FEMALE ENTREPRENEURS: ADDING A NEW PERSPECTIVE TO ECONOMIC GROWTH

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INTRODUCTION AND MOTIVATIONS

Very much has been said and written about female entrepreneurs but not that much has been formalized around them. The most important of this is that women have been portrayed as the miracle element that could introduce dynamism, innovation and growth all over the globe, in both more and less developed countries.

The aim of this text is to compile the different parts of female venturing, taking in consideration their different environments, barriers, and vision, compared with men in many cases, but also, treated by them. These different parts are also structured in a didactical way so they could also be used as methodological material for different kind of students.

This text aims to go through two important questions about female entrepreneurship. The first one moves around the factors behind the entrepreneurial process when it comes to be done by women. The second one looks to understand if female entrepreneurs are significally different from male entrepreneurs. Lots has been said along these two lines, and the answers are not that clear, but it seems straight that female, so far, have been following different strategies than men to start up, and amazingly many of these still prevail in almost all countries, regardless their level of development. Of course, there is a huge diversity of mixes of factors depending on the country analyzed, but more or less the same reality can be seen.

After all these years, all in all, women are starting up for the same reasons than men, to have a better prospect of live, but the same idea can mean differently for women than for men. When women aim to create their own corporations, look to have a better life, but this does not mean to be richer or to scale socially, as it might mean in the case of males. This might mean to have a more healthy combination of work and personal life, or to be socially recognized by their jobs or to give education to their children.

Something that prevails in female ventures is the presence of their family in females' decisions. Women look to have a better life for all the members of their family, especially for educational and health motives for their children. It is not an individual decision. And their families are also the most affected by these decisions, they have more income, more education, they are healthier and they have a great role model of courage and effort at home.

This family perspective can be reinforcing this entrepreneurial mindset in case of need, but it can be also a barrier for women to have their own company. In many cases, work life balance creates a conflict that entrepreneurship cannot solve or that can even worsen. Furthermore, these women might suffer from a lot of personal pressure from their families and close environment, that see starting up as something that should be not appropriate for women. Even more, women can even face legal restrictions in having access to financial resources or any other legal ownership rights, making the option of setting a company almost impossible or pushing them into the informal market, where they are one of the most vulnerable parts of the value chain.

In the case female entrepreneurs, the barriers for starting up and to make their companies grow are usually the same. As we can see below, the external environment, in broad terms, determines the initial point for starting up: the macroeconomic environment and the situation of the labor market, the regulation and legislation to create a company, the level of corruption, the easiness to act within the informal economy and the vision of the society about female entrepreneurs, are setting the starting point.

On the other side, personal motivations can be be as important as environment. We are talking about work and family needs, needs of flexibility, independency or recognition, prospects of high monetary profits or potentially inherited entrepreneurial mindset.

All these motivational factors will be moderated by elements as the level of education, access to capital and the access to adequate networks. The three of them need to be understood in a broad sense as they can even bind the creation or later the process of growth of any venture. In the case of the access to finance, many factors need to be considered but the key element is how female entrepreneurs seems to have lower access to capital and this condition their venture creation. Microfinance helps in this regard but the results have been mixed. Education can also destroy an entrepreneurial idea, as well as can boom it. Human capital or education include in this case, general formal education, managerial education and financial literacy, former business experience, previous entrepreneurial experience and a big etcetera. All these are essential when it comes to start up in any kind of environment. And finally, the access to networks will determine with a huge likelihood the success of the company in the future. Networks provide with external experience, mentoring, clients, providers and lots of elements that could cover the potential gaps in the entrepreneurial background of these women.

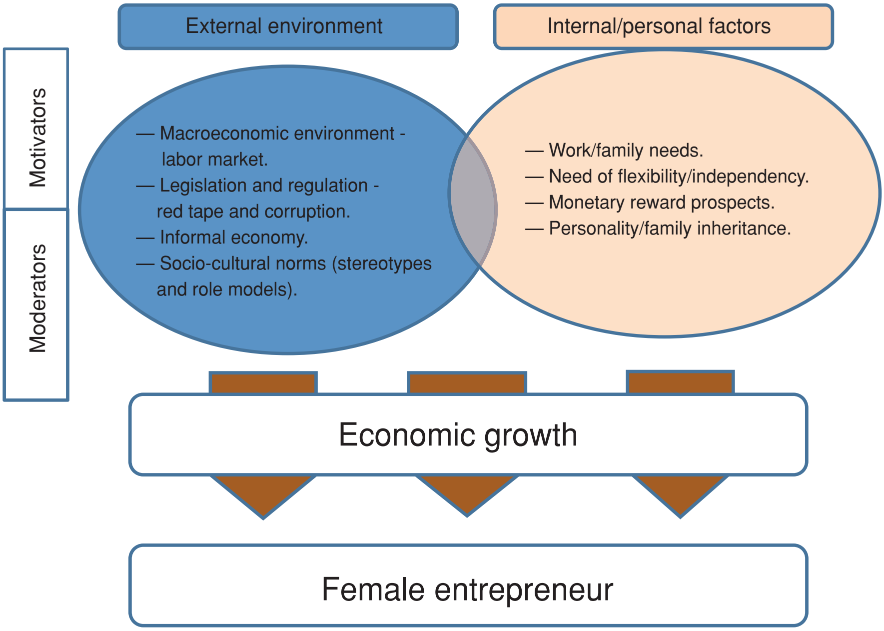
Resource based view (RBV) (Wernerfelt, 1984[1]) will be therefore, the underlying theory behind the text. RBV explains that if a company has the adequate resources inside, tangible and intangible, it will have competitive advantage (Barney, 1991[2]). These resources need to be heterogeneous *per se* or as a different combination of them, different from what other businesses have, and immobile, that is, they cannot be transferred or replicated by the competitors, at least in the short run.

Although this RBV offers a static vision, the dynamic capabilities version (Prahalad & Hamel, 1990[3]) would be more accurate for female entrepreneurs, including the interaction among resources and with the surrounding environment and the dynamic interaction with the different agents around it to create long term competitive advantage. This gives us hints to understand why these ventures cannot look very successful at the beginning, but they are sustainably growing in the long run, although at a slow pace.

Besides the micro and individual impact of female entrepreneurs, or the business case, there is a huge impact on economic growth and development. And in this process, the traditional theory of economic development helps into understanding the process. Female entrepreneurs are just one part of the gender equality movement all over the world. Either the justice rationale or the resource case have equally important implications for economic growth. In the case of justice, if women are equal to men, they should have the same rights and obligations, so there is a clear need of compensating the traditional differences created among them. These returns can come as global indications by multilateral organizations or as the formulation of quotas in some countries. However, the idea behind is very similar: to equilibrate the rights and opportunities of men and women as a matter of social justice. In the case of the rationale of resources, some policy makers have created the concept of «smart economics» to denominate the process of getting the best of an underutilized part of the population and the labor force: women. As the place of women has been relegated to their homes

MODEL

NEW VENTURE CREATION BY FEMALES AND ULTERIOR GROWTH: MOTIVATORS AND MODERATORS



as families, and still is in some countries, they have not been able to fully enter into the labor market, even less as entrepreneurs. Some studies even calculate the national production of countries if they would be employing men and women in the same conditions and salaries.

The text is structured in three main parts. The first chapter explains the role and the importance of gender in economic development. This part is essential to understand aspects of development that have been barely exploited and that could contribute to the wealth of nations and to improve the standards of living of many men and women over the world. The second part is conformed by the next two chapters, focused on explaining the dynamics of female entrepreneurs in economic growth development, both from the macroeconomic environment and the individual decisions of these entrepreneurs. The final two chapters analyzed the moderators of the previously explained motives, named access to finance, access to education and networks. All explained in plain words and using data, figures and examples to help in the understanding the dynamics of female entrepreneurs.

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1

GENDER EQUALITY AND ECONOMIC GROWTH

WOMEN AND ECONOMIC DEVELOPMENT

> «Women are the most underutilized economic asset in the world's economy».
>
> Angel GURRÍA. Secretary General, OECD

Economic development and gender equality are part of the same cycle. The idea is simple, so simple that seems obvious: more women working would bring more growth and more growth would bring more gender equality. These two trends seem to be straight forward but they are not, as we also can test just by looking briefly around.

The World Development Report by the World Bank in 2012 focused on Gender Equality and Development. The report considers equality among genders as a «core development issue» as «inequalities in gender can translate into inequalities in health, education, economic opportunities, and in the ability to make choices within households and societies». These first lines of the Report draw the scene to understand the key elements of gender disparities and development: education, health, families and opportunities.

Let's start at the beginning: gender equality creates economic growth. This idea was brought by the World Bank: «focusing on gender equality is not only fair, it is smart economics» (World Bank, 2011). Let's assume that half of the worldwide population is female. The whole potential impact of those women adding value to the productive world is just missing.

The reason is simple: more people able to take advantage of economic opportunities mean more benefits for the economy, both from the macro and the microeconomic perspective, but also for social performance.

The reverse idea should be also true but it is not straightforward: economic development helps in reducing many inequalities, but not all of them and some of them also keep on over time, despite their potential benefits. The creation of economic growth in any nation will bring together more opportunities for its population and so, more opportunities for women as well. The reduction of any kind of poverty and the increment of middle classes, affects gender inequality as women are usually suffering poverty in a broader extent. However, some inequalities and barriers are persistent over time, despite better economic conditions: women are still among the poorest segments of any population, are less represented in elites or in powerful groups and in many cases, women are more vulnerable and suffer first from any kind of problem or disadvantage happening in any society.

However, gender equality is less and less an option for countries. In the increasingly integrated world we live in, gender inequality might imply more costs, but at the end of the day, it affects countries' ability to compete internationally [1]. The idea that inequality affects economic growth, implies that excluding women from full access to education, labor market and/or other economic opportunities reduces the potential number of workers and so not only the final national production but also the overall level of productivity.

The impact of economic on gender equality needs to be understood under the vision of how much poverty is affecting differentially women over men. Following the model by Robert Solow, presented in his 1956 paper «A Contribution to the Theory of Economic Growth», he assumes that final output is produced using a production function in which it depends upon capital (physical and human) and labor inputs (population growth or labor supply) as well as a technological efficiency parameter (A). The Solow-Swan growth model explains the impact that specific resources have in economic growth being able to measure the contribution of technology, capital or labor independently. In this model, productivity is the main factor in the creation of economic growth and it is exogenous to the model. As it is assuming long run growth, there is never involuntary unemployment or underemployment —lack of aggregate demand.

[1] World Bank (2011), *World development report 2012: gender equality and development,* World Bank Publications. Chapter 6: Globalization's Impact on Gender Equality: What's Happened and What's Needed, *http://wdronline.worldbank.org//worldbank/a/c.html/world_development_report_2012/chapter_6_globalization_amp_x2019_impact_on_gender_equality_amp_x2019_happened_amp_x2019_needed.*

Therefore, full incorporation of women to the labor market increases both human and physical capital, as well as the labor force. Due to the specialization of labor, economies of scale would be much easier achieved if women would be working outside home. This outsourcing from the household production would mean an increase in efficiency as well as a decrease in price/costs and also to the use more effective use of capital. New female generations will be incorporated into the labor market together with externalities coming from the incorporation to work of their mothers: higher levels of education that push lower fertility rates, later marriage and pregnancies and effective translations of role models within the labor market. Adding these educated women to the workforce adds also speed to the incorporation of technology and output, accelerating the rate of economic growth. To this extent, the poverty cycle of many households and countries would be broken and so the convergence among countries would be possibly achieved, as Solow proposed. In few words, the catching up effect could be faster achieved with the incorporation of women to the equation.

However the integration of women to the labor market is not the sole source of growth, institutional elements would affect as well. As Duflo explains (Duflo, 2011), there is a direct relationship between economic development and women empowerment defined by the level of access these women have to constituent variables such as health, education, earning opportunities, rights and political participation. According to Duflo, the reduction of poverty decreases the number of decisions related to physical survival that in many cases affect more to women than to men, as well as fertility and maternal mortality. Economic development should bring together the creation and stabilization of institutions in any country, protecting women from hunger and illness. This means not only better health but also access to rights that are essential for any kind of growth, but that traditionally women have been excluded from having. Those are property rights, access to land, access to financial resources, or abortion policies, among others. These would create more equality but also more welfare for everyone.

According to the UN, there is a positive relation between The Gender related Development Index (GDI[2]), Gender Empowerment Measure (GEM[3])

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[2] The Gender Development Index (GDI) is a composite indicator that measures the development of states according to the standard of living in a country. GDI is developed by the U.N. and it is used as one of the five indicators by the United Nations Development Program in their annual Human Development Report. It highlights inequalities in the areas of long and healthy life, knowledge, and a decent standard of living between men and women. Latest data available here: *http://hdr.undp.org/es/content/table-5-gender-related-development-index-gdi*

[3] The Gender Empowerment Measure (GEM) is a measure of inequalities between men's and women's opportunities in a country. It combines inequalities in three areas: political participation and

and economic freedom. Evidence shows that there is a positive relation between the factors but not necessarily implies causation, meaning that women's development could be the cause of economic freedom or vice versa. However, some other reason might have affected the relation; on the social side, the traditional family model has been challenged: In 1924, 87% of married women spent 4 hours a day doing housework with this figure dropping to 14% in 1999 (Caplow *et al.,* 2001). Marriage is deferred to pursue education or career objectives with an increase in the median age of marriage for men and women to 27 and 25 respectively in 1996. The social attitude towards married women in the workforce has changed with higher levels of tolerance and leading towards new type of labor agreements to allow flexibility. The generational effect of working women has a positive effect on future generations of women joining the workforce and therefore adding value to the system, increasing productivity and economic growth.

The process of how women could efficiently enter into the labor market needs to be understood before moving forward. There are barriers that are holding women to have the same access to health, education, labor markets and political participation in different ranges and in different countries. And in general terms, as usually women have lower aspirations and/or in many cases, lower wages, there might create a cyclical vicious process: the lack of chances imply less investment in education and/or health by the family, making the girls more vulnerable and making them even less likely to join the labor market. Besides, labor markets tend to be segmented by gender as women and men have the tendency of being distributed in different sectors or even within the same sector, they work in different types of activities. Especially in developing countries, women are engaged in lower paid jobs, predominantly in traditional «female» sectors like health, commerce, and education, and/or are engaged in the informal economy (Ellis, *et al.*, 2010) as a job or as a complementary activity after work. Beside this, we cannot forget that in some countries there are specific gender-related barriers in the access to productive resources, diminishing the chances for these firms to become bigger or more productive, adding less to the overall economy. Furthermore, these activities might be organized within the informal sector, so no taxed, low regulated, based on low-level technology and small scale.

Women can contribute further to economic development if they could take decisions in equal conditions. From an occidental perspective, this

decision making, economic participation and decision making, and power over economic resources. It is one of the five indicators used by the United Nations Development Programme in its annual *Human Development Report*.

might sound obvious but when talking about women being part of the labor force, it is important to ensure that women are getting the benefits of this work. That is, having control over the resources they have, the income they generate, and their family condition and situation, as men do. More women working would mean even more growth if the can have control and take decisions over their resources. Women's agency creates equality by definition, and not only on these women but also in their environment and in generations to come, changing legal and social norms and allowing them to be equally able of making effective choices.

According to DUFLO (2011), women empowerment as decision makers can make a difference in many spheres. In the domestic scenario, having more educated and empowered women means lower fertility, the longer the age of the first kid and this increment in income per capita implies marginal improvements on health and dedication to adequate food and sanitations. In the legal scope, women's access to property rights and financial and land resources is essential. Not having access to those creates a great disequilibrium among the members of the family, pushing away women to control their assets. In the political sphere, women as policy makers should be more concerned about their collective issues, making them belligerent on those like childcare or nutrition and acting as role models, increasing the presence of female in the labor market. DUFLO proposes affirmative action as the unique way of breaking this vicious cycles, but being very much concerned of the side effects of them as the use of quotas or reserved seats always imply not only to go against the status quo but also against men *per se*. SEN proposes a different way to approach gender inequalities and proposes equality to be approached from the capabilities perspectives. In this sense, men and women would be consider as human beings with specific capabilities, and those would be the ones defining any kind of selection of decision. Although the approach is perfect from the theoretical part, it prevents from future injustices but it does not solve the actual existing inequalities.

One key element that should come together with economic growth is the process of liberalization of time. The more developed is a country; the less time women should devote exclusively to household duties. This time becomes shorter coming from technological advances, such as having access to electricity or non-polluted water in developing countries or more sophisticated phones in more developed countries. In any case, this freeing up of time from housework implies more chances to use that time outside home and so higher expectations of income. According to NUSSBAUM (2011), women are devoting much more time than men to care, caring the children, but also the older members of families. Freeing this time to be exclusively for women will move the barriers for countries to development. This would promote as well women's agency, facilitating the possibility for women to be able to make effective choices by their own.

The economic utilitarian theory has also a say in inequality and it considers women as key underutilized «resources». Actually, even the actual crisis has been explained in terms of the under-utilization of available —skilled— human resources, and how this has reduced the growth capacity of countries. According with this vision, in order to break the gender barriers to work is essential optimize and maximize the potentials of this population and so, take advantage of the positive spin-off effects of increased income levels for women and their families and so the socioeconomic changes it might create.

From the previous lines, it might be inferred that gender equality should be an outcome from the process of development and there should be no need for specific policy to promote it: equality would come naturally with growth. However, this is not always the case as interestingly, this relation also work inversely, that is, gender equality promotes and reinforces economic development, and so it needs to be promoted. The overall situation of women has improved in the past 50 years in developed and developing countries but inequality and lack of opportunities are still at the top of the agenda and need to be addressed by policy makers, international organizations and the private sector globally.

As the UN position remarks, gender inequality is unfair by definition, and it is going against basic rights, human rights. It is the «right thing to do». Secondly, an important part of the worldwide population is not fully incorporated into the labor market, losing all the potential production and efficiency that this implies. The Millennium Goals for 2015 by the United Nations[4] include to promote gender equality and empower women in its Goal #3 and implicitly states in seven out of the eight major objectives an increase in women education as a source of eradication of extreme poverty and hunger (Goal #1), achievement of universal primary education (Goal #3), reduction of child mortality (Goal #4), improvement of maternal health (Goal #5), combating HIV/AIDS, malaria and other diseases (Goal #6) and developing a global partnership for development (Goal #8). The expected outcome for 2015 assumes a certain level of equality achieved and builds on this assumption to claim for reducing the fertility rate, equal and universal access to education and reduction in the level of poverty.

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[4] *www.undp.org.*

DEFINITIONS AROUND GENDER

Gender[5]: refers to the social attributes and opportunities associated with being male and female and the relationships between women and men and girls and boys, as well as the relations between women and those between men. These attributes, opportunities and relationships are socially constructed and are learned through socialization processes. They are context/ time-specific and changeable. Gender determines what is expected, allowed and valued in a women or a man in a given context. In most societies there are differences and inequalities between women and men in responsibilities assigned, activities undertaken, access to and control over resources, as well as decision-making opportunities. Gender is part of the broader socio-cultural context. Other important criteria for socio-cultural analysis include class, race, poverty level, ethnic group and age.

Gender equality by the Council of Europe: «Gender equality means an equal visibility, empowerment and participation of both sexes in all spheres of public and private life. It requires the acceptance and appreciation of the complementarity of women and men and their diverse roles in society».

Women empowerment: According to IFAD, empowerment is about people taking control over their lives. It is about people pursuing their own goals, living according to their own values, developing self-reliance, and being able to make choices and influence —both individually and collectively— the decisions that affect their lives. Empowerment is a process, which can be long and complex. For women and men to be empowered conditions have to be created to enable them to acquire the necessary resources, knowledge, political voice and organizational capacity.

In addition, UNESCO explains that «No one can empower another: only the individual can empower herself or himself to make choices or to speak out. However, institutions including international cooperation agencies can support processes that can nurture self-empowerment of individuals or groups».

Gender mainstreaming: «Gender mainstreaming is the process of assessing the implications for women and men of any planned action, including legislation, policies and programs, in all areas and at all levels, and as a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programs in all political,

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[5] *http://www.un. org/womenwatch/osagi/conceptsandefinitions.htm.*

economic and social spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality» (ECOSOC 1997/2).

The importance of Gender mainstreaming was firstly recognized through the Beijing Declaration which emerged from the Fourth World Conference on Women in Beijing in 1995: «... Governments and other actors should promote an active and visible policy of mainstreaming a gender perspective in all policies and programmes so that, before decisions are taken, an analysis is made of the effects on women and men, respectively...» (UN).

Women-owned business (WOB) by the us small Business Administration «Women-owned small business concern means a small business concern —*(a)* which is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and *(b)* whose management and daily business operations are controlled by one or more women».

Contribution to economic growth of female empowerment

In their study, Booz and Co link higher living standards and stronger economies with maximizing women talents and supporting them being finically independent (Booz & Co: *Empowering the Third Billion Women and the World,* 2012). An increase in women employment could have a direct impact on countries GDP with an estimated 5% in the United States, 9% in Japan, 12% in the UAE and 34% in Egypt being an immediate increase in national income not the only benefit. Women tend to invest part of this income in their children education having a positive spiral effect on cumulative social and economic benefits for all.

The relation between economic activity (GDP) and employment for a given country by using the following equation:

Per capita GDP = labor productivity x amount of work produced per person × employment rate × age factor.

[Per capita GDP = GDP/H × H/E × E/WAP × WAP/P], where:

GDP/H = GDP/hour worked (labor productivity).
H/E = hour worked/employment (annual average in working hour per employed person).
E/WAP = employment/working-age population (15-64) (employment rate).
WAP/P = working-age population/population («youth dividend»)].

However, besides this increment, it needs to be adjusted by some «more realistic» assumptions: a) women entering the labor force will have less experience and probably lower qualifications than the average male population, and therefore, they might create a temporary drop in productivity and b) some women will enter the labor market in the form of part time workers and women are still more likely to stop their careers due to personal care needs of members of the family. Both together mean a decrease of the initial gross increment in GDP. In any case, this report shows that just by using the actual women into the labor market, the increment in GDP would be of by 9% in Brazil, 27% and 34% in India and Egypt respectively, 6% in Spain and up to 5% in the USA and the UK.

There has been an interesting recent movement in closing gender gaps in education in recent years. However, this progress in education has not been totally translated to the incorporation of women to the labor market. In the great majority of countries, female labor force participation rates are lower than male; in many developing countries women are suffering much higher rates of youth unemployment, and the compose a great part of the informal sector and underemployment. All these become a cycle again, discouraging women to be look for jobs and underutilize the skills of educated women working in informal markets. According to the last OECD report, female labor force participation has increased massively in most OECD countries over the last few decades: participation rates of women between 25 and 54 years old have moved in the OECD countries from an average of 54% in 1980 to 71% in 2010.

Definitely, access for women to earn and control their income could contribute to economic development. Women are more likely than men to invest important parts of their income in the education of children. Accordingly, greater earnings and legal control over them could end up in higher expenditure on education, including girls, breaking the poverty cycle and potentially triggering a new virtuous cycle, as educated women become female role models (Aguirre, 2012).

According to Goldin (1995) labor force participation rate of women (married in her research) first declines and then rises as countries grow. This U-shape is coming from a mix of sociological and economical collective decisions within the household: «when income is low, women often work in family farms and in small home-based businesses». The household utility function needs to be maximized subject to the fact each member of the family has limited time and this can be devoted to homework, paid work or leisure. The decision of how much time would be allocated to work depends on the personal education of the member in question and the household income. The process of decision is very much linked to the level of disposable income in the family.

When the family is living on agriculture, it is easy to combine work with child rearing. As the economy grows, the production place tends to shift from the home —agriculture— to a factory or a non-family business, complicating the combination of childcare with work for women. The development of this economy implies the shift towards work in factories or offices, where salaries are higher but seem to be incompatible with bringing kids in. The first decrease is due to the income effect, coming from the entry of an extra income in the family. But over time, this income effect weakens, giving pass to a substitution effect, as income remains constant, but changing wages lead to a change in the labor supply. The achievement of a more knowledge intense economy, usually based on services, implies more labor opportunities for women and so higher disposable household income, as it brings together access to childcare and the decrease in fertility rates, linking again female labor force participation rates with higher income per capita.

According to the OECD, this development, engrossing the service sector —health and education, sales, hotels and catering, and domestic workers—, helps the creation of job opportunities for women. Countries that were showing higher levels of incorporation of female labor, do as well in employment in services: up to 90% in the case of Sweden, Norway or the United Kingdom, and much lower in the case of Slovenia or Turkey, slightly over 40% of female working on services.

Economic development and the expansion of services, more knowledge intense, have promoted the phenomena of part-time workers, which depending on the household might allow women to be easily part of the labor force, although for less hours. Female work might be seen as a flexible part of income, and so complementary in many cases, allowing women to be more flexible in this regard and to combine it with caring and household activities.

However, following with the same line, even if we assume we do not know the details of the household dynamics, the allocation of resources within the home, the election of working, non-working or the number of hours, we «do know, however, that when women have the capacity for «economic independence» it gives them a stronger position to decide within the household (THOMAS, 1990).

The growth of services and part-time work have had a positive effect on female participation in the labor force. The U-shape theory for the incorporation of women into the labor market gives a very interesting explanation to the fact that women participation rates in labor are coming back and forth, very much related with the economic stage of the economy. As we were explaining at the beginning of the chapter, due to the fact that —married— women's income is considered as complementary in many societies, we can understand why the rates of incorporation are varying over time. What this theory does not explain properly is the persistent gender inequality in labor markets. Women keep facing great barriers of regarding not only the access to employment, but also the type of industry, working conditions, security, wage, and work life balance. These barriers are even higher in developing countries, being the extreme the perpetuation of women in informal markets, increasing their exposure to exploitation and to lack of formal protection.

WOMEN AND WEALTH CREATION

All over the globe, gender differences in access to economic opportunities are present, making women not able to fully participate in wealth creation, as in many cases women suffer from, for instance, lesser real access to education. However, human development is not the same as economic development, and although we might assume they are related, reality shows a wide range of variety of facts and situations all over the world. Analyzing some other gender related development indexes as HDIs by gender of GNIs per capita, the situation is not that different. On one side, in Very high human developed countries, although men and women are essentially equal when it comes to HDI, the estimated GNI per capita for women is almost half of the male's. And this trend is almost constant in all countries with few exceptions: in Arab States, HDI is lower for women than for men, but GNI per capita is much lower for women —they create one third of men's GNI per capita—; in Europe, Central Asia, Latin America and the Caribbean, HDI differences are not than big, but wealth creation is very different —women create 40% what men do—; however, in Sub-Saharian countries, where HDI differences are important among genders, there is not that much disparity in wealth creation per capita, and women make 60% what men do.

Different factors affect women in developed and developing countries with a clear positive correlation between women rights and western culture (Cohen, 2006). One-third of the professional degrees in law, medicine and business in North America and Europe are granted to women; 38% of working women held managerial positions in the US in 2006 the White House Project Report on female leadership (2010). Women in the United States start a business at twice the average rate

TABLE 1

GENDER-RELATED DEVELOPMENT INDEX (GDI) BY UN

		Human development index value		*Estimated GNI per capita (2011 PPP$)*	
	Female to male ratio of HDI	*Female*	*Male*	*Female*	*Male*
	2013	*2013*	*2013*	*2013*	*2013*
Very high human development	0.97	0.87	0.90	26,677.28	53,683.03
High human development	0.95	0.71	0.75	9,425.63	16,966.01
Medium human development	0.87	0.57	0.65	3,198.83	8,618.92
Low human development	0.83	0.45	0.54	2,010.64	3.788.99
Arab States	0.87	0.63	0.72	6,991.17	23,169.46
East Asia and the Pacific	0.94	0.68	0.72	8,154.35	12,487.64
Europe and Central Asia	0.94	0.71	0.75	7,286.80	17,867.13
Latin America and the Caribbean	0.96	0.72	0.74	8,961.92	18,732.43
South Asia	0.83	0.52	0.63	2,384.22	7,852.32
Sub-Saharan Africa	0.87	0.46	0.53	2,491.92	3,812.03
Least developed countries	0.86	0.45	0.52	1,576.01	2,628.79
World	0.92	0.66	0.71	8,956.35	18,277.27

of developed Asia, Europe and Israel. 70% of American women have at least a college degree with small households and with high levels of income (43% at the top one third of income bracket) which allows them free time to develop and grow professionally. Levels of involvement and innovation are very high compared to other regions which are the evidence that having the right environment, legal rights and low household constraints supports the development of women as creators of wealth and income. Israel is another example where women entrepreneurs are more visible with young women counting for 63% of the business activity of the country. TEA levels are lower but enterprises tend to hire more employees, innovate at higher levels and be more international than the global trend.

TABLE 2

GENDER INEQUALITY INDEX DATA BY UN

	Gender Inequality Index	*Population with at least some secondary education (% aged 25 and above)*		*Labour Force Participation rate (% aged 15 and above)*	
		Female	*Male*	*Female*	*Male*
	2013	*2005-2012*	*2005-2012*	*2012*	*2012*
Very high human development	0.197	86.1	87.7	52.3	69.0
High human development	0.315	60.2	69.1	57.1	77.1
Medium human development	0.513	34.2	51.4	38.7	80.0
Low human development	0.587	14.9	29.6	55.7	78.4
Arab States	0.546	32.9	46.4	24.7	73.2
East Asia and the Pacific	0.331	54.6	66.4	62.8	79.3
Europe and Central Asia	0.317	70.4	80.6	45.5	70.2
Latin America and the Caribbean	0.416	53.3	53.9	53.7	79.8
South Asia	0.539	28.4	49.9	30.7	80.7
Sub-Saharan Africa	0.578	22.9	32.9	63.6	76.3
Least developed countries	0.570	16.5	27.2	64.0	81.6
World	0.451	54.2	64.2	50.6	76.7

Gender inequality is present in all countries, it shows a wide range of variety, especially between more developed as less developed countries, but it is always there. The GII by UN shows this inverse correlation between human development and inequality. However, analyzing gender inequality by regions there are no clear patterns: Sub-Saharian African, Arab States and South Asian countries show the highest levels of inequality and on the other side, Europe, Central Asia, and East Asia and Pacific countries show the lowest levels.

But if we take a deeper look to the data, the analysis is much more interesting. In very high human development countries, men and women have equal access to education, but the presence of women in the labor force is still lower than their male counterparts. And in Low Human development countries, although women have much less education than men, this fact does not affect significally the female participation rate, actually this is higher than in the case of more human developed countries. Exactly the opposite seems to be happening in Arab States, were women have access to education but not to the labor force. In South Asian countries the correlation is clear: women do not have equal access to education nor to the labor force.

Now, the question arises: why women create less wealth than men even when having the same access to education or other resources? The answer is polyedric and not unique. Women suffer from different gender specific barriers, not only in access to resources but also in taking advantage of those.

A closer look at the condition of working women in Western countries shows that only a few women make it to middle-ranking executive levels and only a 3% has successfully integrated into top management (MICHELOUD, 2001). Women are still pretty much concentrated in stereotyped jobs such as nursing, school teaching or clerical positions. In developing economies the picture is not as colorful being women the target of legal, social, sexual and violence abuse. The role women hold in their families and in the society in which they live plays a major role in their ability to develop. Just to mention a few, in Chile, the Republic of Korea and Mexico women are responsible for caring for the family and household duties having less available time and resources to start and grow their own professional life. One of the indicators that measure the level of activity of women around the world is the Total Entrepreneurial Activity Report by GEM (TEA). According to this report, women's participation varies from country to country with 1% participation in Pakistan but 40% in Zambia. Sub-Saharan Africa holds the higher ratios of women an average of 27% of women followed by the Latin American/Caribbean region with 15% of their female population engaged in entrepreneurial activities. The region with the greater disparity is the MENA-Mid Asia with one female entrepreneur every four males. The situation women face differs from country to country being subject to kidnappings, rapes, AIDS, early marriage, pregnancy or being responsible for the family household and for taking care of children and elderly. With little or none entrepreneurial role models, women lives are limited to the will of their parents or to continuing what their mothers do which is usually related with agricultural, family or household activities.

And although each country and each region should shows different barriers and merits, all over the globe, there are many barriers that apply in all of them. In many cases the extent they apply is different but they are generally speaking still present. The following points are just starting points but still very relevant for understanding the different outcomes coming out from supposed to be initial same inputs:

Gender division of labor and poverty

As women and men are having jobs and divided across different sectors and industries, women tend to be present in low paid jobs and temporary or part time positions, in many cases due to the restricted access to education, or due to the social constraints in their culture, among other reasons. These creates poverty among them, but also, as we will see in the next chapters, limits in other productive assets, as education or credit

Parents have the option of «using» their children to increase the household income whether it is trough trading in the market, agricultural work, providing for water or taking care of elderly and other children in the house. The overload of domestic work limits the capacity of girls to access education since there is no immediate return to it for their families. There is a positive relationship between mothers paid employment and girl's time doing housework. In Pakistan, an increase in adult female wages is positively associated with girls working more hours at home (Ray, 2000). Girls in poorer households are likely to be out of school since they are needed to contribute to the household. If these girls belong to special ethnics social exclusion is more dramatic being condemned to be with their families in a closed social environment and with little or none opportunities for the future. Poverty is considered to be one of the strongest correlates with gaps in educational attainment and lack of opportunities (Tembon and Fort, 2008). Other considerations such as orphanhood are directly related with poverty and poor attainment rates but there is little evidence that the deficit of enrollments is larger for girls than boys.

Access to education and quality of education

Children's school attainment is closely correlated with their mother's school attainment staying two/three more years in school if their mothers have secondary schooling (Alfonso, 2008). A study in 41 countries (Filmer and Prittchet, 1999) shows that the effect of mothers schooling in their children is stronger than the effect of father schooling, having a positive impact in enrollment in all countries studied. In Mexico less than 40% of the girls from 12-14 years old attend school due to the overload of household's responsibilities with more than 20 hours per week working at home (Knaul, 2001). Parents are less interested in investing in girl's education than in boys because the real beneficiaries will be their future husbands and it is perceived as an empty investment. Although the number of children enrolled in primary schools in developing countries has been rising with the number of girls attaining school converging with the number of boys since 1960, in 2013 there were still one of ten girls not attending school, when were not attending one out of thirteen (UNESCO, 2015). On the positive side, there has been a considerable decrease in the number of children not attending school from 1999 decreasing from 98 Million to 72 Million in 6 years. These figures show the need of policy to focus not only on girl's education as an engine for growth but a real need to address the special needs that socially excluded groups may have by country.

Only secondary schools teach beyond basic literacy and numeracy to face critical thinking. With many children dropping out of secondary and even primary schools, many developing countries potential to increase their national income is limited. Estimates of the population reading and mathematics competency is a valuable source of data to analyze not only the years of schooling but the quality of the skills acquired through primary and secondary education. This assessment is based on the Programme for International Student assessment (PISA)[6]. Educated communities usually have nurses and primary schools, two key professions to help women and men find growing employment opportunities. Women opportunities are constrained by a lack of formal education especially in poorer communities such as South Africa. Ecuador and Slovenia are countries in which women have higher education levels than men but participation in the labor force is limited. On the other hand, Slovakia, Poland, Taiwan and Spain have higher levels of education for women but lack entrepreneurial capabilities that allow them to apply the knowledge acquired to the business environment. In developed Asia, 90% of the population has earned a secondary education degree but there is gender disparity in college education with fewer women than men educated at this level. In developed and developing Europe women entrepreneurs are 45% more likely to have a college degree if being entrepreneurs, a higher proportion for women than men being women entrepreneur higher educated than female and male non-entrepreneurs. With a direct positive correlation among secondary education and the capacity to start a small business or join the paid workforce, most poor girls don't have access to it. Girls in rural areas have far less access to schooling because of the dangers of walking to and from school every day. Ethnic or racial minorities are

[6] More information about the PISA assesment by the OECD, can be found at: *http://www.oecd.org/pisa/*.

usually excluded from social participation including education —Dalits in India or indigenous populations in Latin America— and using different languages, historical discrimination (Lewis and Lockheed, 2008), geographic isolation or poor infrastructure are additional reasons why children, especially girls, don't attend school or drop out at an early age to focus on household duties or marry. There is evidence that investing in schooling, especially in secondary schooling improves the life quality of women globally. More productive farming methods, 43% decline in malnutrition (Smith and Haddad, 2000) or a stronger impact on children's education than male schooling are a fact. Girls with an extra year of schooling increase their wages from 10% to 20% (Psacharopoulos and Patrinos, 2004). In Bangladesh, educated women are three times more likely to participate in political meetings (UNESCO, 2000). Higher levels of education not only make women more participate but more receptive to democracy and to having rights. A year of schooling for girls reduces infant mortality from 5% to 10% (Schultz, 1993). There is evidence that when the proportion of women with secondary schooling doubles, the fertility rate is reduced from 5.3 to 3.9 children per woman. Other benefits from quality schooling are better health for children and spouse, an increase in life expectancy, more social cohesion, a reduction of criminal activity and improved contraceptive efficiency reducing the size of families which as mentioned above, is by itself a step ahead towards better health, more disposable income and a better life.

Social exclusion and other discriminations

Cultural aptitudes and stereotypes about what is an appropriate behavior for women can be the reasons behind their social exclusion or discrimination. Socially excluded groups include ethnic minorities, isolated clans and groups with minority languages[7]. The consequences are discriminatory and real with negative outputs such as destroying schools, teachers ignoring students and discrimination and violence by the majority of the population. In Pakistan, only 10% of Balochi-Patham rural girls complete primary school, 37% of girls 7-14 years old belonging to scheduled castes or tribes do not attend school (compared with 26% of boys), Nigerian minority Hausa-speaking girls have 35% lower probability to attend school. The World Bank Report 2012 states that although some

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[7] Meerman (2005) defines socially excluded groups as marginalized because of one or more of the following: Stigmatization resulting from trauma originated in the majority population, ethnic differences such as race, language and religion, low status compared to the rest of the population in the region or involuntary minority status; *Girls Education in the 21st Century, The World Bank,* pages 147-149.

countries have little socially excluded groups others have many spread by the geography of the country making the problem more difficult to solve.

These limits can be legal, social or even self-imposed as in many cases; traditions and cultural roots are creating a huge impact on women's behavior in the economic and productive arena. This can create eventually as well inequalities in political and economic power. In the big majority of countries, women are under-represented in top political and economic positions. This underrepresentation of women and the low visibility of women, together with social and cultural pressures have been present in developed and developing countries, regardless the latest affirmative action policies to promote women and make them more visible.

Household domains and domestic responsibilities

Girls spend 33-85% more time than boys working at home or in unpaid jobs which leaves them with less available time to study. Some of the tasks girls do in many developing countries are cleaning, caring for younger siblings and bringing water (HILL and KING, 1995). Numbers show that higher household income levels allow more free time to women and girls to attain personal challenges such as investing in their own education but the reality is that this is not the case for millions of girls who are responsible for many adult tasks having to work most of the day in household or caring activities and not considering a priority attending school. The consequence are high rates of drop offs specially in secondary school, the most important educational phase where science and math skills are learned, useful to face paid jobs.

These imbalances in household responsibilities might affect women's agency as well. They create inequalities in decision making and in negotiations within the family members, regardless who is bringing money to the family. Differences and inequalities at the household level are dynamic and they reproduce over generations, becoming a very relevant element to understand female behaviors, for instance, in the entrepreneurial aspect.

Early marriage is a repetitive issue in developing countries with marriages starting at the age of 10. In Nepal 7% of girls are married before the age of 10 and 40% by the age of fifteen. Marrying at such a young age entails health complications as well as exposing these young women to violence, lack of social interaction and education. Pregnancy-related death is a leading cause of mortality for girls ages fifteen to nineteen according to the UN. Isolation is another consequence of young marriages

(Haberland, *et al.,* 2004). Young married women face separation of their families and an overload of responsibilities within the household. Most young women face vigilance from their husbands, violence and lack of opportunities to attend school or work outside their homes. Social norms see marriage and schooling incompatible (Mathur, *et al.,* 2003) causing a sharp decrease in girls schooling where early marriages are the norm.

Legal and property rights

Nowadays, still in many occasions and locations, equal rights to personal status, safety, land, inheritance and labor market opportunities are deprived or reduced to women by law or practice. One of the most important is the female's lack of access to land and property rights. In Africa, customary law prevails over civil law limiting the right to own land to males. Women have access to their husband land but don't have property rights meaning that if they widowed, their right is challenged by other males in the family which has poverty consequences for women and their children. The economic subjugation that women are subject to from the absence of property rights is documented in «Women's Land and Property rights in Situations of Conflict and Reconstruction» (2001) developed by the UN Development fund for women (UNIFEM, 1999).

The lack of census information is a big issue as well in many developing countries. Many girls in developing countries don't have identity papers that helps count them and ensure they have their rights to citizenship. Dropping from primary school is a consequence of not having birth certificate since they can't attain the final examination. Lacking identity cards such as birth certificates, national identity cards or documentation prevents girls and women to be counted and gain employment.

Access to infrastructure and public transportation

Access to water for farm and domestic use is another task assigned to women developing societies, a task that can take up to 8 hours a day in African and is considered at the bottom of the social scale par with that of cattle. Mothers schooling is highly correlated with children's health (Bicego and Ties Boerma, 1993) and there seems to be a negative correlation between mother's levels of schooling and children death rates (Diamond *et al.*, 1999), showing that educated women are able to take better care of their families providing for a safe environment.

Public transportation and infrastructures are essential as well. Women in general tend to depend more in public transportation than men, especially in urban areas[8]. In this scenario, affordability and access to public transportation become essential elements for women to have the opportunity of joining equally the labor force: they can work more and further if public transportation is available and affordable for them.

Violence against women

Gender-based violence reflects and strengthens gender inequalities. Gender-based violence is considered in two different ways: by a woman's intimate partner (domestic violence), or by an enemy army as a weapon of attempted «ethnic cleansing» or in sexual exploitation. The Council of Europe defines violence against women as «all acts of gender-based violence that result in, or are likely to result in, physical, sexual, psychological or economic harm or suffering to women, including threats of such acts, coercion or arbitrary deprivation of liberty, whether occurring in public or in private life». The Beijing Declaration and Platform for Action (par. 112) states that «Violence against women both violates and impairs or nullifies the enjoyment by women of their human rights and fundamental freedoms... In all societies, to a greater or lesser degree, women and girls are subjected to physical, sexual and psychological abuse that cuts across lines of income, class and culture».

According to the UNIFEM report «Violence against women: Facts and Figures», more than one thousand women are killed in Pakistan for dishonoring their families. In Jordan and Lebanon, 75% of the perpetrators are the woman brother and the killing occurs after she has been raped. In India, families usually pay a dowry in the name of the groom or his family. According to UNIFEM, almost fifteen thousand women are killed every year in India because of dowry fights. In Bangladesh, many dowry fights end up with acid attacks causing disfigurement. In 2005, a total of 315 women and girls were subject of acid attacks. Abductions, rapes and other type of violence are common in poor countries where women are not protected and therefore discouraged to walk to school or have any type of social life aside from the closed family circle. Limits to having extracurricular activities are the consequence of violence, parental resistance to girls leaving home or discomfort in male dominated atmospheres (Mensch, *et al.,* 1998). This lack of activity has a negative impact on women participating in public life, government or public gatherings of any type. Absence of legal protection happens again and again in many developing countries where customary law or Muslim law prevails over civil law.

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[8] World Bank on Transport and Gender.

GENDER EQUALITY AND GENDER MAINSTREAMING: WOMEN IN THE INTERNATIONAL AGENDA

The Commission on the Status of Women (CSW) is the principal global intergovernmental body exclusively dedicated to the promotion of gender equality and the empowerment of women. A functional commission of the Economic and Social Council (ECOSOC), it was established by Council resolution 11(II) of 21 June 1946.

— The CSW is instrumental in promoting women's rights, documenting the reality of women's lives throughout the world, and shaping global standards on gender equality and the empowerment of women.

  Source: http://unbisnet.un.org:8080/ipac20/ipac.jsp?session=117397L78X7P3. 3318&profile=bib&uri=full=3100001~!430017~!0&ri=19&aspect=power&menu=search&source=~!horizon#focus

— **Convention on the Political Rights of Women, 1953**

  The first international law instrument to recognize and protect the political rights of women

  Source: https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVI-1&chapter=16&lang=en

  — The first international agreements on women's rights in marriage, namely the 1957 Convention on the Nationality of Married Women.

    Source: https://treaties.un.org/Pages/ViewDetailsIII.aspx?&src=TREATY&mtdsg_no=XVI~2&chapter=16&Temp=mtdsg3&lang=en

  — Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value, 1951 (International Labour Organization and UN).

    Source: http://www.ilo.org/wcmsp5/groups/public/---ed_norm /---declaration/documents/publication/wcms_decl_fs_84_en.pdf

— **International Covenant on Economic, Social and Cultural Rights (ICESCR), 1966.**

  This covenant proclaims the «equal right of men and women to the enjoyment of all economic, social and cultural rights» such as «fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work». The ICESCR states that international donor states should ensure the policies and decisions of multilateral organizations, including the World Trade Organization (WTO), the International Monetary Fund and the World Bank, conform with the covenant.

Source: http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx

— **Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979.**

The basic principle of the Convention is to guarantee equal outcomes, not just equal opportunities, for men and women. Under CEDAW, all state parties must «respect, protect, promote and fulfill» women's rights. They must also ensure that private organizations, enterprises and individuals do the same. UN members agreed in the Beijing Platform for Action (1995) to «seek to ensure their trade agreements do not have an adverse impact on women's new and traditional economic activities».

Source: http://www.un.org/womenwatch/daw/cedaw/

— **International Labor Organization (ILO) Conventions, 1998**.

In the 1998, Declaration on Fundamental Principles and Rights at Work, all ILO members reaffirmed their commitment to respect and promote core labor standards, which aim to eliminate all forms of forced or compulsory labor, effectively abolish child labor, eliminate gender discrimination in employment and occupation, and ensure freedom of association and the right to collective bargaining. Bilateral trade agreements increasingly include commitments to observe core labor standards.

Source: http://www.ilo.org/declaration/lang--en/index.htm

— Programme of Action (POA) that was endorsed by about 179 governments in Cairo at the 1994 International Conference on Population and Development (ICPD, also referred to as the Cairo Conference).

The Conference shifted the emphasis of population planning from reaching demographic targets to promoting human rights and sustainable development, changing the focus from numbers to people. It placed women's rights, empowerment and health at the centre of this effort.

Source: http://www.unfpa.org/public/home/sitemap/icpd/International-Conference-on-Population-and-Development/ICPD-Summary

— **The Beijing Declaration and Platform for Action** was adopted at the September 1995 Fourth World Conference on Women (FWCW) by representatives from 189 countries.

The Platform reflects a new international commitment to the goals of equality, development and peace for all women everywhere. It builds on commitments made during the United Nations Decade for Women, 1976-1985 and on related commitments made in the cycle of United Nations global conferences held in the 1990s.

Source: http://www.un.org/womenwatch/daw/beijing/official.htm

— **The United Nations Millennium Declaration** was unanimously adopted at the conclusion of the Millennium Summit, the first General Assembly of this century and the largest-ever gathering of world leaders.

It contains a statement of values, principles and eight specific goals with related targets that constitute an international agenda for the twenty-first century. Goal 3 is «to promote gender equality and empower women». However, gender equality and women's empowerment are widely recognized as being essential to achieving the other seven Millennium Development Goals as well.

Source: http://www.un.org/millenniumgoals/

— **Founding resolution of UN Women.**

Source: http://www.unwomen.org/~/media/Headquarters/Attachments/Sections/Executive%20Board/GA-Res-64-289-en-Adopted%20by%20the%20General%20Assembly%20on%202%20July%202010%20pdf.pdf

— **Security Council Resolution 1325 was passed unanimously on 31 October 2000**.

Resolution (S/RES/1325) is the first resolution ever passed by the Security Council that specifically addresses the impact of war on women, and women's contributions to conflict resolution and sustainable peace.

Source: http://www.un.org/womenwatch/osagi/wps/[9]

[9] *http://www.imf.org/external/pubs/ft/sdn/2013/sdn1310.pdf.*

— **Declaration on the Elimination of Violence against Women**, 1993, defines violence against women and calls on states to take specific measures against it.

Source: http://www.un.org/documents/ga/res/48/a48r104.htm

— **The Global Gender and Economic Policy Management Initiative (GEPI)** aims to achieve accelerated achievements on the Millennium Goals through economic policy and poverty reduction programmes.

Source: http://www.undp.org/content/undp/en/home/ourwork/povertyreduction/focus_areas/focus_gender_and_poverty/gepmi/.

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2

THE LINK BETWEEN ENTREPRENEURSHIP AND GENDER

INTRODUCTION

Women entrepreneurs have been designated as the new engines for growth and the rising stars of the economies in developing countries to bring prosperity and welfare. A variety of stakeholders has pointed at them as an important «untapped source» of economic growth and development (MINNITI & NAUDÉ, 2010). The World Economic Forum identified women entrepreneurs as «the way forward» at their annual meeting in (WEF, 2012). Others speak of women entrepreneurs as if they are the «New Women's Movement». They state: «forget aid, focus on foreign investment in women entrepreneurs as key drivers for growth and development» (FORBES, 2012). Nevertheless, it is considered a very recent phenomenon being still little research mainly because of researchers' perceptions as well as social perceptions about women and their businesses (DE BRUIN, *et al.*, 2007). As Dafna KARIV describes «the distinctive feature of entrepreneurship-led by women is that it is still considered an «exception» (2013: 1603).

Initially, there should be as many female than male entrepreneurs. According to the justice argument, if we consider women as half of the global active population, they should be as well responsible for half of the world's job creation capacity. Therefore if women do not equally and actively engage in entrepreneurial activities, this capacity is lost. Women entrepreneurs are key suppliers to economic growth and poverty reduction globally, contributing to household income and growth of their national economies, as producers and as consumers. Although the number of enterprises run by women has been increasing steadily, women still face serious constraints to develop their businesses further or grow professionally (World Bank). The Global Entrepreneurship Monitor (GEM, 2012) counted 224 million women with new, running or established business globally, a considerable figure when talking about economic growth.

In higher income countries as Belgium or Sweden women are more successful at establishing their business than women in low income countries. This may be due to more access to resources such as financial backing, support from family and friends or the fact that most women in high income countries start a venture at an older age being able to capitalize on their knowledge better. On the opposite side, women in low or medium income countries such as the Philippines or Russia, tend to start their business at an early age mostly due to necessity combining their current occupation with a new venture (*Go4finding.com*[1]).

The numbers in the GEM report 2012 show a larger tendency of men not only starting businesses today but growing them or even planning to start a business in the recent future. The 2012 ratio of women to men participating in entrepreneur was of 7:10. Men involved in early stage grew 13% versus 11% for women in 2011 being this gap more dramatic when talking about established businesses: 11% of men versus 7% of women. Projecting towards the near future, 20% of men and 15% of women plan to start a business in the next 5 years.

The GEM 2007 Women Report on Women and Entrepreneurship (ALLEN *et al.*, 2007) key findings stated that whether in early stage or in established businesses, 70% of women focus on consumer oriented enterprises in low/middle income countries and slightly above 50% in high income countries. The participation of women entrepreneur in the transforming sector ranked from 15% to 20% in low, medium and high income countries at all levels. Nevertheless there was a large difference in the business service sector with more participation or women in high income countries. As expected, the extractive sector had low female participation with average participation ratios close to 7%. This study, that includes 145,248 participants and 41 countries, showed than female entrepreneurs are influenced by their country context, socio-economic and educational backgrounds as well as positive self-perceptions. Opportunity as mentioned above is the common dominant for entrepreneurs regardless of gender. This reality has not changed that much in the latest years.

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[1] *www.go4funding.com/Articles/Entrepreneur/Some-Facts-About-Women-Entrepreneurs.aspx.*

In the same line of research, the OECD launched in 2010 an initiative to examine current barriers to gender equality in education, employment and entrepreneurship, what they call the «three Es» with the objective to promote policy for gender equality in OECD and non OECD countries. In OECD countries, there are fewer female than male entrepreneurs, they also work and earn less than their male counterparts. According to the (OECD, 2012) data, women represent only 30% of this active population in the region gaining around 30%-40% less than their male counterparts. The two main reasons behind are more limited management experience at the moment of starting the business and less time dedicated to their enterprise.

Although these examples of research are pointing time, education and experience as important elements for women to start up, there are other reasons such as less access to finance, more expensive loan rates, limited credit history and more need of collaterals and less formal data used by financial institutions to grant loans or sociocultural barriers, among others. There are not that many differences among women from more or less developed countries when it comes to start up. The barriers these women face are very similar, although they show different grades of intensity. Analyzing and understanding these constraints will help to understand the factors and opportunities contributing to achieve growth in their ventures and so, economic growth.

ARE MALE AND FEMALE DIFFERENT WHEN STARTING UP?

Discrimination towards women entrepreneurs varies depending on the economic and institutional level of the geography but remains even in the most advanced economies. As we see, there are many similarities between genders when deciding to start a new venture but there are many differences as well. What are the real differences between women and male entrepreneurs which support independent and concrete policy for these women globally?

The main difference with male entrepreneurs is the variety in the business profile being much wider for men. Demographics' is one of the few metrics that don't vary across regions being participation rates at the same levels for female youth (18-34) as it is for older population (35-64). Women entrepreneurs have higher levels of innovation as well as higher reinvestment rates in human resources in emerging countries compared to their male counterparts, contributing to the household income as well as to their national economies trough investments in education, health and nutrition (Allen, *et al.,* 2007).

In developed countries, women entrepreneurs enter the business world later (from 40-60 years old), most of them have higher education degrees, and as their male counterparts, they tend to keep their jobs while starting up. Appreciating education as a tool for success, women entrepreneurs tend to offer better working conditions to their employees with access to continuing education, tuition reimbursement for students, better health care benefit packages and tend to be more gender-balances when hiring with an average of 52%-48% of women/men workforce compared with 65% men hired by other men (*Go4finding.com*[2]).

Worldwide, women are much more likely to be driven by necessity than men when starting a business (GEM, 2012). In developing countries, the vast majority of women are engaged in entrepreneurial activity driven by pure survival —we could say that out of necessity rather more than opportunity — because there are no jobs or any other options for income generation. This partly explains why globally women are overrepresented in the informal economy and own no more than 25% of formal sector businesses, and stands in contrast to the vast majority of women in high-income countries, where 2/3 of women start a business because they see opportunities or want to be independent (Minniti, 2010). However, the gender gap in entrepreneurship measured by motive may gradually disappear as recent data demonstrate that as economies develop and grow, and job opportunities become available, this gap may be closing with time. Thus, the proportion of women with necessity motivations declined in recent years, especially in Brazil and China and some of the countries in Eastern Europe, thereby contributing to a narrowing of the gender gap (GEM, 2012). GEM data showed that although women are more likely to be driven by necessity when starting up than men worldwide, this is more likely to happen in less developed economies. (Kelley *et al.,* 2011).

However, when studied more closely at country level, the entrepreneurial gender gap varies greatly in size across the world. It ranges from 1.5% to 45.4% women of the adult population who actively operate a business as entrepreneurs or who are thinking about starting a business. In Panama, Venezuela, Jamaica, Guatemala, Brazil, Thailand, Switzerland and Singapore the rates of men and women engaged in starting a business are equal. The only economy with currently more female than male entrepreneurs is Ghana where 55 % of entrepreneurial activity is conducted by women (GEM, 2012).

When talking about less developed economies, formal labor markets are less developed and many women enter them motivated by necessity.

[2] *www.go4funding.com/Articles/Entrepreneur/Some-Facts-About-Women-Entrepreneurs.aspx.*

Women become entrepreneurs due to basic reasons like necessity for survival, nutrition, health care or educational reasons; while in in developed countries, where the basic vital needs are covered, the necessity showed by female entrepreneurs is the lack of opportunities within the labor market (Belcourt, 1990; Buttner & Moore, 1997). These lack of opportunities do not mean only not finding the right match or being unemployed, means lack of career prospects, or inadequate work-life balance or discrimination feelings. Therefore, the motivations behind a female entrepreneur are usually very related with the grey area between internal and external environments, that is, between individual needs, including here their social position and image, and the labor market.

The parsimony of institutional and multi-level gender sensitive analysis, has led some scholars to raise the question whether there is in fact a need for a separate theory on women and entrepreneurship. Female entrepreneurs are generally more satisfied than male business owners with higher scores on subjective levels of well-being and work-life balance. Said this, it could be highly beneficial to having a better work-life balance for society if more efforts were directed towards empowering talented women into entrepreneurship. The effect on empowering women could have direct and indirect benefits not only for them as individuals and their families but for their nations and for society as a general entity (GEM, 2012).

Others propose a separate theory may not be required to explain the gender gap in entrepreneurship. Institutionalism provides a substantial and sufficient theoretical conceptual framework that can uncover the hidden and implicit, as well as the explicit institutional constraints to women entrepreneurs (De Bruin *et al.*, 2007). These scholars argue that instead of searching for a separate theory on women entrepreneurship, there is need for adopting a more comprehensive research program than that offered by mainstream approaches, including country-specific studies of entrepreneurship in relation to a variety of institutional contexts, such as the family and the legal system especially in developing countries. Furthermore, there is need for much greater analysis of the entrepreneur, separate from the business unit, along with an appreciation of the institutionalized barriers that women entrepreneurs are facing (Sarasvathy, 2004).

Following on the previous thought, there are many characteristics that entrepreneurs must have in order to succeed and they do not necessarily apply to women more than men. Individual personal characteristics, access to resources, goals, motivations and self-efficacy impact the industry choice, the size of the business and the likelihood of success or failure need to adjusted to women reality with a macro and a micro approach focusing on the national, cultural and societal reality that women face (macro) as well as the particular household, family and economic situation of each individual and her firm (micro) (Welter, 2011).

The Ben-Gurion University in Israel conducted three studies on gender and entrepreneurship (Malach-Pines & Schwartz, 2008). The first study traits and attitudes related to entrepreneurship such as risk taking, loving challenges and creativity were measured for men and women. The second study included 311 students of management and the third and last study involved 101 Israeli small business owners. The results show similar characteristics, motivations and sense of significance for men and women with no gender differences reinforcing the explanation that a general lower level of women participation in entrepreneurship comes from social and economic exclusion as well as lack of equality. The fact that countries with lower income per capita have more number of women entrepreneurs backs up the fact that many women start a business out of necessity even lacking the right skills and knowledge to manage and grow it, explaining this high ratio of business closures among women (Malach Pines *et al.,* 2010). With 81% of the world female population in less developed countries and with the highest ratios of women entrepreneurs in these regions it is a fact that policy and the right development programs could make a real difference in these countries national income as a way out of poverty.

Susan T. Spencer, author of the book Briefcase Essentials and a successful entrepreneur, believes that there are five skills common to successful businesswoman: perceptive communication, inclusiveness, resourcefulness, improvisation and the ability to build have the professional relationships with customers, suppliers, bankers and others. Women seem to have the ability not only to communicate but understand and relate to others problems and needs more efficiently than men; this is applied in all tasks that women do having a 360 vision of their business and being able to relate better with employees, customers and third parties. This sense of empathy, inclusiveness and consideration is a characteristic of women and we see it in reality since it is applied to most enterprises led by women. On the other hand, some of the constraints women face are lower levels of self-confidence, being unable to self-promotion, being too conservative in growing their companies and limitations of time having to wear many hats with family and personal responsibilities. Carol Roth[3] wrote that women are not taken as seriously as men at the first staged of entrepreneurship which negatively contributes to their self-esteem. Additional constrains

[3] Roth, C., *Entrepreneurship: 5 challenges facing women entrepreneurs.*

go hand and hand with women desire to please everyone, wearing too many hats and not being able to openly talk about accomplishments as a sale point.

The World Bank's World Development Report 2012 suggests that productivity could increase by as much as 25% in some countries if discriminatory barriers against women were removed. However, although female and male entrepreneurs might not be that different in essence or in motivations, the external environment they is different and so, their barriers and constraints. Therefore, many countries are offering tailored policies for encouraging female entrepreneurs: In the United States, women training and education are at the center of policy with initiatives from the Government through the Small Business Administration's Women Business Center and from private investments from large enterprises such as Coca Cola, Wal-Mart or Office Depot. In Taiwan, several initiatives were have been implemented by the government such as the Flying Goose program, the Business Startup Plan and the Female Entrepreneurship Guidance Plan. In the Republic of Korea, annual start-up contest for university students are held as well as training for young women.

The relative invisibility of women and gender equality issues in mainstream trade policy, trade procedures, export promotion schemes, and business support services create institutional constraints. Women, and smaller producers generally, a poorly, if at all, represented in trade policy - ministries responsible for women's affairs, women's business associations, and other women's organizations tend to be weak, with the result that women's voices are not heard in trade and commerce ministries. The value of women's economic activities, especially those undertaken in the informal economy, is rarely included in cost-benefit analyses of policy options, or given prominence in mitigation strategies. Yet studies show good results from initiatives that target women:

— A review of a three year ILO Women's Entrepreneurship Development project covering five countries in Africa and Asia reported 45,000 beneficiaries were reached, 80% of them women. Impact studies in one country showed that monthly profits by women-led businesses increased by 50% and their sales quadrupled following training and receiving support from the project; also 11% more men involved declared having taken on household chores. The project succeeded in improving policy messages for the inclusion of women entrepreneurs' needs and supporting partners to better serve women entrepreneurs with a set of gender sensitive enterprise tools (ILO, 2014).

— In Laos, a 2010 assessment found that, after training and support from the program, monthly profits by women-led businesses increased by 50% and their sales doubled. Businesses were also more likely to be engaged in formal book-keeping and to be providing full-time employment.

— In Chile, women are playing an increasing role in the mining industry, representing over 7% of the workforce. Corporación del Cobre (CODELCO), the world's top copper producer, wants one in five labour contracts in 2013 to go to a woman. Programmes for reconciling family life and work, improving facilities and providing work training are being planned (JARROUD, 2013).

— The concentration of female workers in a particular sector might imply that certain issues regarding the sector's underperformance are gender specific (for example, fewer women than men are being formally trained), as the World Bank found in an assessment of Lao's garment sector. The World Bank included gender in an analysis of agricultural competitiveness in products for which Mali has a comparative advantage. Results from that project include a 72 percent increase in mango exports and a 71 percent increase in shallot and onion exports.

The fact that women face different external environmental barriers makes their way of starting up different from men. They may face the same initial constraints, questions and doubts, regardless their gender, but these internal elements are too much influenced by gender issues that in the majority of the cases, the external environmental factors cannot be isolated from the internal.

ENTREPRENEURS AND GENDER EQUALITY: PUSH AND PULL FACTORS

Every entrepreneur is looking for a better life. SCHUMPETER's (1934) detailed that entrepreneurs had «special aptitudes». The first image that might come to our minds, while trying to imagine what an entrepreneur is, would be a Bill Gates stereotype. However, this is not exactly the case for all women. In the case of women, these «special aptitudes» are usually accompanied by labor market structures that push them to start up due to necessity, and many times not as a self-chosen alternative. Some authors have named them push and pull factors (BUTTNER & MOORE, 1997). The pull factors are those Schumpeterian variables that also attract women into entrepreneurship, like self-determination, desire for wealth and self-fulfillment. The push factors are those that compel women to become entrepreneurs to come out of poverty or in the need of specific financial support, or that kicks them out of the labor market that does not fit in their needs or the need of a more flexible schedule to balance work and life (OECD, 2004). Women, in general, suffer from glass ceilings, pay gaps, or underemployment or other discriminatory labor situations against men.

These are usually considered under push factors, but differential treatment can also affects women's self-perceptions and confidence, and so their entrepreneurial spirit, to be considered pull factors.

The General Entrepreneurship Monitor (GEM) Report calls these two, necessity and opportunity. Using these concepts, we could say that women are usually more motivated by necessity for entrepreneurship, as an alternative way of generate income or satisfaction than by opportunities to start up. The malfunctioning in labor markets and the unequal results for men and women, make entrepreneurship a suitable option for women. In the case of female entrepreneurs, opportunity and necessity blurred: We could say that they start up due to necessity or that they think that they can have the opportunity of living a better life with their own corporation. The effect of women led entrepreneurship has strong implications for family structures, consumption patterns, and future decisions of the family members, as the choice for education or health concerns, sometimes even they could be also the reasons to become an entrepreneur.

The reasons to start up a company are slightly different in developed and developing countries, although very similar overall. Gender gaps in salaries, in unemployment rates and in informal market play huge roles in this decision of starting up in developed countries, but income inequality and poverty are pushing women in developing countries to create their own firm. According to the World Bank, the recent increment in income inequality globally is actually mixing the reasons to start up in developed and developing countries.

In many countries, the lack of basic necessities and rights inhibits women's potential to join the formal labor market or become entrepreneurs. In some emerging and developing economies, restrictions on women's independent mobility and participation in market work curtail their economic potential (World Bank, 2011). Women dominate the informal sector, characterized by vulnerability in employment status, a low degree of protection, mostly unskilled work, and unstable earnings (Campbell & Ahmed, 2012). They often have limited property and inheritance rights and limited access to credit. In agriculture, particularly in Africa, women operate smaller plots of land and farm less remunerative crops than men, and they have more limited access to agricultural inputs (World Bank, 2011). Other push/necessity factors that drives men or women into entrepreneurship are survival, unemployment (especially in transitional countries and emerging economies), the idea that self-employment provides flexibility and enables a good balance between work and family care responsibilities, dissatisfaction with current job, frustration with the 'glass ceiling' in salaried careers.

Pull factors, more typical when thinking on entrepreneurs, are mostly shaped around the pursuit for satisfaction and independence: autonomy, creativity, status attainment, financial gains, or personal success. Compared to men, the majority of women start a business while still employed in a paid job. We could say that pull factors are more related with internal factors to become an entrepreneur, and push factors are more dependent on the environment around this individual.

Schumpeter (1934), developed a new perspective to analyze long run growth and especially the role of innovation into it. In his book «The theory of economic development», as one of the five different ways of achieving economic development through innovation, he explains the effects in the economy of innovative individuals, denominated as «entrepreneurs». For Schumpeter, entrepreneurs are innovative changers, able to create a new organization or industry. According to this vision, the relation between economic growth and innovation is bidirectional as well. And on one side company creation promotes growth and on the other side, in case of recession or economic downturn, entrepreneurship can be a good solution to it. Although different pieces of research over time and in different scenarios do not show this relation to be so clear. Entrepreneurship creates new jobs, new needs for consumption, new technologies and new demands (Romer, 1994). If these new companies are created in less developed countries, the catch up effect might be even bigger. Self-employment as a type of entrepreneurship can give to the employer freedom and self-realization as part of the benefits.

The Kauffman Foundation analyzed the intrinsic motivators of female entrepreneurs (Cohoon *et al.*, 2010), and as men, women who decided to become entrepreneurs were motivated primarily by financial and psychological factors, as building wealth, capitalizing on business ideas, startup culture, the desire to own their own company or being professionally independent. In this study, the presence of a close role model was essential for women, especially when it was a family member or a close friend. Being out of work was not found to be a strong motivator for men or women to create their own company. Both men and women start up in their early 40s and family issues were not essential for the decision. However, the desire to have their own company in some studies, reflect the desire of having a more balance life, having a more «fair» compensation for their works regardless their schedule (Jacobs & Hardesty, 1987) and both show similar levels of education (Powell & Mainiero, 1992).

Making a profit is usually not the first objective but sharing the overall benefit to others of their business idea. Comparing women and men when starting up, something that makes women very different from men is the fact that females tend to create ventures in consumer oriented business, whereas men tend to focus on services, and the high presence of social entrepreneurs among women or «necessity-oriented» entrepreneurs, looking for improving standards of living or create a better society.

TABLE 1

REASONS FOR WOMEN TO BECOME ENTREPRENEURS

Women become entrepreneurs by choice due to:	*Women become entrepreneurs by need due to:*
— Materialize their idea into a capital. — Their empowerment and freedom. — Prove their worth among their male family members. — Establish their own rules for their work. — Overcome the deficiencies they faced during their job experience. — A long term standing desire to own their own company. — Working for someone else did not appeal to them.	— Improve the quality of life of their children — Share the family economic burden. — Adjust and manage household and businesslife successfully on their own terms. — Death or sickness of their husband.

Source: Kauffman Foundation.

BOX 1

SOCIAL ENTREPRENEURS AND FEMALE ENTREPRENEURS

A social enterprise is a business with primarily social objectives whose surpluses are reinvested in the business as opposed to contributing toward business profit. There is a considerable presence of women among social entrepreneurs, and the gap between men and women in this field is lower than in commercial enterprises. According to Social Enterprise UK, twice as many women run social enterprises as lead SMEs (38% compared to 19%). Women are twice as likely to reach the top ranks in social enterprises as in mainstream businesses. More than 90% of companies that tackle a social problem have at least one woman in their leadership team (Forbes, 2013).

Given the nature of social entrepreneurship, these higher levels of female participation make sense. In her address at the 2012 Social Enterprise World Forum, Michele Bachelet said that, «women are natural social entrepreneurs» (Forbes, 2013). Indeed, women have traditionally worked in more social occupations, in positions such as teachers, nurses or mothers, while more ambitious women have reached leadership positions in their communities and in volunteer organizations. Social entrepreneurship is a non-traditional way of doing business, as making a profit is not ultimate goal. Thus, these businesses offer more flexible solutions, working practices and working hours, which better fits women's needs, particularly with respect to working mothers. Further, women tend to have personality characteristics better suited to social entrepreneurship: women have the strength to cope with tragedies and disasters, returning to normality faster than their male counterparts. Further, women tend to have more empathy and intuition when compared to men.

However, social enterprises are considered «second-level» due to their lack of profit-making objectives and limited growth opportunities. Servane Mouzan, writing for the Guardian, explains that many people see social enterprises as second-class businesses because in these businesses, it is more acceptable to charge less than the profit-maximizing price and to make decisions based on the needs of the community. Further, given that the main purpose of these enterprises is not to turn a profit, they are often limited in size with limited potential for growth.

Social entrepreneurs, and particularly female social entrepreneurs, face a variety of barriers to success (Segran, 2010). Capital is often limited, as is prior knowledge and confidence toward achieving a goal. There is a need for knowledge enhancement and leadership training programs, as well as better lending systems in order to rectify these problems. As of now, the majority of lending for these enterprises comes from multilateral funding agencies such as the World Bank or the International Fund for Agricultural Development.

Further, in developing countries, women must simultaneously hold both traditional and leadership roles, carefully balancing work and family life. This allows them less time to focus on their businesses, just as is the case with traditional commercial businesses. The triple roles of professional, domestic and community constrain women's efforts to focus on their organizations.

Limited information is available specifically about female social entrepreneurs, but the most informative study on this issue is the 2009 GEM Global Report on entrepreneurship. While there is a scarcity of overall data, this GEM report is the first global and harmonized assessment. Although there are many different definitions in existence, GEM defines social entrepreneurship as the individuals or organizations that engage in entrepreneurial activities with a social goal.

The report divides entrepreneurship into four main activity types: pure social entrepreneurship, pure commercial entrepreneurial activity, overlapping social and commercial entrepreneurial activity (one company has both objectives) and simultaneous social and commercial entrepreneurial activities (two parallel companies with two different objectives, one social and one commercial). Within these categories, social enterprises vary from pure not-for-profit models to combinations of philanthropy/business. Commercial enterprises are 2 to 13 times more common than social enterprises across regions, with high a correlation between the two. Social entrepreneurship is indeed a relatively rare phenomenon globally: it constituted an average of of 1.94% of early stage social enterprises in the 49 countries covered in the report, which is very low. This varies from country to country, with the rate at only 0.2% in Malaysia, versus 4.9% in the United Arab Emirates. However, because there are many different definitions for social entrepreneurship, there is no universal agreement as to its overall prevalence.

Men are more likely to start a social venture than women, but the gap is not as high as with traditional commercial entrepreneurship. Indeed, social entrepreneurship has a comparatively high prevalence of women, young people and those with diverse educational backgrounds. Male versus female SEA ratios vary across countries. For example, in Malaysia, Lebanon, Russia, Israel, Iceland and Argentina women are more likely to start social ventures than men. In China or the US, however, the ratio is about the same while other locations such as Saudi Arabia, Morocco, Brazil, the West Bank and the Gaza Strip all have a majority of males starting social enterprises. The highest levels of female SEA are found in Iceland (4.54%), Argentina (4.35%), the United States (4.08%), Venezuela (3.69%), Peru (3,39%), Jamaica (3.31%) and Colombia (3.28%). The lowest are Morocco and Saudi Arabia with levels near 0%. This makes sense given the preceding analysis about culture; in countries where women have fewer rights, their limited independence serves as a barrier preventing them from engaging in social entrepreneurship. Thus, the greatest gaps are found in the Middle East and North Africa (MENA) regions, while the lowest are in the United States.

There is also a relationship between higher levels of education and increased social entrepreneurship activity. Further, social, cultural and political context defines the degree of social value creation practiced through entrepreneurial activities. The existence of welfare programs and the level of a country's economic development can both condition the existence and success of social entrepreneurship.

FEMALE ENTREPRENEURS AND ECONOMIC DEVELOPMENT: EXTERNAL FACTORS

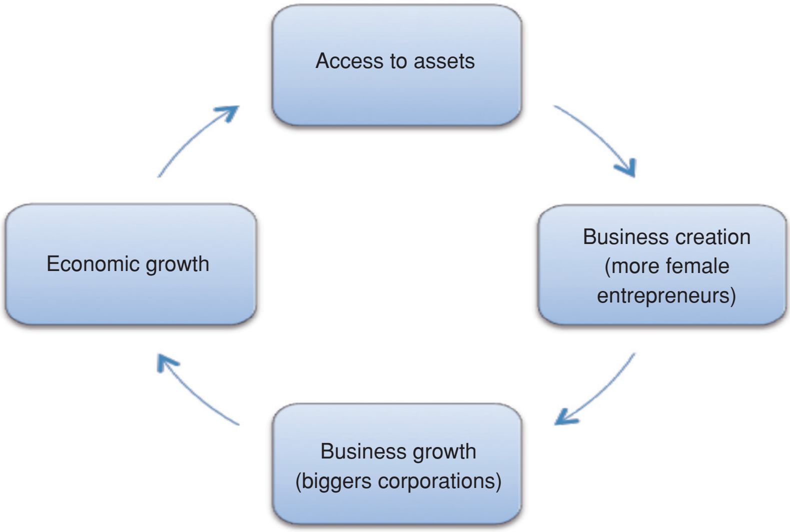
Although intrinsic motivators are not that different between men and women when starting up, the institutional context (Baughn *et al.,* 2006), and gender inequality, can definitely affect the entrepreneurial activity. Gender inequality plays the role of constraint entrepreneurial ideas or decisions, reducing women's participation in this field, and so, in economic development. This is not only access to finance or societal rules; there are also societal perceptions that affect self-perception levels of these women or greater fear to failure.

Empowering women is one of the policies proposed by international actors to support women and so economic development. These actions are targeted actions towards women in education or training, but also access to capital and networks or confidence building. These policies are especially relevant in driving the structural change of low-income, traditional economies to modern societies. The process is straight forward: more women working outside their household, create more firms, move forward innovation and through specialization, improve productivity, employment and change in economic terms (NAUDÉ, 2010). Women's entrepreneurship can be fostered via policies that mix access to capital, networks, and new markets; high-quality business skills and development training; and access policies that offset gender-specific barriers.

However, women entrepreneurs are showing much lower numbers than their male counterparts and they represent a minor proportion of the female labor force. Essentially, the implications of this reduced or limited participation of women into the entrepreneurial world are a decrease in the capacity of this segment of the worldwide population to add value efficiently. Women's entrepreneurship and, the opportunity of increasing women's economic opportunities are essential for economic and social development as women's economic participation affects human development and impacts the intergenerational transmission of knowledge and social status, improving the chances for social mobility (AHL, 2006; VERHEUL *et al.,* 2005). As the other side of the same coin, entrepreneurship for many women is more than just only a way to have a job, it is a way to be independent and empowered. These women can decide in a major extent their career paths, having flexibility to take care of their families or avoiding companies that do not fulfill their needs. Diversity among entrepreneurs is crucial to promote competition, and innovation (VERHEUL *et al.,* 2002).

The growth potential of companies is obviously linked to access resources, as land, credit, education, technology, networks, information and markets. The main reason behind this low presence of female entrepreneurs in the world is the women's limited access to these factors. This creates smaller business, with less capital, and many times procrastinated to be informal. This access is different in different countries and it is conditioning the creation of new businesses and their future potential growth. And as we have seen in the case of the interdependency of economic development and women, women's differential and inferior access to assets, information, and skills as compared to men push female out of the market, reducing the chances to get access to these elements, perpetuating the position of women as a minority within entrepreneurs, and reducing the possibilities of their companies' business success.

AHL (2006) frames entrepreneurs as an engine for growth and women entrepreneurs, in particular, as critical drivers of change. Indeed, much



of the contemporary interest in the role of women as entrepreneurs is based on the expectation that they can contribute to economic growth and development. The interesting part of this is that women entrepreneurs can contribute to growth in various fronts: Because of their unique role in the household, women are expected to contribute more than men in this regard, as they tend to invest more in the family, which has a positive impact on development indicators (Minniti & Naudé, 2010). Women entrepreneurs are thus an ‘untapped source’ of economic growth, and their underperformance a problem that needs to be fixed. However, in many policies and research, female entrepreneurs are treated individually, without affecting their external environment, which helps but it does not solve the problem («It is as if the future of the business depends solely on the individual») (Ahl, 2006: 605). Even when more structural barriers, such as gender discrimination in access to business education or access to finance, are considered, solutions proposed to overcome these barriers are focused on the individual. In most cases, it is the individual women entrepreneur who is advised and supported through policies and programs to enhance her education, networking skills or leadership qualities, whereas her context is left intact and unaffected.

THE GROWING CURSE OF FEMALE ENTREPRENEURS

Resource based view theory (RBV) proposes that if someone has the initial adequate resource, their venture should be successful. However in the case of female entrepreneurs, there seems to be an exception: even though these women all what is needed to be successful entrepreneurs, their businesses grow less and slower. Some of them, of course, have been able to grow globally and to be able to participate in the high tech sector, for instance, but the examples are very few.

Many of the regulations and policies promoting female entrepreneurship focus on the initial resources, but not that many accompany these women while they already have started up. Several factors can be the origin of this: women self-confidence and risk aversion, societal stereotypes and preferences, women's personal goals, their small initial ambition and finance or the type of industries where they start up, among others.

Female businesses start usually smaller, and grow slower. Few reasons can be behind, being this entrepreneurial mindset one of the most important. On one hand, women due to lack of confidence in themselves and societal restrictions, often have a difficult time putting together financial resources to start up, so they use the resources closer to them, as family and friends' resources and/or their own savings. This makes them start less ambitious firms. On the other hand, this affects the future growth of the firm, creating a lower probability to grow than firms with more resources. The initial endowment gives the firm a better chance to get established and engage into growth. New firms with higher endowment get competitive advantage faster than their competitors. As women seem to be disadvantaged from the beginning, it is very difficult for their companies to compete and catch up with males' ventures.

Among the initial resources to start up, although it might seem that women are starting up with the same conditions than men, this is not always the case. Women suffer from lower self-confidence, lots of pressure from their family environment not to fail, less time than men to start up, less experience as entrepreneurs, and very usually, with lower levels of capital. All these push women to create their companies in local markets or traditional industries, with low levels of productivity and innovation, even using lower technology. Because they start with less capital, they have less qualified workers, if they do have any, and their revenues are small as competition is fierce in these broad saturated industries. Sometimes they can even suffer from isolation in the industry, as to be seen as unique and different in this environment.

However, not all the limits to grow are external for female entrepreneurs. Among the personal traits, female entrepreneurs should be initially as well educated as men, and having the same needs for starting up, even though the reasons are usually different. In many cases, as we have seen, women create their own company to be able to control their careers, looking for more flexibility or recognition. In both cases, this seems to be a boomerang problem: the more their company could grow, the less flexibility they would have and the more the company grows, the less recognition on a personal basis, they would have. Therefore, it can be the case that these female entrepreneurs do not want their companies to grow as they would not fulfil their original purposes.

BOX 2

GAZELLE COMPANIES AND FEMALE ENTREPRENEURS

A «gazelle company» is a high growth company that has increased in revenue by 20% annually for four years or more, starting from a base of $1 million. Only growth is relevant for the classification of a gazelle company, not size. In 2007, these businesses accounted only for 4% of all US companies but for 70% of all new jobs (Birch, 1979). Other definitions instead require 20% annual growth over a period of three years. These businesses are found in all industries, but are particularly represented in the services industry. Any company can be a high growth company, as high growth is a temporary event. High growth small firms are usually funded by debt, not equity. An important question that policymakers face is whether governmental policy should focus on supporting all firms relatively equally, or support high growth firms in particular.

An ISBE study shows that among high growth entrepreneurs, not only are women underrepresented, but many other disadvantaged demographics are as well, including entrepreneurs who are young, old, socially disadvantaged, economically inactive, ethnic minorities, ex-offenders, or operate home-based or rural businesses. Each of these different groups has a different business profile, and thus requires a differentiated policy approach.

A study of 830 entrepreneurs across 19 strategic dimensions found several characteristics typically associated with high-growth entrepreneurs (Gundry & Welsch, 2001). These business owners tend to have a more disciplined perception of how to manage a firm and a more structured approach toward organizing their business. They also often have strategic intentions that emphasize market growth and technological change, a stronger commitment to success, a greater willingness to make sacrifices on behalf of their businesses, earlier planning for the growth of the business, a more team-based for organizational design, adequate capitalization, strong leadership and a wider range of financial sources for the expansion of the venture. Given that women entrepreneurs often must balance a higher level of family obligations in addition to their professional responsibilities, many of these qualities may be particularly difficult for them to emulate.

Cultural barriers for female entrepreneurs

According to Cambridge Dictionary, culture is defined as the way of life in a given society, as shown through ordinary behavior and habits, people's attitudes toward each other and their moral and religious beliefs. All products of human work including institutions, art and beliefs are part of culture. There are clear differences among Western, Eastern, Latin, Middle Eastern and African cultures, and consequently there are also immense differences in the roles that men and women play in each of these societies.

While no empirical data exists about the impact that culture has on women entrepreneurs, it is a fact that culture plays an important role on women's decisions about whether and how to start a new enterprise. For example, in traditional African societies, women played a major role in the economic wellbeing of their communities. They were the largest food producers and not only did they have access to the field, but they also possessed authority in their societies. In pre-colonial Africa, women dominated the markets in their communities, setting the rules for trade with outsiders and holding meetings to improve their trade and marketing systems. In the political sphere in pre-colonial Nigeria, women were given the responsibility of taking care of their communities, even including the governance of their husbands. Political systems granted women social and political authority in many countries, including Ghana, Egypt, Uganda, Ethiopia and Rwanda. Many of these women took over businesses from their mothers or other female relatives holding the economic power of the region (African women culture. African women culture, African Culture, African women and who they are in the society).

The situation is different now; most African countries have little economic organization and low female participation levels in business. Women have lost their historic roles as leaders in the political scene and as providers of income and wealth for their communities through business management. On the other hand, despite the current political and economic situation, part of this heritage remains. Women in Northern and Sub-Saharan Africa are responsible for the highest growth levels in new ventures owned by females. Motivated to a higher degree by necessity and mostly operating home-based or small enterprises, women show less fear in starting a new business. With the support of micro loans and a clear motivation to improve and generate income for their families and communities, their entrepreneurial culture seems to be resurging since pre-colonial times and this culture is clearly an important factor explaining why these women in particular are the top contributors of new enterprises worldwide.

Anecdotal evidence suggests that other regions such as Southwestern Asia and Northwest Africa also demonstrate a close relationship between culture and female entrepreneurs. The TEA report from the Global Entrepreneurship Monitor shows very low levels of new female-owned enterprises as well as high numbers of business closures, likely influenced by the heavily Islamic culture. Culture plays an important role, with women in Islamic regions being in charge of the household and children while lacking sufficient legal rights to be economically independent. Constraints such as prohibitions on owning a passport or talking to strangers are a few of the limitations that heavily limit women's activity outside the family circle.

Although no formal research has been conducted, a close relationship between culture and female entrepreneurial activity certainly exists. Countries with an open culture where women's rights are equal to those of men see the creation of far more new enterprises, as women's rights are protected in all aspects of life and business. On the contrary, cultures in which women still hold a traditional role see a lower number of women entrepreneurs. Role models, an open society and strong regulation provide an environment where women feel protected and motivated to start an enterprise. If this motivation doesn't exist and culture pushes women into traditional roles, the intergenerational result is a lower level of entrepreneurship and of overall equality.

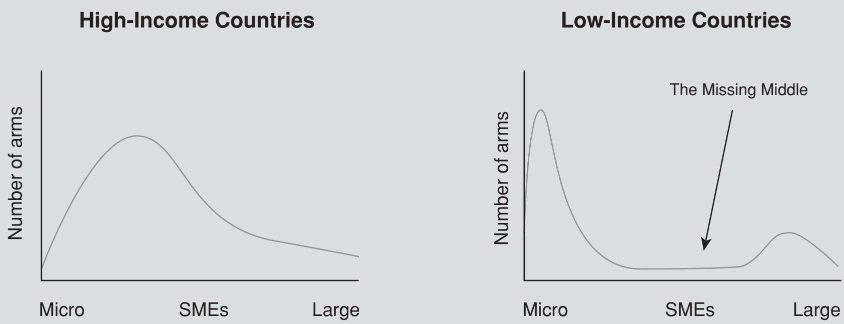
BOX 3

THE MISSING MIDDLE AND FEMALE ENTREPRENEURS

The missing middle is a phenomenon that refers to the lack of small and medium sized enterprises (SMEs) in developing economies. Considering that SMEs contribute to 50% of GDP and over 60% of employment in developed countries, it is of major importance to understand why there is such a limited presence of these companies in developing countries, and what policy decisions could help to overcome this shortage.

SME owners have limited access to loans due to the higher amounts needed, their lack of available collateral and in many cases the lack of formal financial statements and financial information which are requested by banks. Low levels of business and management skills prevent women entrepreneurs from building and focusing on growth and sustainable plans for their companies, which leads to poor development prospects and high failure rates.

Other reasons include costly business environments, high tax rates or harsh regulations, but the main reason for lower quantities of SMEs is a low ROE. With microfinance institutions primarily focusing on very small companies while access to banks and other sources of financing is mostly limited to large enterprises, the bulk of SMEs survive solely on personal savings or credit, which is insufficient. In the US in the 1990s, banks changed their business models and began analyzing entrepreneurs' credit histories instead of financial statements about SME cash flows. This was a less costly solution that allowed for increased financing for these types of companies (SULLIVAN *et al.*, 1998).



The US Census Bureau defines this missing middle as the owners of small and medium enterprises, especially those with revenues between \$100,000 and \$999,999. From a sales perspective, 23% of overall revenue is earned by firms in the \$100,000-\$999,999 bracket, firms with sales above \$1 million account for 67% of income and start-ups with sales below \$100,000 constitute the final 10% of overall income. Further, considering that 87% of women-owned businesses contribute to only 2% of overall revenue (and 2% of these firms contribute 67% of this revenue), the potential impact of helping these companies grow is very significant in terms of both female entrepreneurs and the overall economy.

Research by Womenable in 2007 studied the reasons why female business-owners in this sector have not overcome the \$1 million mark in net revenue. While most of the women considered being in the «missing middle» had had static or moderate growth in the past two years with only 29% growing at a fast pace, 89% of them showed an interest for growth and willingness to obtain support in any form to help them grow their companies. Most of the constraints these women face are related to a lack of managerial or business skills, mentorship and membership in groups where information and knowledge are shared with peers. Sixty-seven percent of women business owners in the «missing middle» category would appreciate peer group mentoring classes, 54% would like face to face discussions with peers and 42% want to have a mentor. Thus, these women do not typically lack the aspiration for growth, but rather face skill and information-based constraints. Some recommendations to increase women's sales levels include business forums for sharing experiences, mentors and private and public programs that pay special attention to female entrepreneurs.

Expanding access to finance is another important tool to solve the problem of the missing middle. With a larger focus on micro loans, institutions have to pay more attention to the specific stages where more financing is needed to expand. Past the stage of micro loans but still far from meeting the conditions that banks and financial institutions require, these enterprises are in need of further financial solutions from public and private institutions. Financial and non-financial support can both work to help businesses cross the $1 million threshold in sales. One of the programs that addresses this problem is the Growth Oriented Women Enterprises Program (GOWE). The program is part of the African Development Bank (AfDB) and aims to address women-entrepreneur concerns, particularly relating to growing and expanding existing companies. In addition to micro financing, women need support to develop business and management skills, so that they are able to effectively develop a business plan or maintain financial records that allow banks to analyze their potential.

Another program, the Entrepreneurial Finance Lab (EFL), is being implemented in India to overcome the lack of financing for SMEs by making financial analysis less costly for banks. Currently, 26 million enterprises contribute to 40% of Indian exports, 45% of manufactured output and 8% of GDP, employing 60 million people. In contrast, 93% of MSMEs are excluded from the financial sector. The EFL is an analytics and technology firm founded at Harvard University, and helps fill the gap for micro and small enterprises by generating a credit score for any entrepreneur. EFO focuses on the entrepreneur's skill and willingness to repay, generating a three digit credit score that predicts the borrower probability of default. This system has been used in 15 Indian states and tested on 700 borrowers over 10 months.

Female entrepreneurs and innovation

Let's consider innovation as the creation of new ideas, technologies, or processes. Innovation as Schumpeter was considering it, is at the heart of entrepreneurship. This capability creates value in markets, especially when they keep in it. Women have been traditionally considered as more risk adverse than men, reducing the likelihood of being more innovative, and if they are, they usually remain more as adaptors. If they create new products, women tend to offer less innovation within them or to make less radical improvements over previous existing products. Part of the problem is the reduced number, or lower levels of responsibility of female in technical and engineering careers, but these industries are also very time-consuming and aggressive, domains typically avoided by women.

The less innovative the product offered by the new venture, the less the value added, and so, the lower the potential profits.

In other cases, female entrepreneurs face strong familiar and societal barriers, preventing them not only from being entrepreneurs but also, from being radical innovators. According to Kariv (2013), lack of self-confidence regarding their potential, lack of leadership experience and concerns about what their close friends and family would think, result in pushing women into the traditional-no-risk path, even if they might have all the resources they would potentially need to start up successfully. This process can create a vicious cycle: women are risk averse, they do not innovate, and they keep been underrepresented into the entrepreneurial scene, their experience is not seen as successful.

APPENDIX 1. «GENDER EQUALITY IS SMART ECONOMICS»: LEGAL RESTRICTIONS FOR WOMEN

By investing in promoting women employment and business opportunities and/or reducing restrictions we are contributing to real economic outcomes. Low levels of legal gender parity are associated with more income inequality and less prosperity around the world. Said this, 128 out of 143 countries have legal differences based on gender in at least one of the key indicators and 28 countries have ten or more legal differences defined by the «Women, Business and the Law Report, 2014». Although the tendency has been positive with more countries reducing their legal differences between men and women and with the past years being more active in the reform of the law, we still see many regions with deep legal differences. More than half the restrictions in 1960 have been eliminated today being the Middle East and North Africa the regions with the most legal differences between men and women today and the ones that have advanced less in these years.

There is a direct and negative correlation between the number of restrictions and the number of women in the labor force and as business owners. Economies with fewer restrictions have greater income equality and more opportunities to consistently develop the economy as a whole. And restrictions have different forms; for example Eastern Europe and Central Asia limit the type of jobs women can have. Other restrictions include applying for a passport, travelling outside the home, getting a job, signing a contract, registering a business, opening a bank account, having ownership and/or inheritance rights over property, validity to customary law among others. Based on history, women were protected from potential hazardous jobs being this today another restriction to work. The definition of a morally inappropriate job is still utilized but not defined not being clear which areas are banned for women today. The Women, Business and the Law, 2014 Report recorded eight areas were women have been historically and until today banned to work in specific countries, some of them are mining, construction, metalwork or any job that requires to lift heavy objects. In addition, married women are even more constrained by legal differences being many times subject to their husbands, fathers or brothers wishes.

Legislation usually clusters by region since countries in the same region share socio cultural views, norms and values. OECD high income countries do not impose legal restrictions to women in general as well as those in Eastern Europe and Central Asia. The largest reforms in accessing institutions and using property happened in Latin America, the Caribbean and Sub-Saharan Africa. Cote d'Ivoire led a gender parity reform in the past two years allowing now women to choose the family residence, claim tax deductions for their children or stop their husbands from working if this is the best solution for the family, a right only given to the husband until now. For example, in South Africa in 1960, women were considered legal minors, these changed in 1998 with the recognition of women full status and capacity. Until 1988 the husband was the only one allowed to be the head of household meaning that they were responsible to choose the family residence and administer marital assets, even the wife separate assets. In Indonesia, the 1974 Law of Marriage modified women rights allowing them to open bank accounts. In Morocco in 1996 women were authorized to engage in commercial activities without the husband's permission and it wasn't until 2004 when the new family code authorized women to make household decisions, a responsibility only assigned to the husband until that date.

There are 15 economies with no legal gender differences, Canada, Armenia, The Netherlands, Spain, Mexico, Peru and South Africa are among these. In more developed countries policy needs to play a positive role to continue supporting an increase in female participation. Non-discriminatory hiring of pregnant women, maternity and paternity leave regimes, flexible schedules for women and men are key for further development.

On the negative side, the 28 countries with more than 10 legal differences between men and women are in the Middle East, North Africa, Sub-Saharan Africa, East Asia and the Pacific and South Asia. After 1990, Yemen reversed all gains in women rights made in the Arab Republic of Yemen (south). The Islamic Republic of Iran in 1979 reversed the right that allowed women to work approved in 1975 in the Family protection law, allowing husbands to keep their wives from working, banning women judges to impose sentences and limiting women mobility. Nepal in 2002 authorized unmarried daughters under 35 to inherit property but the bill didn't include married daughters. The Republic of Congo and Liberia still have limitations for women that want to suit in civil courts needing their husband's permission to do so. The «Women, Business and the Law 2014» report shows that 15 economies still require the husband permission to work.

Latin American, the Caribbean and East Asia & Pacific have overcome the largest advancement towards women rights and equality in the past 50 years; we see a substantial advance in Sub-Saharan Africa considering the starting point in 1960 but regions such as the Middle East, North Africa and South Asia do not show any improvement in the situation, being in these countries were more policy is needed to support these women advance as a source of income and growth for their economies.

Most changes by indicators have been towards getting a job, building credit, going to court or accessing institutions. Some advancement has been made in using property (Mali) and in providing incentives to work (Cote D'Ivoire and Israel). Considering all countries have a different starting point and are able to move at different speeds, change towards more legal gender equality moves from and in different directions. For example Belgium extended the time of paternal leave and Chile introduced it. Mexico and Montenegro issued legislation to protect pregnant women to be dismissed and to ensure women jobs after returning from maternity leave respectively. In 2013, India passed the Sexual Harassment of Women at Workplace which will contribute to more women joining the workforce.

In high income OECD countries policy moves towards increasing the days in paternity, maternity or parental leave (Belgium, Finland, Italy, Norway), increasing the share of paid salary during maternity leave (The Slovak Republic) or even passing legislation to lower the age of free compulsory education for children (Israel; from 5 to 3 years old).

Female entrepreneurs in Asia: Asia-Pacific Economic Cooperation and female entrepreneurs

The APEC supports economic growth and prosperity in the Asia-Pacific region; it has made women's economic inclusion a top priority; Malaysia, Philippines' and Thailand are recognized as the main economies in the region. On the other hand, in the Philippines and Thailand women account for a significant proportion of all SMEs.

The barriers identified in the study are very similar to the ones analyzed in other regions: accessing finance, business management and operational challenges such as hiring and training, lack of access to critical information such as land titling, limited social support for women (childcare, education and family background), safety and security, networking, family constraints (their role within the family unit), the role of government promoting women in business, the role of regional organizations such as APEC in expanding growth and trade capacity for women SMEs.

In the APEC region 63% of women try to obtain formal or informal funding to support their business. 24% reported that they have tried and failed to raise any funds at all. High interest rate perceptions, the need of collateral and complicated loan application documents are cited as the main financial challenges for women business owners. 29% of women owners of export business consider loans paperwork difficult to complete compared with 14% of men.

In Malaysia, 99% of all businesses contribute to 32% of the economy GDP representing 19% of total exports and 56% of the workforce. The role of women in the country entrepreneurial net is though limited to 9% mostly due to cultural norms and the role of women in society limited to «lead as mothers or teachers». This behavior is so embedded in the culture that men take over the business when it starts to grow. The positive side is that there is huge potential for improvement; in fact, the percentage of growth of SME in the country is close to 10% annually showing a growing importance of the role of women in the Malayan society. The Philippines have similar figures with SME counting for 32% of the country's GDP and employment almost 70% of the workforce. The 2006 Philippine survey on entrepreneurship (Global Economic Monitor) found that 45% of companies are owned by women being most of them new businesses living most of established business to men (66%). Due to the largest participation of women in the workforce, growth is slower than in Malaysia being of 3% annually. Thailand has an even more active business community contributing to 43% of the non-agricultural GDP and employing 78% of the workforce. Women constitute 47% of Thailand business owners and contribute to 38% of the GDP as per a study conducted by MasterCard being the growth rate below 3% annually.

Female Entrepreneurship Latin America: WEVentureScope

Driven by opportunity, women in Latin America are among the most active starting businesses at a global level. In the 2000-2010 decade only, income growth for these women contributed to a decrease of 30% in extreme poverty as well as to the expansion in the economies of Latin America and the Caribbean (World Bank, World Development Report 2012: Gender Equality and Development).

Nevertheless these businesses characterize by their small size (only 9% of companies are large ones) and by being part of the informal economy (55%-91% of women businesses in the region are in the informal economy). With different factors affecting different countries, the Economist Intelligence Unit (EIU) and Multilateral Investment Fund (MIF) have created the Women Entrepreneurial Venture Scope (WEVentureScope), which assesses the environment where these women entrepreneurs live and work. Having the right environment to nurture entrepreneurial skills is the key to have successful businesses contributing to the country's economy in the long term. Helping policy makers and other global actors focusing on what is relevant to support these women moving forward is mandatory. The study findings show that Chile leads the list of countries in the region with the best environment being the worst performer Jamaica. It is a fact that countries that have better environments for women entrepreneurs are also more competitive but it is striking that the common single variables that impact a better environment are not related with the number of women that are head of household (see Jamaica) or the level of education in many cases but the integrity and stability of institutions and the country macroeconomic environment. Variable such as perception of corruption, crime and bribery are key when defining the capacity of women to start and manage a business; being part of the informal economy leaves women unprotected and subject to corruption and to having less access to credit, which continues to be a great limitation tough out the region. The key findings of the analysis show the influence of various characteristics of the firm and its environment:

— *Business operating risk:* This refers to the macro-economic environment and the economic situation of where businesses are placed. Inflation, currency volatility, stable interest rates, market openness, security, bribery prevalence, crime and corruption perception. Chile, Panama and Uruguay provide the safest environment for women to start and manage a business and it is not surprising that Venezuela, Brazil, El Salvador and Argentina are the countries with the worst macroeconomic environments.

— *Entrepreneurial Business Environment*: Property rights, total tax rate, cost of doing or starting a business, depth of credit, supporting regulation, female-headed households are a few of the measurements built in this indicator. The report shows that all countries performed worst in this indicator than in the business operation risks meaning that there is room for improvement in the rule of law and the role of institutions. With El Salvador being within the top three (see the country position in the business operation risk indicator) accompanied by Chile and Peru, the report shows that the cost of starting a business is higher in 11 countries than in half the countries measured globally. Tax collection needs improvement in the region with only 5 countries having total tax rates below 40%. The large count of the informal economy makes it harder for Governments to collect tax and face spending needs (approximately 40.1% of women on average are employed in the formal sector). Complicated and irregular tax systems are a characteristic of the region. Other issues such as contract enforcement, having access to email or having international qualifications vary from country to country being Brazil he leader in this last variable followed by Panama. The last three countries in this category are Guatemala, Jamaica and Nicaragua.

— *Access to Finance:* This indicator measures the access women have to bank accounts, loans and microloans. It is measured by the usage that women entrepreneurs have of their banking accounts if having one for example through the numbers of deposits and withdrawals in a month. The proportion of investments financed by bank loans, supplier credit, equity or microfinance is included in this indicator. Jamaica, Trinidad & Tobago, Bolivia and Mexico are the countries with more women having accounts in Banks for business purposes. In Jamaica, one third of women have business accounts in Banks while these accounts are mostly used for savings in Bolivia. The key point in this indicator is lack of access to loans other than micro financing. The report says that 40% of the total gross amount of microloans is assigned to women in 13 countries of the index. As per an IFC study, 70% of women owners of SME in Latin America don't have access to banks loans being the most active countries Colombia and Peru, the latest financing 47% of women SME investments and 20% of their working capital. Colombia has similar rates and Ecuador finances 39% of working capital for women SME, the highest in the region. Collateral is an issue in most countries being this the guarantee the entrepreneur has to give the Bank to access a loan. Only Brazil has a LTV lower that 1-1 requiring collateral of 75% being this collateral has high as 267% in other countries such as Costa Rica. Venture capital as a source of funding needs still to be developed; being women business usually not in innovative sectors, access to these funds is more difficult. The region VC amount reached $10.1B in 2011 but there is not data of the percentage assigned to women entrepreneurs. The most reliable data shows that Brazil and Colombia are the strongest receivers of VC fund for women-led businesses. The WB Enterprise survey conducted a comparison between the perception women have related to their access to finance and reality. Interestingly in Panama women entrepreneurs did not feel that having access to finance was a major constrain but only 27% of them had a bank loan or credit line for their businesses. Like Panama many other countries have similar perceptions vs reality results which could lead to think that many women access financing through personal savings, family and friends or simply need very little investment due to the small size of their ventures. Top three countries are Mexico, Colombia and Trinidad & Tobago while the worst performers are Costa Rica, Nicaragua and Paraguay.

— *Capacity and skills:* Business networks, educational levels, school-life expectancy, advanced degree programs, electronic payments and access to internet, SME technical support are some of the components of this indicator. It has been proven that higher levels of education not only increase skills and knowledge but are related with larger awareness of business opportunities. This is why investing in women education specially targeted towards business skills is so important. As we have seen before there is a relationship between secondary and tertiary education and self-confidence as well as entrepreneurial success but these results vary related to the circumstances of each woman and her environment. For example in wealthy countries highly educated women tend to start a business driven by opportunity while less educated women tend to start a business as well but driven by necessity. When talking about developing countries, the Entrepreneurship and Development Index 2013 pilot study showed that highly educated women in middle-income countries are less likely to be entrepreneurs (contrarian to the same women profile in wealthy countries). Women entrepreneurs in Latin America and the Caribbean, despite their country income level, are more triggered to start their own business if their level of education is high and usually driven by opportunity. Degrees in social sciences, law or business have the highest correlation with women willingness to start a business compared to physical sciences degrees. Lastly, it is proven that programs to enhance basic women skills to start and manage a business, technology skills not only boost confidence but support the creation of new ventures. 16 out of 20 countries in the report show that formal education and business training in the region is throughout represented with Colombia, Peru and Uruguay leading the list. Guatemala, Ecuador, El Salvador and Bolivia scores less than 50/100 points showing strong need of improvement.

— *Social Services:* Childcare, elderly care, pension coverage, maternity and paternity leave, government social security expenditure on health, maternal mortality are variables taking into consideration when talking about social services that support women entrepreneurs. The level of freedom women experience is related to the amount of responsibilities that have traditionally been a duty assigned to women. Childcare is an option in most countries in the region with the highest quality offered in Chile and Uruguay. Brazil and Chile provide a generous maternity and paternity leave schemes which cover not only employees but entrepreneurs as well. Argentina, Brazil and Uruguay offer pension coverage for more than 80% of their population older than 65 years being this percentage close to 50% in Chile, Panama and Costa Rica being the latest the leader in health care access with the highest government expenditure. The leaders in social services are Chile, Brazil and Costa Rica being the tale of the list Guatemala, Trinidad &Tobago, Bolivia, El Salvador, Dominican Republic, Honduras and Jamaica.

The region is slowly transforming itself being able to identify the potential of women as a source of income and growth for their economies. With more countries investing in skills and training, improving property rights, technology and social services, we see an overall need to improve access to finance as well as the overall macroeconomic situation of specific countries. A more efficient tax collection system could improve the Government access to income to be spent in education, social services, technology or better networks to support the country entrepreneurial net. Aside of support to start a business, women entrepreneurs need serious funding capital (aside from micro financing) to be able to maintain their company in the long term, grow their business, compete globally and create jobs.

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3

FEMALE ENTREPRENEURS, TIME, FAMILY AND INFORMAL ECONOMY

INTRODUCTION

Equal access to employment and entrepreneurship for all women and men who are available for work is beneficial for economic growth, poverty reduction, and social progress. In many cases, a woman's decision to start a business comes from her family environment, or else affects this setting significantly. Many women startup companies because of economic or personal needs, as entrepreneurship allows them to have access to and manage their own income, producing both direct and indirect socio-economic benefits for themselves and for their households. This happens as well when women simply decide to join the labor market, but in the case of starting companies, the effects and situations are more extreme. The presence of additional income in the household produces new family dynamics that can include improvements to women's personal well-being as well as their empowerment in family and household decision-making. Later on, female entrepreneurship can also lead to better health and nutrition for the whole family, increased school attendance of children (especially for girls) and better management of fertility.

As women are generally in charge the majority of household duties, the decision to start a business affects their time allocation among different activities within the family. Sometimes, then, entrepreneurship comes as a solution to discrimination.

BOX 1

WORKERS WITH FAMILY RESPONSIBILITIES CONVENTION, 1981 (NO. 156)

With the aim of creating effective equality of opportunity and treatment for men and women workers, the convention requires ratifying states to make it a goal of national policy to enable persons with family responsibilities who are engaged, or wish to engage, in employment to exercise their right to do so without being subject to discrimination and, to the extent possible, without conflict between their employment and family responsibilities. The convention also requires governments to take account of the needs of workers with family responsibilities in community planning, and to develop or promote community services, public or private, such as childcare and family services and facilities.

(see ILO website: *http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C156* [accessed on 6 July 2014])

FAMILY PRODUCTION THEORY AND FEMALE ENTREPRENEURS

Women's entering the labor force as entrepreneurs not only changes the overall amount of income for the family, but can also change many of the power dynamics within the family as well as family members' time allocation on different tasks. Neoclassical economic theories such as the household production theory (Becker, 1965; Lancaster, 1966) show how that time rather than income is the principal scarce resource for production. In households, time as well as with the traditional productive factors are combined to obtain a final good. If we also take in consideration that time is the only factor that is limited (24 hours every day) and it is non-reproducible, it becomes one of the major constraints for production.

Gurley-Calvez, Biehl and Harper (2009) examined the time allocation of American families during the period 2003-2006 using the American Time-Use Survey and found differences in time-use patterns between genders that span across employment type. They also investigated whether these differences were consistent with the hypothesis that women select self-employment for family and life-style reasons. The study concludes that self-employed women spend the least amount of time on remunerated work activities and the most time on child-care activities, especially when they are married, while the opposite happens with males. This shows that these women are looking for the flexibility needed in order to take care of their children, and that they have their husbands supporting them financially.

> «Different constraints are decisive for different situations, but the most fundamental constraint is limited time. Economic and medical progress have greatly increased length of life, but not the physical flow of time itself, which always restricts everyone to 24 hours per day. So while goods and services have expanded enormously in rich countries, the total time available to consume has not».
>
> Gary S. BECKER (1992)

Research in time allocation has not paid much attention to self-employment, even though this type of employment usually requires larger time investments and greater flexibility of working hours than with salaried employment. For both cultural and societal reasons, women are more likely to combine work and household responsibilities.

Work and life balance has been traditionally treated as a feminine domain, and more importantly as a zero sum situation. As a result the perception was that female entrepreneurs were able to devote less time to their ventures because they devoted a lot of time to their families and homes —role theory perspective— (KATZ & KAHN, 1978).

However, this segmentation of work and family is not that clear and the boundaries between these two scenes are blurring. BRUSH (1990) proposed that female entrepreneurs have an «integrated perspective». The idea is that most female entrepreneurs do not see their personal lives as separated from their professional lives, and they try to combine business with home life, including caretaking or any other family or personal duty. If we consider that the idea of becoming an entrepreneur comes from the need to combine these responsibilities, then the barriers between activities blur. This implies the many entrepreneurial decisions by women are influenced by family variables. By increasing both the total household income and the share of income that women have control over, supporting women's businesses could thus lead to greater and more immediate household benefits.

The decision to start up a business, as we have mentioned, often comes from the need to have a more convenient work life balance (COLLINS-DODD *et al.,* 2004; PARASURAMAN & SIMMERS, 2001). Further, access to resources on the family level will determine women's capacities to start their own companies. Time-saving household services would help in this regard. This includes household devices, such as washing machines, but also childcare or maternity leave policies (KYLER *et al.,* 2012).

However, family restrictions can also affect female businesses during the growing phase. One of the most important concerns is that many of these women do not want their companies to grow. Even when women do aspire toward growth, it is very difficult for them to accomplish it, as they do not have the time or the resources, especially during certain family life cycle stages (Davis & Shaver, 2012). Studies show that, the greater amount of time that women spend on household- and family-related tasks in comparison to male entrepreneurs' compromises the future growth of their companies (Jurik, 1998; Loscocco & Leicht, 1993). Fafchamps *et al.* (2011) found that in Ghana, women tend to spend cash grants mostly on household expenditure and transfers to non-household members rather than investing it in their businesses.

Empowering women through education could eventually lead to changes in family structure. Changes in education levels for women have already taken place, due to the evolving needs of labor markets in most countries and the efforts of multilateral organizations and NGOs. According to the human capital theory by Gary Becker, education (human capital) for females leads to a greater competitive advantage for them to work outside home. If we think about families in terms of relative competitive advantage, the higher the level of education, the more efficient it would be for a woman to work as opposed to devoting her time to household duties.

There are some other dynamics within the family that could position women in a more favorable place to engage in entrepreneurship. One of the main reasons is that due to the gender salary gap, women make less money than men working in a similar position. Because of this, women remain secondary income sources, reducing the pressure on them to work. This lower pressure can be an incentive for a woman to start her own business, since her family does not depend economically on her. However, this status as a secondary earner can also be a problem for women-owned businesses, as women might not feel as much pressure to make their companies more profitable.

Since women are not usually the main sources of income, Still and Timms (2000) propose that they might engage in riskier ventures in order to have more flexible schedules that better balance work and family time. The dissatisfaction that working mothers have with traditional work environments is pushing them to look for alternative ways of living and working, with self-employment often being a good fit (Burnett, 1993). Orhan and Scott (2001) propose a constructivism framework with psychological underpinnings in order to understand female entrepreneurship. According to their theory, female entrepreneurs are looking for more choices in their lives, including the combination of working and taking care of their families.

When women are main breadwinners or there is a real need for complementing their partner's income to cover the family needs, they face more pressure. Even in these situations, though, entrepreneurship is often a solution to the gender salary gaps and high rates of unemployment that usually affect more women than to men. Further, even when women work out of necessity, the need to effectively combine work and family life still pushes women to create their own companies.

Women with children are the demographic group that is universally most likely to live in poverty, and this poverty is transmitted across generations. Entrepreneurship, as a means of empowering women, is considered an efficient way of pushing women and their families out of poverty, increasing not only overall family income but also changing patterns within the household such as the amount of time devoted to household duties or self-esteem and respect. However, due to the high amount of time that women devote to household duties and care, the time they can allocate for work is limited, and thus so is the money they earn from their enterprises.

On the bright side, when women startup businesses for family-related reasons, one of the most important side effects is their increased interest and ultimate investment in their children's education, which is especially important in the case of girls. In general, women tend to allocate more resources to their families, and in particular to their children, than men do (Pit & Khander, 1998; Kennedy & Peter, 1992).

ADAPTIVE PREFERENCES AND CAPABILITIES: MARTHA C. NUSSBAUM

Martha Nussbaum and Amartya Sen (1993) offer a very interesting way of understanding the gender gap and potential solutions to it. The concept of adaptive preferences illustrates how people adapt their expectations and self-evaluations in the face of unfavorable initial circumstances, causing them to accept unjust arrangements. In order to provide a solution to this, Sen and Nussbaum propose viewing the problem from the capability approach.

According to Nussbaum (2011), «women's lives reflect a striving after many different elements of well-being, including health, education, mobility, political participation, and others. Women's current preferences often show distortions that are the result of unjust background conditions.

And agency and freedom are particularly important goals for women, who have so often been treated as passive dependents». Thus, Nussbaum continues, «women frequently exhibit "adaptive preferences" preferences that have adjusted to their second-class status. [...] This is a central issue for gender justice, because most of the caregiving for such dependents is done by women, often without any public recognition that it is work. The time spent on this caregiving disables women from many other functions of life, even when a society has in other respects opened those functions to them».

> «The most blatant forms of inequalities and exploitations survive in the world through making allies out of the deprived and the exploited. The undergo learns to bear with the burden so well that he or she overlooks the burden itself. Discontent is replaced by acceptance, hopeless rebellion by conformist quiet, and —most relevantly in the present context— suffering and anger by cheerful endurance. As people learn to survive to adjust to the existing horrors by sheer necessity of uneventful survival, the horrors look less terrible in the metric of utilities».
>
> (Sen, 1984: 309)

The capability approach entails two core claims: first, that freedom to achieve well-being is of primary moral importance, and second that this freedom is to be understood in terms of people's capabilities and their real opportunities. The UN provides in this line in the Human Development Indicators (UN, 2014) [1], showing capabilities, so as to include the «human development approach».

In many cases, adaptive preferences can be a reason for household division of labour decisions: women or mothers' career choices came from a preference position that was tailored to the realities of their family life, structure, places, culture and other institutional or societal pressures.

BECOMING AN ENTREPRENEUR: LOOKING FOR FLEXIBILITY OR WORK-LIFE BALANCE

The idea that women more often become self-employed to achieve a better and more equal balance between work and family, whereas men tend to seek financial advancement, has already been analyzed in previous research (Brush, 1992). In addition, studies have sought to find

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[1] *http://hdr.undp.org/en/data.*

differences in career achievements and life motivations between women entrepreneurs and non-entrepreneurs and to compare them with those of men (DeMartino *et al.,* 2006; Orhan & Scott, 2001). A number of these studies identify two main motivations for women to undertake entrepreneurial activity: career achievement and life-family reasons.

«Mumpreneurship» (Ekinsmyth, 2013a; 2013b), or the practice of women using their family environments to start businesses, sharing time and place with family duties, is a very interesting phenomenon in this field. In addition to taking on the main career role in the household, these women manage to build businesses around their family role.

FEMALE ENTREPRENEURS AND FAMILY BUSINESS

Living and/or growing up in an entrepreneurial family can affect children's future decisions to start up a business. According to the «Kitchen Table Effect», living in an entrepreneurial environment and seeing their parents, partners or relatives talking about the insides of companies provides second-generation females with early life experiences in entrepreneurship, making them much more likely to start their own companies. This is due not only to the knowledge they can get from their family environments, but also to the fact that they gain many connections and incorporate a more risky way of working and alternative divisions of labor.

These women can either inherit a company or build up one from scratch. In the UK, for instance, in 2011 family firms had a greater total percentage of women directors (44%) than non-family firms (32%). As there is a correlation between holding a leadership position and becoming an entrepreneur, women's presence in top positions in family businesses can also serve as an important factor promoting female entrepreneurship. (Institute for family business in the UK).

WOMEN AND INFORMAL ECONOMY

Similar development process brings up and down the number of women into the labor market is affecting the process by which these female get to a job. Informal jobs and the informal market tend to affect women stronger by almost the same reasons that development helps women joining the labor force.

The definition of employment in the informal sector by the International Labor Organization is «...employment that includes all jobs in informal sector enterprises or all persons who, during a given reference period, were employed in at last one informal sector enterprise, irrespective of their status in employment and whether it was their main or secondary job» (HUSSMANSS, 2004)[2]. An informal enterprise is any unit engaged in production owned by an individual or a household not legally constituted as a separate entity in which some of the good or services produced are meant to be sold. As per ILO, there are three types of production units: formal sector enterprises, informal sector enterprises and households, this last one with production of goods exclusively for the family own final use.

Who is employed in the informal sector?[3]:

— Self-employed workers, employers and employees in informal enterprises;
— Family workers in informal (family) enterprises;
— Members of informal producers' cooperatives.

Persons in informal employment in the formal sector, specifically:

— Employees in formal enterprises not paying taxes and not covered by social protection through their work;
— Paid domestic workers, not paying taxes and not covered by social protection through their work; and
— Family workers working informally in formal enterprises.

Definitions around the Informal economy

«The term *"informal economy"* refers to all economic activities by workers and economic units that are —in law or in practice— not covered or insufficiently covered by formal arrangements. Their activities are not included in the law, which means that they are operating outside the formal reach of the law; or they are not covered in practice, which means that —although they are operating within the formal reach of the law, the law is not applied or not enforced; or the law discourages compliance because it is inappropriate, burdensome, or imposes excessive costs».

A *job is informal* when it lacks basic social or legal protections or employment benefits and may be found in the formal sector, informal sector or households. Persons in informal employment include the following types: (i) own-account workers employed in their own informal sector enterprises; (ii) employers employed in their own informal sector enterprises;

[2] *www.ilo.org.*

[3] For the full definition, see ILO, *Report of the Seventeenth International Conference of Labour Statisticians,* Geneva, 24 November - 3 December 2003. See also the explanatory notes to the country-specific tables in annex 2 to this publication. The conceptual change and its implications for survey design are discussed in HUSSMANNS, R., *Measuring the informal economy: From Employment in the Informal Sector to Informal Employment,* Geneva, ILO, 2004.

(iii) contributing family workers, irrespective of whether they work in formal or informal sector enterprises; (iv) members of informal producers' cooperatives; (v) employees holding informal jobs in formal sector enterprises, informal sector enterprises, or as paid domestic workers employed by households; (vi) own-account workers engaged in the production of goods exclusively for own final use by their household, if considered employed given that the production comprises an important contribution to total household consumption employment in the informal sector: total number of persons who in their main job worked in an informal sector enterprise.

The *informal sector* consists of units that are unincorporated (i. e., not constituted as separate legal entities of their owners), produce goods or services for sale or barter, and satisfy a number of criteria, for example, they are unregistered, small, have unregistered employees and/or they do not maintain a complete set of accounts.

An *enterprise is unregistered* when it is not registered under specific forms of national legislation (e. g. factories' or commercial acts, tax or social security laws, professional groups' regulatory acts).

Source: International Labour Organization [4]

The informal sector is agglutinating many female entrepreneurs. These entrepreneurs, both high and low-growth, are disproportionately found in more traditional sectors or sectors associated with their sex roles. That is, women entrepreneurs are more concentrated in sectors such as food and beverages, services, manufacturing and retail, while men tend to focus on less traditional sectors which require more innovation, such as Internet or software development. As per the World Bank, 30% of women work in the informal sector (self-employed in non-agricultural sectors) with this ratio increasing to 63% in Africa. Home-based businesses are more common for women to be able to balance household and childcare responsibilities, mainly women duties. Being this a constraint for growth, less access to financing and information and communications technologies or lack of legal rights, are a few of the burden women face when willing to start a business or expand an existing one.

The informal sector has historically been of great importance only increasing in recent times as substitute of formal employment given the easiness of doing business through informal enterprises. In several African countries the informal sector counts for 30% of the total income and 40% of the urban income; half of non-agricultural employment in Latin American and the Caribbean and nearly half in East Asia and as much as

[4] Statistical update on employment in the informal economy. ILO - Department of Statistics. June 2012.

80% in other parts of Asia and Africa (CHEN, 2001). For countries were estimates exist, the share of the informal sector in non-agricultural GDP accounts from 45% to 60%.

Somehow, we could consider the informal sector as an externality of the economic development process. Economic development theory shows that when a country gets richer and eventually becomes a modern economy, casual jobs as those in the agricultural sector, would be absorbed by formal new industries. The Lewis TURNING point explains that economic development would «in the long-term, generate enough modern jobs to absorb surplus labor from the traditional economy» and eventually when the economies started to grow, wages would rise (LEWIS, 1979). Although this seems rational, the reality was showing persistent unemployment rates, even when countries were growing. Besides, in developing countries especially, employment in the informal sector was growing especially during recessions or crisis. Why informal jobs do pop during this transition phases? During a crisis, workers get fired and firms have to reduce costs. The easiest way to do so is not to pay taxes and offer opportunities out of the system. The worker has no option and prefers this than having nothing, especially if your government has not established any kind of unemployment insurance. Something similar happens with entrepreneurs, and they prefer start up something outside the formal sector, without paying taxes, to keep costs low. If we think on that the pressure over costs that globalization is creating is putting business and workers against the wall of informal situations (RODRIK, 2000). Although sometimes it is not always a problem of reducing costs and this informal enterprises pop up just because the need arises and it is fulfilled promptly by someone, which in some cases, has no idea about how to pay taxes or the processes to register the new company. Informal employment can appear in form of survival activities or as an alternative to an unemployment situation in the formal economy in an economic downturn.

This flexibility to adjust to changes in the economic environment that informal jobs bring can have a double-edged sword. Due to this lack of legal framework, the main characteristic of informal work is vulnerability, as they have no legal protection: no rights, no minimum wage, no health insurance... no collateral and they have no contract, no access to any kind of public benefit and totally open to exploitation. The lack of security is these jobs do not only imply vulnerability, it means lack of access to finance, or to social benefits if they cannot pay them or if they exist.

Women have traditionally had less access to education and so, worse entrance conditions to enter the labor market, putting them, especially in transitional or developing economies into the informal sector more frequently, without counting all the work they might do at home as well. Informal jobs are the agriculture jobs nowadays, those mentioned by GOLDIN to explain the substitution effect in some economies and the U shape of the female labor participation. The promotion of decent work opportunities policies, especially targeted to women, will reduce poverty and income equality and economic sustainability.

Migrants, looking for opportunities in different countries or in urban areas, can be considered as specific types of informal workers, as they are very likely to be in vulnerable situations, ending up in all kinds of informal precarious situations, lacking of security or any kind of social protection.

According to the main findings of the ILO/WIEGO publication on 47 countries, «Women and Men in the Informal Economy 2012: A Statistical Picture»[5]:

— all except two countries, the number of persons employed in the informal sector exceeds those in informal employment outside the informal sector, suggesting that the bulk of informal employment is concentrated in employment in the informal sector among the countries.

— In 30 of the 41 countries for which data disaggregated by sex are available, the share of women in informal employment in non-agricultural activities outnumbered that of men. However, when looking at informal sector employment, the picture is different. The majority of the countries registered higher shares of men in informal sector employment as a share of non-agricultural employment as compared with women.

— When looking at informal employment by sector in the largest developing countries, the share of women in informal employment in manufacturing activities is usually much higher than that of men. For example, in Brazil, 48.6% of women have an informal job in the manufacturing sector, as compared to 31.7% of men. In India, the share of women with an informal job in the manufacturing sector even reaches 94%.

— Cross country data suggest that informal employment is paired with low income per capita and high poverty rates. There are many possible interpretations. People in extreme poverty may have no other option than informal employment. Also, they may not be aware of their rights to certain legal and social protections and worker benefits, or how to access such protections and benefits, when these actually exist in their respective countries.

And in the informal economy, we cannot forget that women contribute to economic welfare through large amounts of unpaid work, such as caring

[5] *http://laborsta.ilo.org/applv8/data/INFORMAL_ECONOMY/2012-06-Statistical%20update%20-%20v2.pdf.*

of children or other relatives or household chores, which usually remains unaccounted for in GDP. This time devoted to these activities constrains women to fully participate in the labor force (NUSSBAUM, 2012). On average, women spend twice as much time on household work as men and four times as much time on childcare (DUFLO, 2011), freeing up time for male household members to participate in the formal labor force and compromising their time (HOTEIR *et al.,* 2012). As a result, the gender difference in total working time—the sum of paid and unpaid work, including travel time —is close to zero in many countries (OECD, 2012). And this gender based division between market and household work, in combination with women's lower earnings, reinforces established gender dynamics at the household level (CHEN *et al.,* 2006), named investing more on men than on women. Adding to the difficulty of managing an informal enterprise while being in charge of household and caring duties is the lack of support and access to resources to continue growing the business in the long run.

If GDP could include informal work by women, their contribution would be very valuable. The reason is that although women are usually getting lower payments than men, they traditionally engage in many informal activities, even if they work in the formal labor market, and they do them simultaneously in many cases (CARR *et al.,* 2000). Actually in the case of women, the differentiation between formal and informal becomes very difficult sometimes. For this reason, the International Labor Organization considers the situation of informal-formal as a «continuum in which greater degrees of formality tend to indicate more effective regulation and greater access to rights, social protection and collective bargaining power» (CHANT & PEDWELL, 2008), and prefers to focus on «decent work» more than on formal work. Decent work is considered as that which «involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men» (ILO, formal work definition).

BOX 2

NEED OF INTERSECTIONALITY

[...] the need to develop and apply a more «intersectional» approach to gender analysis, which pays careful attention to the differences and relationships between women (as well as women and men and men and men) within particular social and geo-political contexts. Highlighting the impossibility of extracting one dimension of social differentiation (i.e. gender) from its constitutive relationship with other axes (i.e. «race», class, sexuality, nation), feminist approaches to intersectionality emphasize the need to conduct multi-axial analysis through a gender lens. As Avtar BRAH (1996: 19) argues, «structures of class, racism, gender and sexuality cannot be treated as «independent variables» because the oppression of each is described in the other —is constituted by and is constitutive of the other». In BRAH's view, «it is imperative that we do not compartmentalize oppressions, but instead formulate strategies for challenging all oppressions on the basis of an understanding of how they interconnect and articulate»

(*ibid.:* 12.; see also BRAH and PHOENIX, 2004; CRENSHAW, 1989, 1991; MCCALL, 2005).

TABLE 1

WHY WOMEN ARE MORE PRESENT IN THE INFORMAL ECONOMY?

Societal norms that constraint women	• Limited mobility from home. • Limited access to education or financial literacy. • Limited interaction with people outside their families.
Disadvantages of women	• Lower access to education - general, financial or business related. • Less confidence. • Less experience in business. • Limited (or lack of) ownership of land or other assets. • Lower productivity due to the lack of social assistance (health) or childcare.
Factors that make the informal economy more attractive	• High cost of firm creation. • Limited knowledge of government regulations. • Problems with bureaucracy. • Lack of flexibility of the formal market to combine work with familiy duties.

WOMEN INFORMAL ENTREPRENEURS: WHO ARE THEY? WHAT DO THEY DO? WHY ARE THEY IMPORTANT?

The informal economy exists in all labor markets, in richer and poorer countries, but it cannot be denied that the presence of informality is higher in low income countries. In some countries, informality is the biggest source of employment for women. *In some countries in sub-Saharan Africa, virtually all of the female non-agricultural labor force is in the* *informal sector: for example, the informal sector accounts for over 95 percent of women workers outside agriculture in Benin, Chad, and Mali. In India and in Indonesia, the informal sector accounts for nine out of every ten women working outside agriculture.* These women having proper jobs in the informal sector are usually account traders and producers, related with food, or they are subcontracted in other firms without contracts, as a result, even if they are entrepreneurs, as they have lower incomes than in the formal sector, they rarely create any employment (Carr *et al.,* 2000). As in the case of women, their businesses are smaller, and more related to extractive agriculture items, they make less money than their male peers.

Even in developed countries, the actual trend towards and for flexibilization and the search of women for combining easily work and family has moved many of them into the informal market. This is again creating more pressure for women to be responsible for domestic activities as she is the one willing to be more flexible with part time and temporary jobs. In this situation, employers offer workers jobs do not covered by contracts or social security, «informalizing» their labor situation. This is even more prevalent under economic downturns, when unemployment grows, affecting women the most. In this situation, the informal sector absorbers former formal workers, or new entrants, willing to give up their rights in exchange of any kind of income. But this is not straight forward, as if the crisis continues, informal sector's employment suffers as much as the formal sector, and the pressure for lowering costs can even move this informal jobs to other countries or other segments of the population, as migrants for instance.

The problem with informality is not the legal failure itself, it is that these workers as they are outsiders[6], they cannot benefit of many rights. The International Labor Organization has been in charge of analyzing and providing potential solutions for informal unemployment and in this process, it has acknowledge the importance of the informal sector in creating and providing opportunities for women, more flexible in some sense, and that even though lower paid, are giving these women the chance of combining productive and household work (Carr and Chen, 2002). This has been one on one side, as it has created new opportunities for them, but on the other side, it has «feminized» informal labour, and pushes even more women to be in charge of all unpaid domestic chores (Chen *et al.,* 2006; Chant, 2007; Kabeer, 2012). As these women lack of legal

[6] The 90th session of the International Labour Conference (ILC) in 2002 led to a Resolution concerning decent work and the informal economy. Defining «informal employment» as all kinds of employment that lacks legal or social protection, whether in informal enterprises, formal enterprises or households.

rights, they can be considered as self-employed, both if they are working in a factory and selling on the streets. At the end of the day, they depend on themselves.

As it can be guessed in this scenario, this type of entrepreneurs usually work in micro-enterprises. FERNÁNDEZ-PACHECO (2003) proposes that women, at least in Latin America, are concentrated in the informal sector as they are working at home and to sustain their homes —subsistence informality—, as salary workers —subordinated informality— or in small scale firms with few employees —maximum five—.

The majority of women in the informal sector are home-based workers, street vendors, especially selling fresh and cooked food, working in light manufacturing (textiles, garments, and craft manufacturing), or food and beverage processing. «Home-based workers» are those who work with their homes —dependent subcontract workers, independent own account producers, and unpaid workers in family businesses— whereas «homeworkers» just talks about the first group. More than 85 percent of home-based workers are women all over the world (ALTER CHEN, 2014). Global value chains are also important sources of employment for women, as subcontracted to work in assembly lines, sometimes in factories and in many cases, from home (CARR *et al.*). Street vendors are probably the most visible way of employment for women in the informal market. Women represent more than 50 percent —and up to 90 percent— of informal jobs in trade, except in countries (such as Tunisia and India) where social norms restrict women's mobility outside the home.

Their homes have become naturally good operations centers for these women. As this is the best way to combine household duties with any kind of productive work. Even in countries where women are treated as unpaid contributing family workers and in some cases treated as commodities. The difficulties of having access to child care increases female informal workers' work limits[7].

Global value chain is a phenomena coming out of globalization, where producers try to minimize their costs, pushing and pressing the next one in the chain, therefore risking it down to the lowest element of the chain. Garment industries or agriculture are the key sectors. Garment sector has a high concentration of women, many home-based workers and migrant workers as well. And globalization and liberalization of trade have been

[7] Child care directly affects women's work productivity. If the governments are not providing formal child care, the only option to get care for these children while the mother is at work is by extended family or neighbors, and bringing their children to workplaces, which can be dangerous or not accepted.

and still are fierce in this process, as they allow moving productions from country to country in a blink, increasing the pressure on these workers, pushing them again to be cheaper working in the informal market.

Actually, some of the World Bank's and the IMF's policies back in the 1990's were asking to developing countries to have more flexible labor codes, and less government intervention in the economy, and as a result they were more able to compete in global markets, but squeezing wages and reducing social protection, and making these workers many worker to do so under poverty. The ILO calls this phenomena the «social protection deficit» as «especially critical for those in the informal economy, not only because of their job and income insecurity, but also because of the greater likelihood of their being exposed to serious occupational safety and health hazards» (ILO, 2007). In many cases, we are talking about women in very vulnerable situations and in charge of their families, with no access to public health or any kind of social assistance (Molyneux, 2001; Molyneux, 2006; Perrons, 2004). As the private sector is becoming the main provider of health care, insurances or pension, informal workers face extra barriers as it might be the case for them not to qualify for their benefits or simply that they cannot afford them.

WOMEN INFORMAL ENTREPRENEURS: WHY ARE WE CONCERNED? DO THESE WOMEN FACE SPECIAL CONSTRAINTS?

Informal enterprises face many constraints to work efficiently. First of all, their informal condition makes them to have limited access to productive, financial, or educational resources, as well as to innovation or networks, or business infrastructures. Sometimes, as they are not register they might lack of access to basic infrastructure like water, electricity, sanitation or communications. The fact that they are good solutions in the worst macroeconomic situations, penalize both men and women but female suffer the most as they suffer unemployment in a wider extent, especially if they face hostile gender laws or regulations. Although the previous are particularly severe for female informal enterprises, when it comes to female entrepreneurs in the informal sector, they face additional burdens like problems with property rights as in some countries family assets are considered to be male assets, and there is no social —or little— consideration on these jobs, having women still all the responsibility on child rearing and domestic chores.

In developing countries (Marlow, 2014), women's businesses, as we have seen already, are usually younger, smaller and founded with small resources, and they show a high tendency of being in the informal economy. They work at (and from) home and their production use very little resources, either financially or physically —or access to them—. They are entrepreneurs although they are not exploiting opportunities or innovating that much, but trying to get out of poverty or survive. As they are usually low-skilled workers, and they work in very crowded sectors, they make very little money and lack of the resources, networks or social assistance of the formal corporations. Furthermore, these women are very limited in term of mobility as they need to take care of all the household duties and caring activities. In these situations, even if these female entrepreneurs would like to become formal, it would be very difficult for them due to huge bureaucracy burdens, corruption and limited knowledge of government regulations, lack of business training, and lack of time.

TABLE 2

PROS AND CONS OF INFORMAL FEMALE ENTREPRENEURS

+	−
flexibility to combine work with family duties	vulnerability and lack of legal rights
easier and cheaper access	lack of social security, pension or health assistance
home based or home related	lower salaries
feasible alternative to get out of poverty or a solution in economic downturns	lower productivity
no need of specific knowledge to start up due to the «feminization» of entrepreneurship	difficulties to grow (or become formal) and to create more benefits
allows more production since household is never counted	lack of optimum access to resources
	«Invisible» (and unaccounted) work
	pushes into the feminization of the sector

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4

FINANCE AND FEMALE ENTREPRENEURS

WHY IS GENDER IMPORTANT? DO WOMEN ENTREPRENEURS MATTER?

Female entrepreneurs are top contributors to development and growth (IFC, 2011). As shown in previous research, in the US alone women-owned companies contribute more than $3 trillion and 23 million jobs to the national economy. Data shows than the largest component of future job growth in the US will be generated by women-owned businesses. Developing countries may use this phenomenon as a guide to empower women and promote these positive impacts not only in the lives of women but also in the economies where these women live.

Why is the empowerment of women important? Women-owned firms increase employment, develop the private sector, create wealth and support economic growth. Failing to achieve MDG Target 3 of the promotion of gender equality and empowerment of women could have a negative impact on per capita income with reductions in growth rates by 0.1%-0.3%. Increasing the share of women entrepreneurs reduces inequality between men and women by increasing income generation. One of the key advantages of empowering women to be major catalysts for development is that they reinvest in children's health, nutrition and education, promoting human capital both today and for the next generation, as well as improving the potential for economic growth.

WHY GIVING ACCESS TO FINANCE TO FEMALE ENTREPRENEURS IS SPECIFICALLY IMPORTANT?

There are different arguments to answer this question. First is the social justice argument: increasing women's access to finance is a goal in itself, as women's unequal access shows a clear bias against them. Access to finance is essential to create a virtuous spiral of social, economic and political empowerment and wellbeing (Cheston & Kuhn, 2002). Access to finance might not create automatic changes in gender relations, but it will gradually change the perception of women as dependents. Even though there may not be automatic changes, having women financially empowered helps the family environment as women are more willing than men to share their loans with the rest of household members, benefiting the whole family as well as the women themselves.

Second, economic development and gender equality are positively correlated. The World Economic Forums Index of Economic Participation and Opportunity measures the difference between men and women in a variety of variables such as wage, income, political representation, number of technical workers and labor force participation. Although there is a positive correlation, the relationship is not causal, which means that there are third factors that cause the changes both in gender equality and growth. For example, improving institutions such as rule of law and improving the efficiency of the police and justice system is a contributor to this growth. Another example would be the significant positive effect on children's health and education from women's accessing finance (Pitt *et al.,* 2003; Littlefield *et al.,* 2003).

In the particular case of women, a better justice system contributes to a higher level of protection and the perception that it is easier to use the judicial system, which would increase gender equality and growth at the same time. Third variables such as having quality institutions, education, childcare services, health or safety have a positive effect on growth and development, which also causes higher levels of gender equality and vice versa. The relationship between growth and gender equality goes in both directions and is so sensitive to external variables that it is difficult to analyze the magnitude of this relationship. However, it is a fact that the improvement of specific external variables has a positive and direct impact on growth and on gender equality.

There is growing interest of researchers, politicians and NGOs in women entrepreneurs as a source of income and a solution to eradicating poverty, necessitating a better understanding of the situation that women have when deciding whether to start their own businesses. In order to support women in the creation of new enterprises and in the development and expansion of existing ones, it is important to understand the specific constrains that affect women globally.

According to IFC in 2011, there were around 8 to 10 million women-owned SMEs in emerging markets, which is more than one third of all SMEs in these markets. Yet on average, these companies' growth rate is much lower than men's. Many factors can be part of the problem, especially cultural, institutional and regulatory issues, as well as a lack of education or experience. However, by far the most mentioned problem is the lack of access to finance.

In recent years, a third reason for increasing women's access to finance has emerged as well: the business case. The business case considers women as an unexploited, profitable collective that could massively grow through equal access to financial resources (GEM, 2008). According to this view, the evidence of women having good payback rates in microfinance demonstrates the economic benefit their inclusion would provide (World Bank, 2008). Recent figures tell us how big this phenomena is: women-owned enterprises are around 38% of registered small businesses in USA, a «third of small businesses in China, nearly half of all micro, small and medium enterprises in Kenya, and a third of all enterprises in the 21 Asia Pacific Economic Cooperation countries» (IFC, 2010).

WOMEN-SPECIFIC CONSTRAINTS AND LIMITED OPPORTUNITIES FOR GROWTH

In 1999, the World Bank study «Voices of the Poor» asked 60,000 poor people around the world (60 different countries) how they thought they might escape poverty. Most answers were about income earned through their own business or employment as a tool to exit poverty. Income generation trough employment or managing one's own business is recognized as the means to financial improvement. The problem is how to generate those jobs and facilitate the creation of new businesses in a highly diverse, complex, competitive and profit-driven environment.

Entrepreneurs, regardless of gender, face serious constrains to starting and growing their business that are, on many occasions, enough to prevent their business aspirations. On top of what we may call general constraints, women face more complex situations worldwide, such as being deprived of basic rights such as disposing of their self-generated income or lacking mobility, which complicates their attempts to be financially independent. Women face financial and non-financial constraints, both being highly interconnected in many cases, and traditionally these constraints disproportionately affect women entrepreneurs rather than men. It is essential to create an environment that increases the share of women in small but also larger and growing businesses, and also in more profitable sectors, in order to fully leverage the economic power of women for growth.

Having basic rights such as the right to travel freely within and out of the country, have a passport, open a bank account or sign financial documents without the presence of a male is key to empowering women. Corruption, lack of information of the process to start a business, weak property rights, lack of access to technology, low education, less control over earnings, low intra-household power, limited access to business networks, lack of access to childcare and limited skills and experience are a few of the limitations that women around the globe have to face today (World Bank).

The most important limitations negatively affecting the ability of women to become entrepreneurs in the first place or to grow their existing enterprises, besides the pure access to capital, are very much related to institutional, cultural and infrastructural issues.

Investment climate

Environments with informal businesses, limited transportation infrastructure, weak governance, crime or corruption affect the way women are able to do business. Women deal worse with corruption and red tape, but also they are more vulnerable to abuses while in the informal sector. Technology plays a big role in increasing mobility of women and therefore in accessing mobile finance: mobile phones, ICT and branchless banking help women move forward. For example, in countries with power shortages, companies and financial institutions need to purchase generators, increasing overall costs and forcing them to locate themselves in remote areas.

Infrastructures

All sorts of infrastructure problems affect investment both for men and women, but as mobility is reduced for women due to family obligations, the situation becomes even harder for females. Infrastructure helps female entrepreneurs in two ways: increasing their access to financial resources and allowing them to travel farther and obtain additional income, being able to reach more and better resources and a larger pool of customers. The ability to reach institutions, including financial institutions, is a constraint on women's abilities to access financial services, which includes applying for loans and having a savings account. Women are more limited than men since they cannot leave the household unattended for various days to go to the bank. If they do reach the bank, studies say that the level of intimidation women experience is quite high, as ninety percent of the employees are male. Illiteracy adds to the complex situation these women face, as many cannot read or understand banking documentation.

Legal capacity & Property rights

Gender-based discrimination permeates through society, and it is sometimes reflected in laws, policies, and practices of institutions. According to the Women, Business and the Law Report by the World Bank, almost 90 out of the 143 economies in 2014 have at least one legal difference between men and women, in all cases restricting women's economic opportunities. For instance, to mention some of the most extreme situations, women are forbidden from opening a bank account in the Democratic Republic of Congo and in Niger, and the Democratic Republic of Congo and Pakistan do not allow women to register their own businesses.

Further, women's usage and control of property remains limited, especially for married women. Property rights and land ownership and access provide and reinforce income and female empowerment. Moreover, ownership, especially of land, creates the possibility of using property as collateral. However, this option is often unavailable to women. The 2011 GPFI & IFC report confirms that property rights are powerful limitations for women; in Africa and the Pacific customary law holds formal weight, which may private women from keeping land that they previously owned (IFC, 2011). As we will see under financial limitations, lack of collateral is one of the main reasons discouraging women from approaching banks.

In some countries, women are not allowed to interact with government bodies or run official transactions, preventing them from accessing to any kind of bureaucracy to open or run their companies, and forcing them in many cases to remain in the informal market. «In 29 economies husbands are the legally designated heads of households. That means that husbands control key decisions such as choosing the family residence or obtaining official documents» [1]. In many other cases, women cannot have their own passport and in some others they are not allowed to travel outside their

[1] Benin, Burundi, Cameroon, Chad, Chile Congo, Dem. Rep. Congo, Rep. Gabon, Guinea, Honduras, Indonesia, Iran Islamic Rep., Jordan, Madagascar, Mali, Mauritania, Morocco, Nicara-

country or their home. These restrictions affect not only the likelihood of having their own enterprise, but also of finding investors or any other financial support.

Bureaucracy and regulation

Paperwork and different administrative processes discourage both men and women's willingness to start a new venture. However, women feel more threatened due to having less business experience and skills while dealing with institutions and managing bureaucracy. Women are less exposed to bureaucracy and business matters, and have less information on business processes than their male peers, not to mention that more women are illiterate and so do not know how to process paperwork.

When the regulation is easy and transparent, it is easier to operate within the law, helping women to feel more protected and benefit from the opportunities and protection the law provides. The World Bank «Doing Business» report measures the easiness of doing business in 189 countries around the globe according to ten macro and micro variables. These variables are of major importance for facilitating the creation of new enterprises, and include the easiness of starting a business, dealing with construction permits, having electricity and registering property, getting credit, paying taxes, trading among borders, enforcing contracts and resolving insolvency. New Zealand is the easiest country to start a business in, and ranks only 45/189 in getting electricity, which shows that even the best has room for improvement. Not surprisingly, the bottom of the list is made of developing countries where most of even the basic variables are still unavailable.

Technology and automatization of processes in some countries help females more than their male counterparts, as they reduce the perception of risk and by limit interaction with civil servants, reducing corruption as well as the expectation of it.

The formalities required to obtain a business license may be a hindrance in many countries. In Samoa, obtaining a business license involves paying $90 and submitting information about the enterprise including a linkage to the taxation system, which acts as a cleat disincentive towards registration (even so, 40% of micro-businesses are owned by women). Women mostly lack time and don't want to spend time and money in official settings, bureaucracy and business administration matters. They are also less

gua, Niger, Oman, Philippines, Rwanda, Saudi Arabia, Senegal, Sudan, Togo, Tunisia, United Arab Emirates, Yemen, Rep.

informed than their male counterparts, making them more vulnerable to paying fees and taking longer to manage the same administrative tasks, especially in developing countries. The formal sector spends more time dealing with administrative bodies and officials. In Cameroon more than 35% of firms owned by men are registered compared to 16% of women-owned businesses. This pattern is seen in many other countries as well, such as Ghana with 22% of male-owned enterprises registered versus 14% of female-owned businesses. This has a large impact on financing since informal economies don't keep good records and can't typically access finance through banks. Thus, they are limited to NGOs, which lend only small amounts at first.

Cultural practices

Custom and habits are dangerous routines for women who continue being the main providers of household duties and childcare, which results in their having less time available for other tasks. These restrictions may disincentivize businesses growth and thus women's abilities to access financial services. There is no formal evidence, but anecdotal evidence suggests that women «have been socialized into bearing the highest share of the workload». Social norms define the activities women can engage in, imposing restrictions on mobility (IFC). The gender division of labor and their intra-house low bargaining positions make women have less control over earnings, even of those generated themselves. In Malawi, 34% of women report not being involved in the decisions of how to spend their income, and the same occurs in the Democratic Republic of Congo and India with 28% and 18% of women respectively, preventing them from having any financial experience or skills.

Additionally, the fact that women have less available time for projects or ideas outside the household affects the market and sector of choice, the activity level and the allocation of the enterprise. Data shows that differences in income between men and women are larger if children under 12 are in the household. The relationship between having children and being less profitable is direct with reductions of 30% to 40% in size and profit for those enterprises managed by women with children that need care of a parent.

It is a fact that household obligations may restrict mobility, location, size, choice of sector and eventually, access to financial resources to start up or to grow; in Tanzania, a study showed that reducing the time burden could increase cash income for small-scale coffee and banana growers by 10%, labor productivity 15% and capital productivity by 44%. With better time allocation, benefits such as the ability to capitalize on inputs like business training may become a reality for women. The need for flexibility and the fact that family priorities rank higher force many of these enterprises to remain in the informal economy, which limits their profitability and access to finance. Lastly, women with heavy social burdens are limited in their networking capacities, not having access to other women entrepreneurs, business groups or social circles that create role models.

The fact that most of these businesses operate in informal economies[2] affects income and size mostly for women enterprises. According to IFC, in 2014, the share of women business owners is 50% higher in the informal sector. The informal sector in developing countries involves around 40 to 50% of these countries' official GDPs (Schneider *et al.,* 2010) and can hold around 60% of the labor force outside of agricultural activities (ILO, 2012). As expected, informal enterprises usually avoid using formal financial instruments and the finance their operations through alternative sources (internal funds, moneylenders, family and friends, etc.). Between formal and informal small-sized firms, the former shows a higher use of bank accounts and loans (*Farazi,* 2014).

Savings and reinvestment patterns

Women reinvest a smaller portion of their profits compared to men, which limits their opportunities to expand. The reason is that most income is reinvested in their children or in family expenses, which trades off with opportunities to grow the enterprise. In many cases, as women face biased access to health, education or public services, they are forced to to cover themselves and instead use the earnings from their businesses (Narain, 2009).

Fafchamps, McKenzie and Woodruff (2011) provided grants and in-kind grants to male and female entrepreneurs. These grants had a small but positive impact on male-owned enterprises but didn't seem to have any impact on female-owned companies. Male owners invested the whole grant, while females only invested large grants and on average didn't have any return on these grants. Gine, Mansuri and Picon (2012) tried to encourage men and women to apply for a microcredit by providing a brochure to men and women borrowing groups. Women's behavior replicated their ability to make decisions in their households with low-

[2] Informal economy is defined as collection of firms, workers, and activities that operate outside legal and regulatory frameworks. Soto, H. D. (1989), «The other path», *The Invisible Revolution in the Third World,* New York.

decision makers being less likely to choose the product described in the brochure. In addition, women didn't feel they needed the large grant, mostly choosing the smaller amount.

Women lack access to a safe place to save and enjoy less access to products and services that match their needs such as education, health, insurance, or pensions (Narain, 2009). Women report the benefits of secure savings, even from their husbands taking their money and maintaining the privacy and the balance of their savings accounts. Marital property policies can compromise female savings from their businesses, as in full and partial community regimes, assets are initially legally considered as jointly owned.

Not only is this lack of safety one of the reasons for women's lower savings rates, but it also puts women in a difficult situation by removing the option of using those grants as collateral. MannDEshi Bank, a rural women's cooperative in India, introduced the «smart card» as a safe place to save if women didn't want to take the cash home. This not only allowed higher savings rates, but also made them eligible for larger loans borrowed against savings (Pruitt & Vanegas, 2012).

Lack of human capital

Limited knowledge of financial documentation and government legislation makes women an easy target for manipulation by financial institutions in certain countries. Low levels of literacy and low professional and management skills make female business-owners more vulnerable to signing disadvantaged loan documents.

Although the gender gap has closed in primary school enrolment with success stories in most countries around the globe, the gap persists in other measures such as literacy, management skills and financial literacy (IFC). There are indications that we are moving in the right direction, such as a higher ratio of women enrollments versus men in tertiary education in 92 out of 131 countries published by the tertiary gender enrollment ratio (GER) by UNESCO, or the current highest ratio ever in female applications for MBAs (48% of enrolments are women) as per the QS TopMBA.com applicant survey in 2010. Yet in South and Central Asia and in Sub-Saharan Africa, overall female participation in tertiary education remains low (UNESCO, Global Education Digest 2010: Comparing Education Statistics across the world).

Aside from formal education, men entrepreneurs often have more prior work experience to bring to their business, which leads to higher income and more options to grow the business and obtain financing. Education and work experience impact a worker's choice of activity, and high return activities are more attractive to lenders.

Increased financial literacy is also important in increasing women's access to finance, and in creating awareness of bank products and procedures. Recent research by Cole *et al.* (2009) in Indonesia also shows that financial literacy education substantially increases the demand for banking services among those with low initial levels of financial literacy and low levels of education. While grants and cash might not have an important effect on women, the combination of business training courses and cash grants is proven to have a bigger impact on business profitability in the short term, converging to zero in the second one (Berge *et al.,* 2011).

Financial Barriers

CONVENTION ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN

States Parties shall take all appropriate measures to eliminate discrimination against women in other areas of economic and social life in order to ensure, on a basis of equality of men and women, the same rights, in particular:

(a) The right to family benefits;
(b) The right to bank loans, mortgages and other forms of financial credit;
(c) The right to participate in recreational activities, sports and all aspects of cultural life.

UN General Assembly, 1979.

The average size of women-owned enterprises has been both the cause and the effect of limited finance. On one hand, having limited access to finance is one of the reasons why women-owned businesses appear to be smaller and have less potential for growth. On the other hand, starting small and most of the times with little to no physical assets prevents women from accessing loans, as their businesses are categorized as high risk by financial institutions. Women account for 32%-39% of the very small segment of firms, 30%-36% of small SMEs and 17%-21% of medium sized companies, which shows that a larger percentage of women own small or very small companies. A micro enterprise has 1-4 employees, very small firms may have from 5 to 9 employees and small and medium enterprises have 10-49 and 50-250 employees respectively, as per an IFC McKinsey study in 2011.

There are various reasons why women on average own smaller enterprises. As we have seen in the non-financial limitations, there are different factors that contribute to the fact that women-owned enterprises remain small and have serious trouble growing and expanding. Women's lack of credit and access to financing, together with their lack of management and entrepreneurial skills, is the main reason. The fact that women reinvest most of the company proceeds in their family and condition the location of and time devoted to the company to other factors also contributes to their lower income and growth potential. The consequence is that many banks and financial institutions do not have the necessary guarantees to grant a loan. For example, VERHUEL and THURIK (2001) found that women's businesses remain small because women start small, i. e. with smaller start-up capital. Women have lower access to equity or start up finance (NIETHAMMER *et al.,* 2007) and in many cases they depend on personal savings, family and friends' loans or microloans trough NGOs.

It may be the case as well that fewer women entrepreneurs receive loans because their businesses have a lower demand for credit (HAYNES & HAYNES, 1999). Yet the fact still remains that due to their businesses' smaller sizes and so the smaller size of their loans, these female borrowers are charged relatively higher interest rates. Further, women still receive smaller loans than men because they do not satisfy loan eligibility criteria such as a salaried guarantor or any kind of collateral.

Women are unable to benefit from entrepreneurial support services and struggle to overcome discrimination in business circles. A lack of effective social and political reforms has kept women in a secondary position (KITCHING & WOLDIE, 2004), and customary interpretation of the law also makes political reforms and legislation an ineffective tool to begin within certain regions and countries.

In other cases, female enterprises remain small because women do not want their businesses to grow bigger. Many of these companies are created due to a specific need, combining work and personal life. Growing one's company implies losing control and also complicating a woman's life, making her no longer able to combine work and personal life in a balanced way. This is one of the main reasons why female entrepreneurs might restrict the growth trajectory of their companies.

Further, it is proven that if a bank has low funds to lend due to inflationary pressures, it is the women who are the lowest priority (IFC, 2010). Surveys show that women are less likely to use external finance than men. In addition, the terms of borrowing can be less favorable with higher interest rates, higher collateral requirements and shorter loan lives. Evidence shows that women have low financial market participation and are perceived as bearing higher risk by financial institutions, making it more difficult to access capital.

The need for collateral a major problem since women are denied or limited in their right to own property, buy or inherit assets; many women around the world are not legally entitled to own any asset that could serve as collateral when applying for a loan. A Hallward-Driemeier report from 2011 (World Bank, 2011) explains that if women and men were granted enough funds to start a business, women would open new establishments and invest in more machinery in both the formal and informal sectors. However, even in the event of having more starting income, women would not contemplate changing their line of business or locating the company in a different place. This indicates that most women have their idea and business plan clear and ready to go, and external limitations are as the reasons they do not advance. The Gallup World Poll 2010 (Klapper & Love, 2011) looks at data from Latin America and Sub Saharan Africa and shows significant improvement for women and men accessing financial services in developing countries. Nevertheless, the percentage of men accessing bank loans is larger than women in every single country in Sub-Saharan Africa.

The types of businesses women run affect their ability to access finance, as they are concentrated in less profitable industries (consumer-oriented activities and services in higher income countries where fewer assets are required). The WDR 2012 team, based on an ILO 2010 report of 77 countries, estimates that 52% of women work in communal services, retail, hotels and restaurants and 27% of women work in agriculture, versus 33% and 29% of men respectively. The fact that most women are overrepresented in traditional sectors makes it more difficult for them to access traditional loans due to the lack of assets as well as the fact that sources of funding such as as venture capital are historically are more interested in financing more innovative sectors such as biomedical engineering or technology.

One of the reasons for this horizontal concentration of female businesses in certain industries is that in some countries in in Eastern Europe and Central Asia, there are restrictions in place that prevent women from working in certain jobs. Usually this regulation is meant to protect women in the labor market, particularly their reproductive and physical health, but it has created occupational segregation and is pushing women into low-paying sectors and activities where the competition is also higher. This also has implications for the country as a whole, as the labor market is limited to a smaller number of employers, discouraging women from joining the labor force in the first place or else pushing them into the informal sector, if possible.

Jobs prohibited for women in Russia

Truck driver in agriculture, freight train conductor, deckhand (boatswain, skipper, assistant skipper and sailors of all denominations) on ships of all types of fleets as well as floating docks and cranes for loading grain, cement, coal and other dusty cargo, worker in integrated teams and longshoreman engaged in loading and unloading in ports and harbors, woodworker, installer of antennas at high places, mining rig operator, operator of chemical treatment of wells, lift machinist in oil and gas industry, bulldozer machinist, plumber involving the repair of sewer networks, metal and alloy smelter, driver of loading machine, pipe, furnace and flue cleaner, controller of speed of train wagons.

Source: Women, Business and the Law database.

Female business-owners are also more likely to work in the informal sector and operate home-based businesses. The fact that SMEs' accounting and financial statements are not transparent makes them riskier customers. Informal businesses may lack financial statements and properly maintained books, which ends up being a disadvantage.

Operating in the informal sector serves as a real barrier to accessing finance for female owned companies, making them very difficult to grow. Few women-owned firms have access to formal banks' financing, which are those whose enterprises operate in the formal economy. Banks find it difficult to quantify output for consumer and service-based enterprises where the ownership of assets is limited. Having the right to own property, land or a bank account where savings can be accrued makes one more likely to be able to take out a loan.

If these entrepreneurs cannot offer collateral or a co-signer for the loan, at least, they need to have a diligent credit history. Thus, it is necessary for women to build good credit histories to qualify for larger loans and probably better interest rates. However, many developing countries do not maintain thorough information about credit history, preventing women from accessing many sources of financing. Sometimes, these systems exclude small loans, as they are counted as microcredits. Collecting data on prompt and punctual loan repayments helps women build a reputable credit history and increases their likelihood of accessing credit. Some extra information on repayments might come from alternative financing institutions like retailers and utilities, but those are generally not used to assess borrowers' creditworthiness. One solution could be to create a kind of public registry for credit history. However, there are still countries which do not have such an institution, including the Democratic Republic of Congo, Jamaica, Lesotho, Malawi, Sudan and Tanzania, according to the «Women, Business and the Law Report 2014» by the World Bank (2014).

WHAT ARE FINANCIAL PRODUCTS? ARE THESE PRODUCTS AVAILABLE FOR WOMEN?

A financial product is the way a human being manages her/his money, such as a banking account, insurance, a credit card, or a loan, according to the *Cambridge Dictionary*. According to *The Economist*[3], access to traditional financial services has expanded in the recent years in developing countries; since 2004 the number of ATMs for every 100,000 people has doubled, reaching an average of 22 (compared to 70 in wealthier countries). In less developed countries, mobile banking is preferred over traditional banking services, mostly due to the long distances from the villages to the bank branches. Kenya has 2,381 ATMs but 2/3 of the population uses mobile money (*The Economist*, 2013).

Whether trough bank branches, mobile banking or non-bank financial institutions, female participation in financial markets has increased considerably in most regions of the world. With more access to savings accounts, savings cards, mobile banking and lending services, women have more opportunities to be financially independent trough their own enterprise management.

Women in developed countries have a great degree of participation in the financial industry, and their main impediment to reaching further opportunities is limited access to financing. These women are highly educated and have an array of institutions and social services protecting and supporting their rights (OECD, 2012). In Iceland, for example, for every one woman starting a company by necessity, 18 were motivated by opportunity. On the other hand, in South Africa, this ratio is one to one. 60% of the new entrepreneurs from Nigeria, Senegal and Kenya are considered «necessity entrepreneurs» (GEM Report, 2013).

Having such a differentiated macro environment, we need to look at developing countries from a different perspective. Women that are at

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[3] *http://www.economist.com/news/economic-and-financial-indicators/21586861-financial-services-developing-countries.*

the bottom of the gender equality pyramid live in environments where basic rights are not respected. As we have seen before, disadvantages such as land ownership being constrained by the application of customary law prohibit women from acquiring land without their husbands' authorization. Unfortunately, the answer to the question has to be no, not all women have access to financial products, as they are limited by legal and business environments as well as social, cultural, educational and financial constraints. Policymakers, researchers and both the private and public sectors need to work together to support women's empowerment in financial and non-financial variables. «Providing better finance to non-poor small enterprises has a strong favorable effect on the poor» (BECK *et al.,* 2008).

Access to finance is understood as the possibility to have access to financial products such as deposits, loans, checks, remittances and services as saving instruments, insurances, pensions or equity products, at a reasonable cost via financial regulated agents (banks, FIs, insurance companies, cooperatives or microfinance institutions). The United Nations committee on building an inclusive financial sector recommended that central banks and countries include «universal financial inclusion» in the traditional goals of prudential regulation and safety of depositors' funds and the stability of the financial system in order to promote inclusive economic growth (UN, 2006).

TYPES OF FINANCING: CAPITAL, DEBT OR SOMETHING DIFFERENT?

Firms with higher growth potential have greater access to finance independent of gender. Nevertheless, women are found in small numbers in this category, as most enterprises owned by women are small or very small. Besides the factors mentioned above, human capital is an important factor that entrepreneurs need to demonstrate they have when applying for finance. Human capital is understood not only as formal education but also as having specific business and management skills, as well as the experience and the business network that successful entrepreneurs combine to grow their companies. Gender gaps in education and in previous experience continue to be an issue, allowing for room for improvement through education and training (AHMAD & MUHAMMAD, 2015).

Access to finance is a critical factor at all stages of a business for men and for women. Nevertheless, access to external capital and loans is usually a harder task for women in most societies. Capital is needed not only when starting a business but in order to expand and grow. Internal capital and debt refers to money lent by family members or friends as well as business owners' own savings or credit cards in the name of the entrepreneur, but always coming from outside the scope of a financial institution. Some of these may need to be returned if considered debt, but this is not the case with capital since the investor becomes a partial owner of the business. External capital includes sources of funding that come from an official institution such as a bank (through a loan or a line of credit), an NGO, a venture capital company, a business angel, a new issue of stock (IPO) or a new issue of bonds. There are different and varied ways to obtain financing, although most are not available to small and starting companies.

An IPO process is complex and expensive and companies need to have a track record and a history of financial statements that attest to the business's ability to continue generating cash flows. Investors become shareholders and in order to gain investments, the company needs to have attractive cash flows that guarantee survival and income generation in the long run. The Facebook IPO attracted a considerable amount of investors, and independently of the stock price at the time of the IPO and in later months, the company's shareholders were able to secure new funds to continue expanding. Although new regulation has been brought to the markets, especially in the US (such as the Jobs Act[4]), to allow small companies to enter the IPO market, this sort of financing is very much limited to developed countries and mostly to proven successful companies which excludes a high percentage of women-owned companies even in developed countries. Some developing countries, such as China, are now placing more emphasis on strengthening their financial institutions to be able to issue IPOs, but this continues to be a new issue that is still far from being a regular tool for accessing capital, particularly for the enterprise profile that women entrepreneurs have.

Other sources of acquiring external capital include private investors such as venture capital companies and business angels, a source limited to those sectors that promise innovation, which once again leaves most of women-owned enterprises due to higher female participation rates in more traditional industries. Venture capital and IPOs are limited almost exclusively to developed countries. Another source of external debt could be a bank loan or line of credit, an NGO loan, microcredit through a variety of institutions or the issuing of bonds. The latter requires the company to be in a developed financial market and show sustainability trough the generation of cash flows large enough to be able to fund interest and capital repayments of the debt issued.

[4] Available at: *http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf.*

Leaving aside which sources of finance are better, as this depends on the company and the quality and sophistication of the market, it is a fact that most SMEs do not have access to external sources of financing aside from NGOs, micro financing or bank loans (depending on the amount and length of the loan requested as well as the maintenance of accounting books and financial statements).

While both women and men use more external sources of financing in later stages of the business, to expand rather than to start the operation, women are underrepresented in the usage of external funding, relying more on internal capital and debt. This explains why most businesses owned by women are smaller and have more limitations on their growth. A KFS study showed that women-owned companies started with only 64% of the capital level of businesses owned by men (US Department of Commerce).

According to the US Department of Commerce, there are several reasons why women access less capital in both the startup and growth stages. First, women believe they need less capital to start a business, a false perception that leads their businesses to remain small. Second, they fear not being approved by the bank, which affects their willingness to ask for a loan (Coleman, 2003). This belief may not even be misguided, though, as reality shows that women are indeed more likely to be turned down when applying for a loan.

Being owners of smaller firms with limited revenues and in many cases having lower credit scores makes women unattractive candidates in the current financial system. Lower credit scores say that they may have a limited capacity to make debt repayments. Women tend to be offered less favorable terms on many occasions due to the perceived limitation of their abilities to generate additional revenues, or simply because of their lack of knowledge of financial documentation which leads to inability to negotiate better conditions with bank officers (Farlie & Robb, 2008; Treichel & Scott, 2006). There are studies that show that female business owners face discrimination when operating in national instead of local markets because they are considered riskier than men when both are operating under the same circumstances outside their local area.

In less developed regions, women have less access to financial services such as a savings account. Only 38 out of 141 economies have equal rights for men and women in reference to opening a bank account or owning property that may be used as collateral (IFC, 2014). Also, women face more difficulties in accessing credit despite having higher repayment rates than men (Fischer & Ghatak, 2010).

Women in many countries tend to prefer informal sources such as personal savings and family money due to their lower success rates with financial institutions. In addition, their relative lack of basic entrepreneurial skills leaves them out of sight for venture capitalists or business angels that require at least one shareholder to have the skills to manage a business.

But how do women finance the first stage of the enterprise? According to a 2010 Gallup Poll, most women start their businesses with owner equity (83.7% of women versus 81.1% of men). When accessing loans, 50.8% of women work with internal debt such as credit cards or loans from friends, relatives or other owners compared with 47.7% of men. Women and men rely on family funding for their start-ups with family as well as supporting groups supporting women first endeavors.

Microfinance has been the solution available to offer funding for most women around the world. The number of women making use of microfinance has grown dramatically to nearly 69 million in 2005, an increase of 520% in a six-year period (Daley-Harris & Laegreid, 2006). Nevertheless, microfinance has its limitations and one of them is supporting growing stages or women that need larger loans to launch medium-sized enterprises. Women hit a glass ceiling and are confined to group loans, not being able to transition efficiently to banks and other financial institutions. Small loans tend to be less profitable and as small companies grow, the number of microcredits available would probably lower in favor of larger and profit-targeted loans from financial institutions and banks (Cull *et al.,* 2006).

The natural flow of financing begins with micro financing but fails to reach formal banking institutions where the loan amounts and length to return the loan are more suited to growth projects, ending up instead in service group loans. The short term of the loans don't allow women to make long-term investments or to invest in opportunities for growth. Despite their excellent repayment records, women fail to increase their creditworthiness in order to access loans without joint liability.

Men tend to request more loans than women in the growing stage of their businesses, with 55% of men requesting loans versus 46.7% of women (Coleman & Robb, 2009). The Kauffman Firm Survey (2004-2008) shows that start-ups owned by women are financed with owner equity and owner debt in larger percentages than their male counterparts. When talking about additional funding to support growth, women tend to rely more on external debt than at the start-up stage but continue to use more of their own money to finance growth than men.

It is interesting to see that external equity (funding coming from VC, business angels and other investors) is very limited for men and women with levels of 5% versus 7.3% for women and men respectively for start-ups, and 2.3% for subsequent capital regardless of gender (US Dept. of Commerce). Women's access to finance beyond micro financing is supported by many actors such as IFIs (International Finance Institutions), but these initiatives are usually very small and usually lack proper monitoring and evaluation. As the number of women entrepreneurs grows, there is a need for more sophisticated financial products, which are usually offered by banks or similar financial institutions.

Financial institutions can be more proactive at capturing women entrepreneurs as clients and expanding their female clientele in order to benefit the general population. In many occasions, banks are not aware of the female entrepreneurs' business potential. Extending services to women is profitable and sustainable, according to the Global Banking Alliance, a consortium of financial institutions committed to serving women. A SME Database prepared by a team at the IFC shows that a large proportion of female owners of small enterprises are financially unserved, which the IFC defines as being in need of a loan but unable to obtain one.

The percentage of unserved women business owners reached levels as high as 69% in Sub-Saharan Africa, 61% in East Asia and 37% in South Asia, with Latin America being the region with the least number of women owners of small companies in need of a loan (21%) (Ernst & Young, 2015). As the sizes of these enterprises grow, these figures shrink, with the highest percentage of unserved women located in East Asia at a rate of 40%. For medium enterprises, the percentage of unserved women lowers again with a maximum of 32% in East Asia as well, which shows a direct relationship between the enterprise size and access to finance for most regions. In Latin America, though, the largest percentage of women-owners are found in the underserved category, which shows that women's access to loans is still constrained, with levels close to 50% regardless of business size.

MICROFINANCE

The main objective of microfinance institutions is poverty reduction trough lending of small but numerous loans to potential entrepreneurs in poor regions. Microfinance programs were created as a response to the low-income sector's financial exclusion, including women. Microfinance has been tackling the previously mentioned constraints and dramatically increasing poor women's access to finance.

Microfinance came as the «silver bullet» against poverty decades ago (Kamani, 2011). It has shifted from being only a farmers' issue in 1980s to benefiting people in villages with their non-farm enterprises that may offer a more stable stream of income, as they are less vulnerable to weather or crop prices. Accessing micro-loans has not yet proven to reduce poverty or increase growth in itself, but it has been shown that microfinance expands household ability to manage emergencies and cash flows and to invest in the future. It has a proven ability to reach poor women who are the main beneficiaries of micro financing, even in countries with low gender equality. Low-income women taking out loans to support tiny enterprises are the beneficiaries of micro-loans, and thus the question arises: should micro financing enterprises have a social objective?

The goal of microfinance is twofold: first, it has an important social role in poverty alleviation, and second, it stresses the need for financial inclusion. The dominant narrative was based on loans to capital-constrained micro-entrepreneurs who earned a steep return on marginal capital and thus could repay a relatively high interest rate and re-invest to grow out of poverty (Bauchet & Morduch, 2013). This narrative has been challenged recently by some findings of REs, which seem to paint a more diverse and heterogeneous picture; namely, not every borrower is an entrepreneur, nor do all their economic activities yield high returns. Bauchet *et al.* (2011) summarize these findings, highlighting that microcredit is not transforming informal markets and generating significantly higher incomes on average for enterprises. Others have pointed out the necessity of regulating the industry on three issues: lack of transparency, high interest rates, and abusive loan recovery practices (ILO).

Urban areas are home to the majority of microfinance institutions, which serves as a limitation for rural entrepreneurs. In countries where government loans do not exist, entrepreneurs have to rely on microfinance institutions or on banks with micro financing units (Stevenson & St-Onge, 2005). The average cost per dollar falls as the number of dollars lent increases but economies of scale end at the level of 2000 customers, according to the World Bank. After this mark, the only way to generate income is by making loans to existing customers larger or by increasing the number of products per customer. To this end, there are studies that demonstrate that women are not only more loyal customers, not switching institutions as often as men, but also they tend to buy more products from the same institution being an ideal customer for any financial institution.

Micro loans are offered by profit and not-for-profit entities, with the main difference being their respective abilities to distribute their profits (Glaeser

& Shleifer, 2001). Group lending contracts (solidarity group lending) are the best-known microfinance innovations, but 2/3 of microfinance banks lend through individual methods. In developing countries, microfinance is usually built upon two pillars: female empowerment and group confidence (Adjei, 2010). Loans are given to a community to mitigate the individual risk of borrowing, create social pressure to repay loans and to adapt the financial services to the cultural and local conditions.

The success of microfinance in reducing poverty depends on a combination of factors, but one of the biggest problems is that very poor households are usually excluded from accessing microfinance in the first place, or else drop out at an early stage. After some decades of microfinance experience, it seems that microfinance is neither a necessary nor a sufficient intervention for rapid poverty alleviation. Some of the criticisms of microfinance are:

— The low ceiling is not appropriate for expanding a business and lack of financial options to serve as bridge loans towards conventional banking. The quantities are not enough to support the growing sector and there are no alternatives to pursue profitability and commercial status.

— High transaction costs limit the type of institutions devoted to micro financing. Banks have higher transaction costs and perceive higher risks and thus do not pay much attention to MSE financing.

— The length is several months and is targeted at investment in a business, versus moneylender loans that are for one month or less and for patch covering.

— Micro finance programs are usually given through a credit and savings scheme, and often have savings requirements because borrowers do not have collateral.

— Most women only have access to group lending, where a small group of clients are required to guarantee one another, because they don't comply with the requirements for individual financing. In addition, lack of track records means that women are unable to meet the collateral requirements.

— Funds come from donor agencies or social investors, and not investors seeking a maximum financial return.

— There is lack of information from micro finance institutions to effectively monitor and report lending to women. Valuable information such as loan activity, amounts, terms, collateral, sector of activity and total portfolio is not well-kept.

— There are also legal issues. In countries such as Pakistan, most micro finance institutions require women to obtain permission from their husbands in order to take out loans, or else family and male guarantors are usually required (Razavi, 2012).

Muhammad Yunus and Grameen Bank of Bangladesh won the Nobel Peace Prize in 2006 but since then variations of these social enterprises have developed. By 2000, 95% of Grameen Bank customers were women, but still 40% to 80% of the population in most developing countries lack access to formal sector banking services (Beck *et al.,* 2012).

The Mexican Bank «Compartamos» grew from 60,000 to 800,000 customers in a short period of time. Instead of having its money come from donors as in traditional micro financing, the source of income was an IPO, where outside investors wanted to be part of the enterprise and turn a profit. Critics of the project take issue with the fact that the bank charges disproportionate rates to its clients to yield a profit since it is responsible for offering profitability to its investors (Cull *et al.,* 2010). Should micro financing be only a social business? To attract the money they need, micro lenders should play by the rules of the market (Abrams & Von Stauffenberg, 2007). The reasoning behind this is that expanding access to finance is more important than lowering its price, and in order to be sustainable there is a need to charge higher interest rates (above 100%); by increasing interest rates both the commercial bank and the social purpose are able to benefit.

Regardless of the micro finance model being used and the moral and social consequences behind it, there is no doubt that micro loans have been of considerable help and support for women around the world, especially in poor economies where the alternatives were little or non-existent.

The numbers speak for themselves, with an industry of 18 million active microfinance borrowers (out of which 12 million are women) and a total of $25.3 billion in assets across 346 institutions. Of the 20 largest organizations (concentrating 10 million customers), 3/4 are NGOs or non-bank financial institutions and just 10% are microfinance banks but are very large, accounting for half of the assets (55%). NGOs constitute 45% of the institutions, but claim only 21% of the total assets as their loan amounts are smaller. There are also «self-help groups», which are a variant of micro finance that exist in India and are organized by NGOs (linked to banks).

Most women are served by NGOs, which serve 3/4 of the women using microfinance. NGOs are non-profit and use more subsidies (61% compared to 18% for subsidies used by banks). The success ratio of an NGO is not measured by the amount of loans granted, but by the support its social investors provide. Most of them come from international financial institutions such as the World Bank, IFC or major mutual fund families (TIAA-CREF). The median operational cost for an NGO is 26 cents per dollar of loans outstanding, while this cost is 12 cents for banks. Due to this higher cost, the interest charge to their borrowers is higher, reaching 25% a year as the median rate and 37% at the top quartile.

The World Bank states that women are larger users of loans by non-governmental organizations, with an 85% share of all borrowers; 66% use non-bank financial institutions and only 52% use banks. Thanks to the existence of micro loans, 12 million women have been able to start their own enterprises. Nevertheless, a change of direction is needed to foster growth and development, which is currently limited to the use of credit history to access bridge loans or bank loans that allow higher amounts and longer terms.

Some examples of Gender inclusive finance models

The GBA for Women[5] is an organization of 30 institutions around the world that aims to assist women with wealth creation through innovative solutions to improve access to capital, markets, education and training. Members of the Global Banking Alliance have collected some of their best practices, summarizing a total of 35 successful interventions. Most of the interventions were private with only six being public schemes. In order to make these models adjustable to most countries and their realities, all models need to be scalable, replicable and sustainable, have realistic timeframes for implementation and be suited to the capacity of IFIs. They should be able to maximize the leverage of public interventions and a have a clear and measurable financial access impact on MSMEs.

The summary of best practices is collected in a series of examples from commercial banks, microfinance institutions and government and IFIs. These are a few examples of how the different financial institutions may contribute to improving women's access to finance and to their understanding of financial instruments through training in specific financial skills:

— Commercial Banks targeting women-owned SMEs.

• Developed country banks: *Wells Fargo (USA)* created specific products and solutions to enable US women entrepreneurs. *Westpac in Australia* positioned itself in the late 1990s as the bank of choice for women establishing an investment advisory service unit specializing in investment planning, education, and risk management and business services. It contributed to AUS $2.5 billion of Westpac income in 2009.

[5] Available at: *http://www.gbaforwomen.org/*.

American Express has cards specially designed for women entrepreneurs that not only target daily expenses but also allow them to access information, advice and guidance from other women entrepreneurs. In addition, Amex has a program that supports women reaching a million dollars' worth of sales through the program «count me in, make mine a million».

• Emerging/developing country banks: The same model as in developed countries may be used, but with a focus on reducing the burden of collateral. *DFCU Bank in Uganda* created a program that not only provided loans to women-owned enterprises but also provided training in business management and financial literacy. They created a «land loan» that allowed women to purchase property that they could later use as collateral for a business loan; $20 million has been lent to women entrepreneurs in Uganda thanks to these initiatives.

— Microfinance institutions: these institutions are continuing to support women and assist them with their financial needs for expansion. In Latin America, *Mibanco* has a program called «Crecer mi negocio» that allows women to access funding for equipment instead of only granting small-amount loans. The bank pairs its loans with 150 hours of training for women who qualify for at least $10,000 in credit. The program was developed by Thunderbird University in the US and the University of Peru and is specifically targeted for women.

— Government and DFIs: these institutions also play a role in increasing access to finance for women-owned MSMEs. The initiatives from governments and DFI are implemented through the signature of multilateral and bilateral initiatives with the objective of enhancing participation and a higher involvement of the private sector in financing women.

— Government interventions: In India, the government has developed a 14-point plan to access finance from public banks with the objective of introducing women to formal lending. Another initiative of the Indian government is providing women with lower stamp duties, tax exemptions and easier availability of homes in order to increase the amount of property in the hands of women. The program also benefits men, with lower stamp duties if they have joint ownership of their property.

— DFIS and IFIS interventions: The IFC, the private sector of the World Bank, has provided more than $118 million in credit lines and equity schemes to commercial banks in developing countries with the final objective of supporting women entrepreneurs' financing needs. Another initiative is the guarantee that the African Development Bank and the USAID have signed with financial institutions in Africa to reduce the risk perception of these banks when lending to women.

Some policy implications

With the financial crisis, more sustainable business models are required for financial service providers. Commercial banks that target women entrepreneurs in the SME market have found these programs to be rewarding, as women have high levels of brand loyalty and buy more products from the same institution. Women provide a healthier portfolio of loans, as they have a lower share of non-performing loans and are usually profitable customers. Both the public and the private sectors can create and administer programs specially targeted to support the growth of women entrepreneurs[6].

Loan guarantee programs, a greater variety of financial products and increased access to training, counseling and technical assistance are key to develop a more robust net of financial providers that target women entrepreneurs. The Global Financing Mechanism (GFIM) provides lines of credit to commercial banks, development banks and MFIs to lend to women who want to grow their companies.

Additional measures to improve women's access to financing are:

— Increasing micro loan ceilings.
— Linking MI clients with BDS to enhance skills.
— Allocating a set percentage of micro financing funds for women enterprises (EU micro finance fund, Development Bank of Ethiopia).
— Establishing an MFI dedicated to support women-owned MSEs.
— Publishing a finance guide for women entrepreneurs.
— Implementing Women's Loan Guarantee Programs (AfDB).
— Instituting a government-backed women's credit guarantee program for individuals growing beyond the micro level.
— Developing skills for preparing financial proposals and negotiation with lenders.
— Improving attitudes toward female clients, building the capacity of financial institutions to address the gender gap.
— Using local infrastructure to reach women entrepreneurs.

Banks need to release more funds into small and medium size enterprises and expand their range of products and delivery mechanisms to SMEs and to women in particular if they are to accomplish the millennium goal of expanding access to financial services for the poor, especially women as well as promoting and protecting women's equal access to housing, property and land, including rights to inheritance.

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[6] Available at: *www.gbaforwomen.org*.

BOX 1

ENSURING THE COLLECTION OF GENDER DISAGGREGATED DATA TO PROMOTE FINANCIAL INCLUSION

Ensure data collection is well done by financial institutions to help women build their credit history and support the gathering of financial information since the moment they sign their first micro loan with an NGO or a Bank (World Bank).

Enterprise-survey results show similar access to finance for women-owned and men-owned enterprises in the formal sector; most differences appear when accessing loans.

Policy recommendations apply to developed and developing countries being more focused on the later based on their greater need of change. This includes (GPFI, 2011):

1. Evaluation of demand and supply of credit and the specific needs of each country when accessing finance.
2. Focus on creating the right environment such as providing support with property rights and having the legal capacity to sign contracts in their own name.
3. Support the preparation of a gender specific reports that help financial institutions draw and manage gender specific products including training in the loan application as a condition.
4. Making sure private sector institutions and NGOs provide support for growing business going beyond the start-up stage and offering bridge loans to support women access to larger loans with longer terms.
5. Promote the increase in savings by women in general and work on the bankability of the poorest segments.
6. Limiting and removing discriminatory laws those deprive women of basic rights such as owning property or travelling alone. Facilitating jointly titling of land and other assets as well as equal access to national identity documents and passports.
7. Invest in technology and training that allow more people access accounts through mobile banking to support increasing levels of savings, collateral gathering and more opportunities when asking for a loan.
8. Facilitating procedure, timing and cost of formalizing a business.
9. Set dispute resolution mechanisms to benefit formal agreements signed by women-owned businesses to encourage women to work in the formal economy.

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5

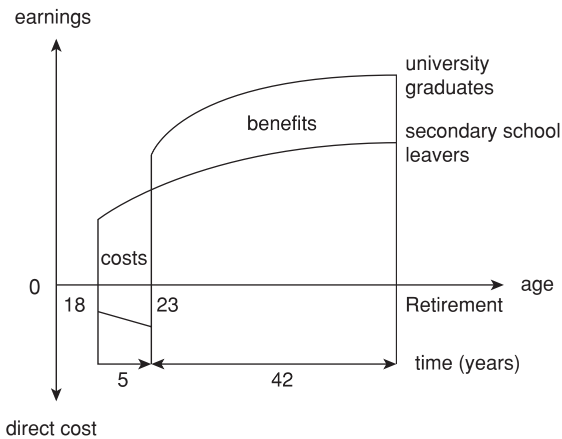
HUMAN CAPITAL AND ACCESS TO INFORMATION: ARE THEY REAL BARRIERS FOR FEMALE ENTREPRENEURS?

GENDER EQUALITY AND EDUCATION

Economic development and gender equality are two sides of the same coin. The idea that economic growth will bring equality among genders takes as to the reverse causal idea, that is, gender equality as an improvement of the economic prosperity of any country. In the increasingly integrated world we live in, gender inequality implies more costs, and at the end of the day, it might affect countries' ability to compete internationally (World Bank, 2011). Inequality affects economic growth as the fact of excluding women from full access to education, labor market and/or other economic opportunities reduces the potential number of workers and their capability, so not only the final production but also the level of productivity. Actually the question should be framed in terms of economic development tool and poverty reduction, as Larry Summers proposed in 1994: «Investment in girls' education may well be the highest-return investment available in the developing world... and the question is not whether countries can afford this investment, but whether countries can afford not to educate more girls». Women are untapped resources in many countries, not only because in many cases they do not join the formal labor force, but also because they usually do not get the same training as men. Investing in female reduces poverty, and creates sustainable economic growth and human development.

The World Bank published a series of reports showing how investments in women strengthen countries' ability to grow, reduce poverty, and govern effectively. Just as a figure, the World Bank Development Report of 2012 indicates that women reinvest around 90 percent of their income in their families, while men reduce this figure to 30-40 percent. What is it paid with this money? Food, healthcare and education.

Besides the obvious numbers, what are the benefits coming together with investing on women education? The Council on Foreign Relations details the benefits of girls' education in the developing world, and defined them as «key to global prosperity and health». First of all, higher education means higher salaries. And this is true for men and women although recent evidence suggests that women receive higher returns to educational investments (PSACHARAPOULOS & PATRINOS, 2004), especially when it comes to secondary or higher education (SCHULTZ, 2002).



Educating women would speed up the process of economic growth by itself, especially in terms of per capita income. In 1999, this relation between secondary education and growth was calculated by the World Bank (DOLLAR & GATTI, 1999): 1% extra women with secondary education implied 0.3% extra per capita growth in the developing world. Furthermore, giving education to women in general is able to break the poverty cycle affecting the size of the family, creating smaller and healthier families and also better educated next generations (FILMER & PRITCHETT, 2001), as these two elements —education and health— become usual investment within these households. Besides, families where the mother holds secondary education, have smaller fertility rates (MCCRARY & ROGER, 2006). There are several reasons for this: the opportunity cost in terms of salaries is higher, this education implies in many cases higher mate's education (Behrman & Rosenzweig, 2006) and it improves knowledge and access to fertility options and health (Grossman, 2012) —especially when it comes to risky behavior and HIV (UNIFEM, 2004)—.

Education has been proven as the best tool to empower women (Sen, 2000). Education gives higher salaries for women, for their households, but also better opportunities and welfare for their offspring. Nobel laureate Amartya Sen when talking about child survival states that «the changing agency of women is one of the major mediators of economic and social change, and its determination as well as consequences closely relate to many of the central features of the development process».

There is evidence that mothers' participation in paid employment is positively associated with daughters' time doing housework (Levine *et al.,* 2009). Empowering women would mean better access to education for themselves and their children as well as better health in their household in the sense that those women would be investing more in their kids than men. However, researches conducted in this field, have not identified a direct univocal relation of this. There seems to be many other factors involved: women with higher education marry more educated and wealthier men and so, they both have better opportunities for their kids; more skilled women means better knowledge of their rights and opportunities as well as more disposable income as households and so, they can use that monetary difference to give a more comfortable life to their children. Bicego and Boerma's (1993) study in 17 developing countries show that there is a consistent relationship between better infant and child health and higher levels of schooling of their mothers. Evidence shows that there is clear link between women's years of schooling and infant mortality as well as women's school attainment and child death rates (Diamond *et al.,* 1999).

Access to primary and secondary education: Children's school attainment is closely correlated with their mother's school attainment staying two/three more years in school if their mothers have secondary schooling. A study in 41 countries (Filmer & Pritchett, 1999) shows that the effect of mothers schooling in their children is stronger than the effect of father schooling, having a positive impact in enrollment in all countries studied. In Mexico, less than 40% of the girls from 12-14 years old attend school due to the overload of household responsibilities with more than 20 hours per week working at home (Jamison *et al.,* 1998). Parents are less interested in investing in girl's education than in boys because the real beneficiaries will be their future husbands and it is perceived as an empty investment. Although the number of children enrolled in primary schools in developing countries has been rising with the number of girls attaining school converging with the number of boys since 1960, there were still 72 Million children not attending school in 2005 being the majority of them girls (UNESCO, 2005). Out of the 41 Million girls not enrolled, 70% come from socially-excluded groups (Lewis & Lockheed, 2006). On the positive side, there has been a considerable decrease in the number of children not attending school from 1999 decreasing from 98 Million to 72 Million in 6 years. These figures show the need of policy to focus not only on girl's education as an engine for growth but a real need to address the special needs that socially excluded groups may have by country.

Education quality: Only secondary schools teach beyond basic literacy and numeracy to face critical thinking. With many children dropping out of secondary and even primary schools, many developing countries potential to increase their national income is limited (World Bank, 2006). Estimates of the population reading and mathematics competency is a valuable source of data to analyze not only the years of schooling but the quality of the skills acquired through primary and secondary education. This assessment is based on the Programme for International Student assessment (PISA). Educated communities usually have nurses and primary schools, two key professions to help women and men find growing employment opportunities. Women opportunities are constrained by a lack of formal education especially in poorer communities such as South Africa. Ecuador and Slovenia are countries in which women have higher education levels than men but participation in the labor force is limited. On the other hand Slovakia, Poland, Taiwan and Spain have higher levels of education for women but lack entrepreneurial capabilities that allow them to apply the knowledge acquired to the business environment. In developed Asia, 90% of the population has earned a secondary education degree but there is gender disparity in college education with fewer women than men educated at this level. In developed and developing Europe women entrepreneurs are 45% more likely to have a college degree if being entrepreneurs, a higher proportion for women than men being women entrepreneur higher educated than female and male non-entrepreneurs. With a direct positive correlation among secondary education and the capacity to start a small business or join the paid workforce, most poor girls don't have access to it. Girls in rural areas have far less access to schooling because of the dangers of walking to and from school every day. Ethnic or racial minorities are usually excluded from social participation including education[1]. Using different languages, historical discrimination (Lewi & Lockheed, 2006), geographic isolation or poor infrastructure are additional reasons why

[1] Dalits in India or indigenous populations in Latin America.

children, especially girls, do not attend school or drop out at an early age to focus on household duties or marry. There is evidence that investing in schooling, especially in secondary schooling improves the life quality of women globally. More productive farming methods, 43% decline in malnutrition (Smith & Haddad, 2000) or a stronger impact on children's education than male schooling are a fact. Higher levels of education not only make women more participate but more receptive to democracy and to having rights. A year of schooling for girls reduces infant mortality from 5% to 10% (Schultz, 1994). There is evidence that when the proportion of women with secondary schooling doubles, the fertility rate is reduced from 5.3 to 3.9 children per woman. Other benefits from quality schooling are better health for children and spouse, an increase in life expectancy, more social cohesion, a reduction of criminal activity and improved contraceptive efficiency reducing the size of families which as mentioned above, is by itself a step ahead towards better health, more disposable income and a better life.

There has been an interesting recent movement in closing gender gaps in education in recent years. In the next maps we can see the development of the ratio of girls over boys with primary and secondary education[2]. This IGP represents the ratio between the female matriculation on primary and secondary education and the male matriculation. Values under 1 mean more men and values over 1 mean more woman. Although in many countries there is still predominance of men over women in education achievement, we can see how the map has become darker (higher female ratio) over the thirty years analyzed. The most interesting thing is that this evolution seems to be accompanied by economic growth and countries in East Asia, Europe and North America show higher female participation in education.

The Millennium Goals for 2015 by the United Nations include to promote gender equality and empower women in its Goal #3 and implicitly states in seven out of the eight major objectives an increase in women education as a source of eradication of extreme poverty and hunger, achievement of universal primary education, reduction of child mortality, improvement of maternal health, combating HIV/AIDS, malaria and other diseases and developing a global partnership for development. The expected outcome for 2015 assumes a certain level of equality achieved and builds on this assumption to claim for reducing the fertility rate, equal and universal access to education and reduction in the level of poverty.

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[2] Catalog Sources World Development Indicators.

FEMALE ENTREPRENEURS AND EDUCATION

The incorporation of women to the labor market increases both human and physical capital as well as the labor force. And this means the incorporation of the new generations and the former ones. Due to the specialization of labor, economies of scale would be much easier achieved if women would be working outside home. This outsourcing from the household production would mean an increase in efficiency as well as a decrease in price/costs and also to the use more effective use of capital. New female generations will be incorporated into the labor market together with so called externalities coming from the incorporation to work of their mothers: higher levels of education that push lower fertility rates, later marriage and pregnancies and effective translations of role models within the labor market. Adding women to the workforce adds velocity to an increase in technology and output which means accelerating the rate of economic growth. To this extent the poverty cycle of many households and countries would be broken and so the convergence among countries would be possibly achieved as SOLOW proposed. The catching up effect could be faster achieved with the incorporation of women to the equation.

The process of how women could efficiently be incorporated into the labor market needs to be understood before moving forward. There are barriers that are holding women to have the same access to health, education, labor markets and political participation in different ranges and in different countries. And in general terms, as women have lower aspirations and/or in many cases, lower wages, there might create a cyclical vicious process: the lack of chances imply less investment in education and/or health by the family, making the girls more vulnerable and making them even less likely to join the labor market.

The impact of occupational segregation on female entrepreneurship

Besides, labor markets tend to be segmented by gender as women and men have the tendency of being distributed in different sectors or even within the same sector, they work in different types of activities. Especially in developing countries, women are engaged in lower paid jobs, predominantly in traditional «female» sectors like health, commerce, and education, and/or are engaged in the informal economy (World Bank, 2010) as a job or as a complementary activity after work. Beside this, we cannot forget that in some countries there are specific gender-related barriers in the access to productive resources, diminishing the chances for these firms to become bigger or more productive, adding less to the overall economy. Furthermore, these activities are organized within the informal sector are no taxed, low regulated, based on low-level technology and small scale. For instance, women usually enter commerce rather than services as the the skills required to start are minimal or relatively easy to achieve.

Gender gaps at the macro level reflect occupational segregation, and this affects not only to the salaries women can get in different industries but also to the chances of developing relevant experience and professional networks. In some sense, this implies that the experience accumulated by women shows lower value than men, giving access to lower salary prospects, and obviously to lower accumulating savings. This without forgetting that women hold the majority of the informal and part-time jobs, and suffer more unemployment than male counterparts influences working patterns and decisions. If as we have seen, personal savings are the most used way of investing in starting up by females, horizontal segregation is actually reducing women's chances of being financially successful and to have their own company.

Experience as education

According to the Human capital theory, more or higher quality human capital allows individuals to achieve higher performance in executing specific task (Becker & Tomes, 1994). Human capital refers to knowledge and skills, as formal education or experience that allow discovering and exploiting opportunities. In some sense, greater human capital provides with more knowledge in identifying opportunities and exploiting them better once discovered. Highly educated individuals have many career options, and self-employment might just be another one.

As many women are becoming entrepreneurs as a way out from the traditional way of joining the labor force as salary workers, unskilled women, with lower opportunities in regular labor markets, have more incentives to start up. On the other hand, those highly educated and skilled women possess the skills to discover and exploit business opportunities, giving them as will the adequate incentives to look for creating and run their own company.

In addition to formal education, women may also have less business and management skills than men (Hisrich & Öztürk, 1999). The reasons behind are twofold; first women are less likely to have had prior work experience to get these skills and second, in many cases they end up in entrepreneurship as a way out, without targeting, although they know it is an important barrier to succeed in their own company (Weeks & Seiler, 2001) and that training sessions would help their businesses grow.

THE ENTREPRENEURIAL MINDSET

The entrepreneurial mindset is related with aspirations, desires, motivations or ambitions, but also the perception of them. For instance, the view of success or failure can determine anyone's behavior when we talk about starting up. If we consider entrepreneurs to be mainly motivated by pull factors, then this mindset is full of increments of productivity, risk taking, success and future profits.

At this point, it is relevant to mention that due to the specifics of women when start their own business, in many cases, due to extreme situations or looking for a more flexible schedule, the definition of success by women might be different than by men. If their ventures are meant to fulfill a change in their personal lives, this achievement is perceived as a success by this female entrepreneur. In the case of male ventures, success is determined almost exclusively by financial benefits, or personal achievements. For women entrepreneurs, success is much more related with their initial objectives and when those are achieved, usually the company does not grow any more. In developing countries, many female entrepreneurs are looking for having some extra money to send their children to the school, when they manage to do it, they do not look for expanding their business. Something very similar happens with those female entrepreneurs looking for having a more balanced work-life situation. Growing in this case would mean losing this balance, and so, they constrict the size of their ventures.

Besides, adaptive expectations, as Sen explained, play a very important role in female entrepreneurs' expectations and mindset. As women have been discriminated for decades, they adapt their hopes to the seen limits, prohibiting them to look further. For instance, in some societies, entrepreneurship is linked with masculine traits, creating a negative vision of female entrepreneurs, limiting the pipeline of new female run businesses.

Family backgrounds are also very important in creating this mindset. Research is linking clearly women entrepreneurs with previous entrepreneurial generations, as their parents or any other close relative, especially mothers. The explanation is clear: these relatives become role models for the future entrepreneur. There is a lack of role models for female entrepreneurs so having one close, increases the likelihood of starting up.

ACCESS TO INFORMATION AND TECHNOLOGY

Time restrictions are important barriers for women combining family and work on the high pressure environment that means having their own company. Technology offers an indispensable tool for female entrepreneurs to multitask and also to reduce time constraints. As many household devices during the 80s and 90s (GERSHUNY & SULLIVAN, 2003) allowed women to devote less time to household duties, internet and other new technologies are making this transition much faster and much more efficient. In general terms, women have been less likely to introduce new *technology* into their lives and businesses than men (SABARWAL & TERRELL, 2008; WEEKS & SEILER, 2001) and so benefiting less from their growth and efficiency. However, high tech solutions related to internet, smart phones and apps, internet or online payments systems, to mention some of them, are making the life of these women much easier. Technology and more specifically Information and communication technologies have a huge potential to create gender neutral sustainable economic development.

Technological change and scientific developments represent the set of entrepreneurial opportunities on which economies depend. Information and communication technologies are changing drastically the way production and information is shared and organized. Technology offers the needed flexibility of time and space, a way out of isolation, access to knowledge and productive resources, and in some cases to a potential network. These make technology as a very valuable resource for female entrepreneurs in developed and developing counties.

Why are women less likely to incorporate technology as core in their businesses? (World Bank).

— Women show differential access to resources, information, and business support being computer or internet illiterate or any other skill to incorporate technology in their businesses.

— Women seem to be selective with technology: They pick and choose those elements of technology that enable the business to follow their purposes but no more.

— Many female led companies are informal. The simple process of incorporating accountability or any other technological process might imply a strong knowledge of the company.

— Female entrepreneurs in general, suffer from lack of technological knowledge or background, making the reluctant as well to incorporate changes in their traditional way of working

— Due to horizontal segregation, less girls and women are trained in science or in any other technological related field. This creates two barriers for women to have presence in these fields. First of all, the lack of role models in the industry, push away newer women to try to enter in the sector. Second, it makes more difficult for women to find opportunities to fulfill as they lack of the adequate training to discover the market gaps.

Women might have less success in entrepreneurship because they are less likely than men to have education and experience in technology (Carter *et al.,* 2003; Hill, *et al.,* 2010).

What are ICTs?

Information and communication technologies (ICTs) are the hardware, software, networks, and media used to collect, store, process, transmit, and present information in the form of voice, data, text, and images. They range from telephone, radio, and television to the Internet. Given the focus on using ICTs to reach women and men equally in developing countries, particularly those in peri-urban and rural areas, this toolkit looks at the full range of ICTs and not only at the more advanced technologies. Decisions about which ICTs are appropriate have gender equality implications.

Source: World Bank.
http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTGENDER/TOOLKIT/0,,contentMDK:20273967~menuPK:542826~pagePK:64168445~piPK:64168309~theSitePK:542820,00.html

NETWORKING

Connections and networking are essential for entrepreneurs; they are the main source of clients but also providers or support groups. However in the case of female, the access and trust in networks is much more reduced than in the case of male. There are several reasons for this; among the most important are time constraints, previous reduced presence of women, and lack of previous networking or limited professional experience. It might seem that networking is only important in developed countries, but in developing countries were informality and corruption are so present, access to key contacts can turn a failure in a total success.

Social networks are structures for individuals to connect to each other that create and facilitate interaction between the individuals and the rest of the network (Larson & Starr, 1993). The function of networks is to provide of information, possibilities and support (Johannissen, 1991; Malecki, 1997). Networks provide information and resources that can be activated via interpersonal interaction. The size of the network, the structure and the position of the individual within it will determine the access to resources, information, support and possibilities. In other cases, the network works as a role model situation for the entrepreneur, allowing the emulation of positive behaviors and actions. Even the network could provide with financial or instrumental resources like experience, know-how, personal support, encouragement, or idea creation (Ramachandran & Ramnarayan, 1993).

Social network theory explains how status in society can be used for personal goals (Adler & Kwon, 2002; Lin, 1999). Social capital is composed then by two types of resources: individual-personal resources, accessed through strong ties and social resources, accessible within the network, that are weaker ties. To start with women are in general less involved in networks than men, and when they are their type of social capital is different (Aldrich & Zimmer, 1986; Burt, 2000). Women usually have —and use— strong and personal networks traditionally related with family, while men combine strong and weak ties [3].

According to this theory, access to social capital and the willingness to mobilize those resources determine the status of the individual in the use of the network:

— Size the network and access to social capital: individual's human capital (experience, education ...), position within the network (social status, prior jobs...) or individual's social ties determine the quantity of relations and extent of the resource available.

— Quality of the network and capacity of mobilization of the network social capital: the capacity of use and response of contacts and resources in and from the network.

In addition to human capital, connections serve as a source of inference for an entrepreneur's potential for success. Social ties, especially strong, create interpersonal feelings of cohesion, trust, and obligation among parties (Argote *et al.;* Coleman, 1988). Since women have been traditionally underrepresented in top management teams, they usually lack of this kind of contacts from prior professional experiences.

Women are still newcomers to the business field and their networks. Already members of them look to people «like themselves», taking decisions based on trust in informal relationships. Therefore candidates with relevant social ties in the professional environment are perceived to be more trustworthy and potentially more competent. Kanter (1977) suggests that women face the greatest barriers at the higher levels of management where there is considerable ambiguity about the types of qualifications and characteristics needed by job candidates to generate positive leadership results.

[3] In their study of academic commercialization, Murray and Graham (2007) find that men and women experience different «network pathways» to the commercial realm —women from strong, close ties, and men from more diffuse referral networks.

In technical work settings, women have limited access to mentoring and networks and these have created differential gains in career opportunities and attainment (LONG, 1995; ETZKOWITZ *et al.,* 2000). There might be even some gender differences in the rewards for social capital (IBARRA, 1997), as women are easier promoted due to strong ties to superiors rather than diverse, weak ties from which men typically benefit[4], as these ties provide women with the «missing» legitimacy (BURT, 1998). Family ties can also provide with an interesting number of good and trusted connections, what has been making second generations of self-employed benefit from previous generations' financial and physical capital (KIM *et al.,* 2006). However, of course, advantages and disadvantages of opportunities are highly dependent on individual differences in personal experience and education and their capacity to discover the opportunity. However, this advantage can be provided by individuals' access to specific information and resources, prior experiences and position in the social networks, family ties included.

For entrepreneurs, but even more for women, having strategic strong connections and network ties are critical for success. All successful entrepreneurs, men and women, have broad networks, diversifying between strong and weak ties. However, when entrepreneurship comes not as an option but as a way out, and this happens in the case of women very often, networks are similar to non-entrepreneurs, with a greater concentration of family and work contacts, together with an absence of women in strategic entrepreneurial networks (DE BRUIN *et al.,* 2006; MITCHELL, 2011).

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[4] BURT (1998) finds that women are more likely to be promoted when in possession of many close, strong ties to superiors rather than diverse, weak ties from which men typically benefit. BURT suggests that that close ties provide a sense of legitimacy to women's ability to assume leadership positions.

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