options.

Strikingly, responses associated with “necessity” entrepreneurs and “opportunity” entrepreneurs are equally divided by both sector and gender. And the distinction between necessity and opportunity entrepreneurs is not a good predictor of performance.15

Family background

One dimension of background that did have a significant gender dimension concerns whether the entrepreneur’s father was an entrepreneur. Entrepreneurship in the family is associated with having received mentoring and introductions to networks of business contacts, and has been found to be associated with higher rates of entrepreneurship and improved performance in other countries.16 However, the five-country study showed that the benefits of this family background are present for men but not for women.17 This underscores the importance of intangible dimensions of human capital that can matter. To the extent that women have not been as included in business networks in the past, this can make it all the harder for current female entrepreneurs to break into more profitable areas of entrepreneurship. However, this is not static. The rising rates of successful women can serve as important role models and mentors for expanding opportunities for the next generation.

Access to assets and finance

One dimension of potential constraints that gets particular attention as having a gender dimension, and affecting entry as well as performance, is access to finance. Much of the literature on access to finance has found that women face greater obstacles than men.18 However, the gender gap often closes significantly when additional controls are included—that is, women may receive less finance because they are running a smaller firm and not because of their gender. Figure 12 shows that enterprise size rather than the gender of the entrepreneur is a better predictor of whether the enterprise receives bank financing. However, a bigger question is whether greater constraints to access to assets is itself an important
2.2: Strengthening Women’s Entrepreneurship

For fruitful future research (see Box 1), it is important to compare like individuals, for these characteristics make the gender gap in access to capital within the same sectors small. Male-dominated sectors have higher rates of investment as they are more capital-intensive manufacturing than female-dominated service sectors. They find that significant shares of both women and men have high rates of return and that there is scope for profitable extension of credit even to these micro-entrepreneurs. However, they also find that women are more sensitive to the nature of the positive shock they received, with greater returns when in-kind capital is given rather than cash.

**Sources**: de Mel et al., 2008; Fafchamps et al., 2010.

De Mel, McKenzie, and Woodruff conducted an impact evaluation of randomized gifts of cash and/or capital to micro-entrepreneurs in Sri Lanka. They found a high average rate of return. However, there was also a significant gender gap in these results. Controlling for sector accounted for a large portion, but not all, of the gender gap. Women were also more likely to over- or underinvest, with results consistent with greater challenges in intra-household control over resources. Repeating a similar experiment in Ghana reinforces that sector selection matters: gender gaps in returns to capital within the same sectors are small. Male-dominated sectors have higher rates of investment as they are more capital-intensive manufacturing than female-dominated service sectors. They find that significant shares of both women and men have high rates of return and that there is scope for profitable extension of credit even to these micro-entrepreneurs. However, they also find that women are more sensitive to the nature of the positive shock they received, with greater returns when in-kind capital is given rather than cash.

**Sources**: de Mel et al., 2008; Fafchamps et al., 2010.

As discussed above, the new *Women LEED Africa* database exhibits several significant areas in countries across the region where women do not enjoy the same legal and economic rights as men. Having weaker property rights has a direct link to access to finance, because it undermines the ability to provide collateral for loans—as well as weakens control over the use of assets themselves (Box 2). As a key input into production, achieving control over assets remains an important part of the agenda for expanding economic opportunities for women in Africa.

**Box 1: Do women earn the same return?**

De Mel, McKenzie, and Woodruff conducted an impact evaluation of randomized gifts of cash and/or capital to micro-entrepreneurs in Sri Lanka. They found a high average rate of return. However, there was also a significant gender gap in these results. Controlling for sector accounted for a large portion, but not all, of the gender gap. Women were also more likely to over- or underinvest, with results consistent with greater challenges in intra-household control over resources. Repeating a similar experiment in Ghana reinforces that sector selection matters: gender gaps in returns to capital within the same sectors are small. Male-dominated sectors have higher rates of investment as they are more capital-intensive manufacturing than female-dominated service sectors. They find that significant shares of both women and men have high rates of return and that there is scope for profitable extension of credit even to these micro-entrepreneurs. However, they also find that women are more sensitive to the nature of the positive shock they received, with greater returns when in-kind capital is given rather than cash.

**Sources**: de Mel et al., 2008; Fafchamps et al., 2010.

**Box 2: Strengthening women’s property rights affects opportunities pursued**

Ethiopia changed its family law in 2000, raising the minimum age of marriage for women, removing the ability of the husband to deny permission for the wife to work outside the home, and requiring the consent of both spouses in the administration of marital property. While this reform now applies across the country, it was initially rolled out in three of the nine regions and two chartered cities. Using two nationally representative household surveys, one in 2000 just prior to the reform and one five years later, allows for a difference-in-difference estimation of the impact of the reform. Five years later, we find a significant shift in women’s economic activities. In particular, women’s relative participation in occupations that require work outside the home, full-time work, and higher skills rose relatively more where the reform had been enacted (controlling for time and location effects).

**Source**: Hallward-Driemeier and Gajigo, 2010.
first place. To examine the role of different dimensions of the investment climate as potential barriers to entry, additional data would need to be available. Individual data over multiple periods would be needed, including coverage of those who are not entrepreneurs. This would allow for the examination of the selection of who becomes an entrepreneur and why particular business activities are pursued by particular individuals.

What is clear from the pattern of enterprises where women are concentrated is that measures that target smaller firms and those in the informal sector would disproportionately help women entrepreneurs. This could include streamlining regulatory requirements, curbing corruption, and facilitating the formalization of small firms.

In addition, there may be more nuanced constraints that are not well captured in the Enterprise Survey, including those that make entry into entrepreneurship itself a challenge. Women entrepreneurs themselves are an important source of information—both in identifying constraints and in advocating for ways to address them. Taking advantage of this resource calls for expanding women’s voices in policy reform surrounding issues relevant to entrepreneurship and business growth.

**Expanding women’s voices in business environment reform**

Two distinct sets of issues are of importance with respect to strengthening women’s voices in business policymaking. The first is having women at the table where decisions are made. While women operate a significant share of businesses, they are rarely included when business-related policies are discussed. The second concerns women’s role in setting the agenda and in framing the policy debate. This in turn has two components—one relating to the extent to which issues specific to women in business (a gender perspective) are identified and addressed, and one relating to the ways in which women participate in, and contribute to, advocacy on issues that are not gender-specific but are of importance to business more generally.

There is an ongoing debate as to whether it is better for women to establish and work through parallel structures focused on women, or to seek stronger integration into, and engagement with, “mainstream” mechanisms of policy dialogue and business associations. The review of experience summarized here suggests a dual-track approach, involving both separate women’s mechanisms and better integration into the mainstream, is required.

**Strengthening women’s involvement in improving the business environment**

Women need to be active in business environment reform. This is important not only because they are themselves strongly engaged as entrepreneurs and employers, but also because the obstacles and constraints they face, and the perspectives they bring, can be quite different from those of their male counterparts. Women’s greater engagement in business-climate reforms can be supported in four key ways.

1: **Expand gender-disaggregated analyses of business opportunities and constraints**

First, advocacy for policy reforms needs to be grounded in solid analysis of the opportunities and constraints in the business environment, and, specifically, of the ways in which these opportunities and constraints differ for men and women. Insufficient data have often been a constraint. Lack of sex-disaggregated data and gender analysis makes it difficult to identify and assess the nature and extent of gender-based barriers in the business environment, and to develop appropriate ways to address them.

International organizations have been filling the gap in recent years. The Organisation for Economic Co-operation and Development (OECD)’s [Social Institutions and Gender Index (SIGI)](http://www.oecd.org) database looks at how customary practices affect women’s standing; the World Bank’s [Women, Business and the Law](http://www.worldbank.org) provides indicators of where legal rights for women differ from those of men, and its Enterprise Surveys provide gender-disaggregated data that can be used to examine the effects of the investment climate on male- and female-owned businesses; and the World Economic Forum publishes its [Global Gender Gap Report](http://www.weforum.org).

Country-specific analyses can also be important. [Gender and Growth Assessments](http://www.worldbank.org) identify the extent of gender-based barriers in the business environment, and, specifically, of the ways in which opportunities and constraints differ for men and women. In Tanzania, Kenya and Uganda, provide good examples. These assessments provided a foundation for defining specific reforms that were responsive to women’s concerns. In Uganda, a gender coalition was established to lobby for the implementation of the recommendations of the assessment. And, as a result, some success was achieved in relation to legal and regulatory reform aimed at benefiting women.

A lack of awareness of methodologies on how to conduct gender-disaggregated analyses of business environment reforms was also a constraint. The World Bank Group has recently published a practitioners’ guide to addressing the gender dimensions of investment climate reform. It includes detailed suggestions on data to collect as well as strategies for addressing the three approaches discussed below.

2: **Strengthen women’s involvement in business associations and networks**

The advantages of business networking are clear. Developing a strong business network and participating in a formal business organization facilitates sharing of market information, helps members identify business opportunities, generates cross-referrals, and is a support mechanism for individual entrepreneurs who might otherwise feel isolated. However, women are often excluded from formal or informal networks of commu-
communication. Gender-based stereotypes and lack of role models often serve as barriers to women’s professional advancement and limit their voices both in business communities and policymaking. Indeed, women consistently raise as a challenge the lack of voice and networking opportunity and associated skills (Figure 14). In some countries, cultural and social imperatives discourage women from mixing freely with men, especially those from outside their families. In such circumstances, the presence of a specialized women’s business association makes sense—such networks not only provide women business owners with the support they require, but it also helps spread new business ideas, facilitates making business contacts and cross-referrals, and can provide avenues for larger-scale marketing and distribution.

To address these issues, women’s involvement in business associations, including women-focused associations, needs to be encouraged and strengthened. To date, participation has often been low. Part of the problem may be that many women are ambivalent about business associations (whether or not they are specifically geared for women). Some women entrepreneurs make extensive use of these organizations as part of their overall business development strategies, but many are either unaware of the existence of such associations or feel that they are not able to access them. Membership in these women’s business associations seems to be relatively low, and this in turn results in the associations themselves suffering for sustainability and credibility. Low levels of association membership also reflect unclear mandates and functions of associations, and therefore perceptions by businesswomen that there is little to be gained by membership.

3: Strengthen the capacity of business associations to engage in policy dialogue

Third, the capacity of business associations—particularly women’s business associations—to engage in policy dialogue and advocacy for business environment reforms needs to be developed further. This should take place alongside efforts to improve the capacity of these associations to provide business-related services to their members.

Where there are women’s business associations, these tend to be involved in activities that aim to support women’s businesses through networking, developing market opportunities, improving business skills, and accessing finance. However, they tend not to see their mandate as getting involved at a more visible or policy level; they generally are not involved in lobbying or policy advocacy.

4: Enable women to be more effective participants in public-private dialogue processes

Fourth, given the importance of dialogue between the public and private sectors in improving the business climate, enabling women to be more effective participants in this processes, where they have been largely absent to date, can make a critical contribution to making their voices heard as investment reform priorities are articulated and implemented.

However, even specific mechanisms that have been developed and promoted by international organizations
Box 3: The experience of developing a public-private dialogue mechanism

Public-private dialogue (PPD) is a mechanism developed by the International Finance Corporation (IFC) to facilitate interactions between private- and public-sector actors as they identify and address obstacles to an improved business environment. PPD programs are a structured mechanism, often anchored at the highest level of government, used to facilitate the business environment reform process and the implementation of specific investment climate reforms. PPDs have been undertaken in 30 countries worldwide, and a wide array of tools and techniques for conducting PPDs have been developed. Annual PPD workshops provide a forum for exchanges of global experience and practice by an expanding PPD community.

PPD is increasingly regarded as an essential component of effective private-sector policy reform. It can be seen as a core contributor to the diagnostic of investment climate issues, to the design of appropriate and feasible solutions, and to the effective implementation of specific investment-climate reform measures, which the PPD will have helped to identify, and for which it will have helped to build ownership.

PPD is regarded as an important means of "enlarging the reform space" by ensuring a greater inclusion of stakeholders in reform deliberations and by facilitating greater local ownership of reform measures (Figure 1). The potential for PPDs to promote gender-inclusion among stakeholders, and thereby to contribute additionally to enlarging the reform space, is therefore considerable.

Unfortunately, as it was launched, there was very little explicit focus on women as participants or on gender issues in the substantive discussions. For the most part, women’s presence was either negligible or unspecified, and attention to gender differences in investment climate reform issues is correspondingly minimal. In many of the case materials and assessments of PPD, there is virtually no mention of women, though in some instances reference is made to women’s groups or women’s business associations.

Finally, in 2008, after several years of PPD experience, the lack of gender inclusion was recognized. Gender-specific conferences were held and more effort was put into including women as key participants. The IFC has also taken steps to promote a more gender-inclusive approach to reforming the investment climate, including providing toolkits and a handbook on how to do so effectively. But local female leaders and those in positions of power need also to be aware of and see the importance of bringing women into the decision-making process if it is to become an effective approach. Thus the potential is there for PPD to be a valuable tool for strengthening women’s voices in policy debates of importance to business, but explicit efforts are still needed to make it more gender inclusive.

Notes
1 Toland 2009.
2 These tools and techniques are accessible at www.publicprivatedialogue.org.

Source: Herzberg and Wright, 2006.

Figure 1: PPD enlarging the reform space
This absence of women from investment-reform dialogue and programs is costly on many levels. Women in the private sector tend to have different experiences of legal, regulatory, and administrative barriers to business than their male counterparts. Women can be disadvantaged by barriers ranging from legal frameworks that deny them rights to land or property to sociocultural factors that prevent them from engaging in business without the consent of their husbands, which limits their mobility and capacity to network, or which subjects them disproportionately to sexual or other forms of harassment from public officials.

An important initiative in Africa is the recent establishment of the Africa Businesswomen’s Network (ABWN) as an umbrella organization aimed at supporting various national hubs to develop women’s business associations. A specific part of ABWN’s mandate is to share their member organizations’ experiences, to strengthen their capacity to provide better services for their members, and to lobby for policy changes in the business environment that would be favorable to female entrepreneurs. Their members have shown an interest in expanding their advocacy work to include reforming remaining gaps in women’s economic rights. As such, ABWN is helping address all of the four approaches advocated here to improve the efficacy and authority of women’s voices in shaping improvements in the business environment.

Conclusion
Women represent almost 40 percent of entrepreneurs in Africa. Yet they are disproportionately represented among the self-employed and in the informal sector and among those operating smaller firms. As such, women are often earning lower returns on their time and investment than men. However, with the same education, women in the same types of firms perform as well as men. The evidence suggests that where gender matters is much more in the selection of activities to pursue than in the performance within a certain type of enterprise. Women operating in the formal sector have far more in common with their male colleagues than they do with women in the informal sector. To expand opportunities for women entrepreneurs, the agenda should not be to increase entrepreneurship per se, but to enable women move into higher-value-added activities. Increasing women’s human capital (education, management training, and business mentors/networks), removing gender-based barriers to accessing assets (including gender gaps in legal and economic rights), expanding awareness of women’s success as entrepreneurs, and increasing women’s voice in investment climate policy circles are important steps to achieve these results.

Notes
1 Economies are divided among income groups according to 2010 GNI per capita, calculated using the World Bank Atlas method. The groups are: low income, US$995 or less; lower-middle income, US$996–US$3,945; upper-middle income, US$3,946–US$12,195; and high income, US$12,196 or more.
2 Hallward-Driemeier et al. 2011.
3 See www.enterprisesurveys.org.
4 See, for example, Mead and Lindholm 1998; Minniti 2009.
6 Hallward-Driemeier and Rasteletti, 2010.
7 Hallward-Driemeier et al. 2011.
8 Hallward-Driemeier et al. 2011.
9 Hallward-Driemeier forthcoming.
10 Bloom et al. 2007.
11 Hallward-Driemeier and Aterido 2009.
12 Arrow 1962; Jones and Barr 1996.
14 Gajigo and Hallward-Driemeier 2010.
15 Hallward-Driemeier and Aterido 2009.
16 Djankov et al. 2006.
17 Hallward-Driemeier and Aterido 2009.
19 Aterido et al. 2010. FinMark Trust operates out of South Africa, primarily by the United Kingdom’s Department for International Development (DFID), with the goal of making financial markets work for the poor. See www.finmark.org.za.
24 See Simavi et al. 2010.
25 Richardson et al. 2004, p. 23.
26 Richardson et al. 2004, p. 31.

References
2.2: Strengthening Women’s Entrepreneurship

