Enhancing the productivity of women-owned enterprises

The evidence on what works, and a research agenda

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This paper brings together the evidence on how the productivity of women-owned enterprises can be enhanced. It describes the economic benefits to women's economic empowerment, the economic gender gaps, the social and institutional barriers, and what we know about solutions. It was originally prepared as background paper for the United Nations High-level Panel on Women's Economic Empowerment.

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About the author

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About GrOW

The program Growth and Economic Opportunities for Women (GrOW) was launched in 2013. It aims to inform social and economic policies to improve poor women's lives, while promoting economic growth. It funds 14 research projects in 50 countries.

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Executive summary

Globally, one-in-three formally registered businesses are owned by women (IFC estimate). Small and medium-sized enterprises (SMEs) account for 80 per cent of jobs world-wide, and women tend to be over-represented in, and own, smaller (and informal) enterprises. Rates of female entrepreneurship have been increasing, and gender gaps decreasing, but regional variations in levels of female entrepreneurship are very large.

Women entrepreneurs lack access to the resources needed to reach their economic potential. This paper, originally prepared for the United Nations High Level Panel on Women's Economic Empowerment, takes stock of what we know about women entrepreneurs, the barriers they face, the role of economic and social-cultural factors, what works in supporting women-owned businesses, and where the knowledge gaps are.


STEVE EVANS

Growth-potential of women-owned businesses

The potential additional economic contribution of equal participation of female entrepreneurs is large. 50 per cent of women's productive potential is underused, compared to 22 per cent of men's (ILO 2016). While women's borrowing behaviour tends to be similar to men's, women's access to financial services globally is only 77 per cent of the access men have (McKinsey Global Institute 2015).

Research consistently shows that women entrepreneurs lack access to the resources needed to reach their economic potential. Disparities exist in all sectors and for all types of enterprises, and are amplified in the context of international markets. Seventy per cent of women-owned SMEs in developing countries are not served or underserved by financial institutions. Women-owned enterprises have on average lower sales and assets, and female entrepreneurs tend to be over-represented in the smallest and informal enterprises. They are often crowded in sectors and markets that appear saturated and offer low-profit potential. Access to finance is critical. The credit gap for formal women-owned SMEs across all regions is 30 per cent of the estimated total credit gap for SMEs, roughly $280 billion (IFC 2013).

There is strong evidence of 'bundled constraints' for women – that is, they face constraints along numerous and intersecting dimensions. This has important implications for the measurement of women's economic empowerment, and for support to women-owned businesses. Expansion of entrepreneurial activity for women – and potentials for success of support programs – cannot be seen in isolation of broader gender inequalities, including the responsibilities women have in the care economy.

Very few small enterprises, men- or women-owned, become big enterprises. There is limited understanding of which types of businesses grow, and why, even in developed countries. Even less is known about why some informal businesses become formal, while others remain in the informal sector. These issues are even more urgent for women entrepreneurs, and – the literature suggests – more challenging.

Solutions

Evidence on what works in supporting women-owned businesses is growing. The body of rigorous evidence on the impact of credit, training, and business services programs is relative strong. This shows:

- Training programs can work, and has positive impacts in business behavior, but longer-term and growth impacts are not easily found. In-depth and longer training and mentorship are likely to have larger impacts. Training for larger enterprises may have better chance of success than for smaller business.
- While addressing constraints to financing is a key priority, finance on its own may not have a large impact on most women-owned businesses.
- Access to mobile phones and other technologies, similarly, is a necessary but not sufficient condition. Gender-specific applications can be critical; for example, to allow women to better manage the needs of both business and household investments.
- Women need the legal protection that business registration offers. Entrepreneurs may resist registration to avoid taxation or because they fear harassment by government officials.

There is emphasis on the need to combine micro-interventions, like training and mentoring, with addressing the broader entrepreneurial ecosystem and macro-level constraints:

- World Bank research indicates correlations between legal constraints and women's economic roles. There are strong gender norms including around the need to 'protect women' and 'appropriate occupations'.
- Different trade regimes have different impacts on women, and complementary measures are deemed necessary to enhance the benefits of trade liberalisation.
- Public procurement makes up a significant proportion of a country's GDP, and initiatives exist to help women obtain access. Politically, targeted interventions in this area are not popular. The literature also suggests the need for complementary measures.

There is growing evidence that building market connections is a critical path for promoting women-owned businesses.

There is growing evidence that building market connections is a critical path for promoting women-owned businesses. Value chain approaches have shown positive results, particularly for small rural producers who are provided with the opportunity to commercialize production. Also, a growing number of global companies are committing themselves to engage with women-owned businesses and promote supplier diversity and inclusion. Finally, impact investment also provides new avenues to promote women-owned businesses, but good evidence on how market connections can be built to facilitate growth is not widely available.

1 Introduction: women-owned businesses and gender equality

While there has been global progress in gender equality, disparities remain in key indicators of primary health and education. The World Economic Forum's (2015) comparison of inequalities in different domains indicates that political and economic inequalities continue to be large. In the economic domain, disparities are manifold: women tend to have more responsibility in the care economy, have lower labour force participation rates and lower wages in the same jobs, tend to be concentrated in least remunerative occupations, and encounter more difficulties in starting and growing their own businesses. There is a concern that economic gender disparities may widen as part of economic transformation (Fox 2016), including with commercialization of production (Njuki et al. 2011).

The advocacy for women's economic empowerment has been growing over the last decade. The number of private actors promoting this has expanded significantly. The 'business case' for gender equality has been articulated through, for example, the *World Development Report 2013*. The World Economic Forum (2015) indicates that reduced gender inequality can go hand-in-hand with enhanced competitiveness. Similarly, the McKinsey Global Institute (2015a, b) estimates that gender equality can help grow the global economy by $12 trillion by 2025, and for example, the Indian economy by as much as $700 billion.

This paper brings together the evidence on one aspect of women's economic empowerment: women-owned enterprises, and how their productivity can be enhanced.[1] We look at trends, diversity, and the economic benefits of women's entrepreneurship in developing countries. What are the economic gender gaps? What are the social and institutional barriers? What do we know about solutions?[2]

We focus our attention on smaller enterprises. While gender-based constraints also matter for larger women-owned businesses, we suggest that priority development questions, and

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potential for gains, are with respect to the smaller enterprises that employ the majority of the working population in developing countries, and in which women are over-represented. There is also evidence that gender-based constraints are stronger in smaller enterprises.

Much of the available information focuses on formally registered enterprises. Databases like that of the International Finance Corporation (IFC) are restricted to businesses with a formal registration. Supplier diversity and inclusion programs of large multi-national companies typically work only with formally registered businesses. But the paper also refers to informal enterprises. The Global Entrepreneurship Monitor (GEM) data is not necessarily restricted to formal enterprises. Evaluation of training programs do not always specify whether these are formally registered businesses; indeed, some of the work focuses on how businesses can formalize. Finally, it is important not to equate being formal with having the potential to grow.

1 This paper was initially prepared for the UN High Level Panel on Women's Economic Empowerment, which is tasked to provide recommendations on how to improve economic outcomes for women, and to promote their leadership in driving sustainable and inclusive, environmentally sensitive economic growth. The paper was prepared through a review of the literature, and an expert consultation organized by IDRC, WEConnect International and Urban Institute at the Urban Institute's office in Washington DC on May 17, 2016.

2 Progress on business growth prospects is likely to be linked to progress on other aspects of women's empowerment – including human capabilities, voice and organization – but these receive less attention here.

The paper is structured as follows. Section 2 describes what we know about female entrepreneurship, the global trend of rising female entrepreneurship, the continued regional and cross-country differences, the concentration of women in 'informal' enterprises where growth potentials are more limited, and the importance of 'bundled constraints'.

The analysis of constraints leads us to highlight that solutions need to be considered across a range of spheres. Macro-economic and political factors are key in determining economic opportunities for women. There is clear evidence of the importance of such factors that discriminate against or constrain women in setting up and growing businesses. Section 3 therefore describes constraints and potentials for improvements in the legal sphere, trade, and public procurement.

Section 4 focuses on what we know about direct support to women-owned businesses. This is an area where rigorous evidence (impact evaluation with a comparator) is increasingly available. Studies indicate that provision of business services can have a positive impact, but that the impacts are small, and there is less evidence on how business growth can be supported.

There is growing evidence that for businesses to grow, building individual/enterprise capabilities must be combined with connecting these businesses to market opportunities. Section 5 discusses the growing interest and experience by large private companies to include women-owned businesses in their value chains.

Section 6 concludes, highlighting the areas which are generally well known or documented, and areas of information and evidence gaps.

2 Opportunities and challenges for female entrepreneurship

Data is available globally to provide a picture of the potential and challenges of supporting women-owned businesses, particularly through sources from IFC, GEM and ILO. With the data they provide, we can estimate the number and sizes of businesses owned by women. As one would expect, large data gaps remain, particularly in developing countries.[3] This not only hinders analysis, but also the potential for public and private sector policies to target women's empowerment. This section summarizes global trends of female entrepreneurship and the large regional differences. It discusses the disadvantages women face, almost universally, and where the largest potentials for growth seem to exist.

2.1. Defining women-owned businesses

Definitions of what constitutes a women-owned business matter. Though they vary across countries, it is important that definitions emphasize ownership and control by women, to avoid tokenism and fronting. As the International Trade Centre (ITC) highlights in a discussion on public procurement, it is critical for these businesses to establish effective certification and registration (ITC, 2014).

According to the IFC, a definition commonly used by banks for women-owned firms is 51 per cent or more women's ownership (IFC, 2013). The IFC broadens this definition:

> IFC defines women-owned enterprises as a firm with
> (a) 51.0 percent ownership/stake by a woman/women; or
> (b) 20.0 percent owned by a woman/women AND
> 1 woman as CEO/COO (President/Vice-President) as well as
> ≥ 30.0 percent of the board of directors being women
> where a board exists (IFC undated).

The definition used by WEConnect International is more extensive and is considered the universal standard by government and corporations committed to supplier diversity and inclusion. To be certified as a 'women's business enterprise,' companies must meet the following qualifications:

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- have 51% ownership by one or more women;
- day-to-day and long-term control and management of the business by one or more women;
- contribution of capital and/or expertise by women;
- operate independently from other non-certified businesses (ie. pass-through companies or sales representatives are not eligible).[4]

Much of our knowledge on women-owned businesses is from data of the GEM. The GEM Adult Population Survey measures the level and nature of entrepreneurial activity around the world, i.e. by individuals, which makes gender differentiation straightforward. It measures this at different stages, from seeing an opportunity, making the first steps towards starting a business, nurturing a small business, and scaling it up. Second, the GEM National Expert Survey monitors the factors that are believed to have a significant impact on entrepreneurship, and is administered to chosen 'experts' in each country. This provides a useful complement to business environment surveys.

3 Aidis et al. (2015) highlight that in only 6 out of 31 countries that appear on the Scorecard are annual gendered business censuses available (two of these countries have a gender procurement policy, the USA and South Africa).

4 WEConnect International Certification (2016); https://weconnectinternational.org/en/womens-business-enterprises/certification

> "More than 200 million women entrepreneurs are starting or running new businesses in 83 economies across the globe. An additional 128 million are running established businesses." (GEM 2015).

While GEM emphasizes individual entrepreneurs, with growing information at a global level on motivations and aspirations of women, there is also growing data at the firm level. The IFC SME and Women-Owned SME Baseline Survey carried out in 2011 shows the share of female-owned SMEs financed by IFC's client banks, allowing analysis of operational and financial characteristics of firms. This shows, for example, that women-owned enterprises employ similar numbers of employees as men-owned enterprises, but that their sales and assets are lower than those of men.

Most women in the informal sector tend to be subject to disadvantages as a result of their informality.

The ILO provides data on a wider set of enterprises, including in the informal sector. This shows that women tend to be heavily over-represented in the smallest and informal enterprises (ILO 2015, 2016). Globally, about half of men and women workers are self-employed, and this rate is higher in developing countries, and growing. The self-employed category is heterogeneous, and includes employers, own account operators (self-employed), and unpaid family workers – with women over-represented in the last two (UN 2015). Most of these women work in petty trade, light manufacturing and services, and work in public spaces and out of their home. Informal women-owned enterprises tend to face more severe constraints – including legal – than formal ones. While informality is sometimes regarded as avoiding legislation and taxation, most women in the informal sector tend to be subject to disadvantages as a result of being 'informal'. [5]

As women's businesses tend to be smaller than men's, and more often informal, data collection remains biased and knowledge about women-owned businesses limited. With perhaps 80 per cent of the jobs worldwide being in micro-, small-and medium enterprises (MSMEs), the need for better information is significant. It also seems important to find ways to compare findings from different databases, across the (formal) business focus of World Bank/IFC, the self-employed workers focus of ILO and WIEGO, and the entrepreneurship focus of GEM.

2.2. Rise of female entrepreneurship, regional differences

Globally, a growing number of women have started and are running businesses. According to GEM data for 61 economies, entrepreneurial activity – Total Early-Stage Entrepreneurial Activity (TEA) – among women increased by 7 seven percent between 2012 and 2014 (GEM 2015). This narrowed the gender gap by 6 per cent, though the gender gap in early stage entrepreneurship activity remains 7 to 10 per cent. Levels of entrepreneurship seem to be higher when labour force participation is higher. Women entrepreneurs are increasingly educated, with rates of secondary degrees similar to men, and are driven by opportunity as much as men. Women show high levels of innovativeness (particularly younger women), and develop new products.

According to IFC data, one in three (formal) businesses (SMEs) are formally owned by women, with no difference between men- and women-owned businesses in terms of number of employees, but differences in terms of sales and assets. Among the smallest and informal enterprises, as mentioned, women are over-represented. According to the ITC data (2015), 1 in 5 trading companies are women-owned or managed.

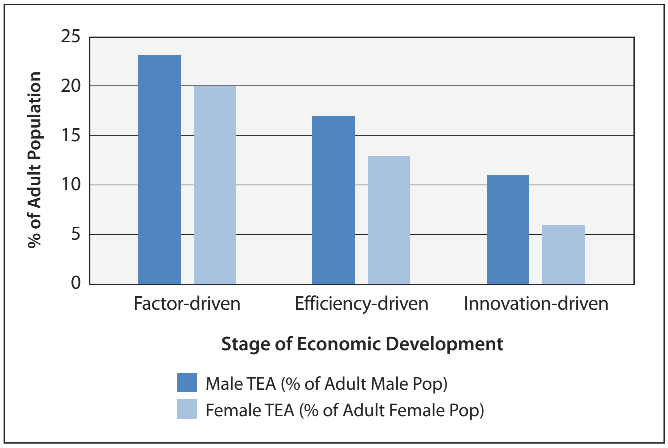
Despite the growing women entrepreneurship activity globally, large cross-country differences in gender gaps remain. In 83 economies examined by GEM, there are substantial differences in women's TEA: from a high of 41 per cent in Nigeria and Zambia to a low of 2 per cent in Suriname and Japan. World Bank Enterprise Survey data shows that 25 per cent of over 3,000 firms sampled have a female owner, varying from 13 per cent in Bangladesh to 56 per cent in Zimbabwe (Amin 2014).

In low-income economies high rates of entrepreneurship are driven by subsistence needs rather than growth orientation. In developing countries, where entrepreneurship is high, few of the companies grow, and fewer women-owned enterprises grow. Gender gaps in start-up activities are larger in middle-income countries, and narrower in lower-income countries (Naudé and Minniti (2011). Figure 1 (below) shows decreasing TEA as economies move from factor-driven to innovation-driven economies (with more large companies and employment opportunities), and growing gender gaps.

Figure 2 (below) provides a partial explanation for this. Women develop entrepreneurial activity out of necessity more often than men, including in innovation-driven economies. GEM (2015) reports very high rates of innovation by women entrepreneurs in innovation-driven economies.

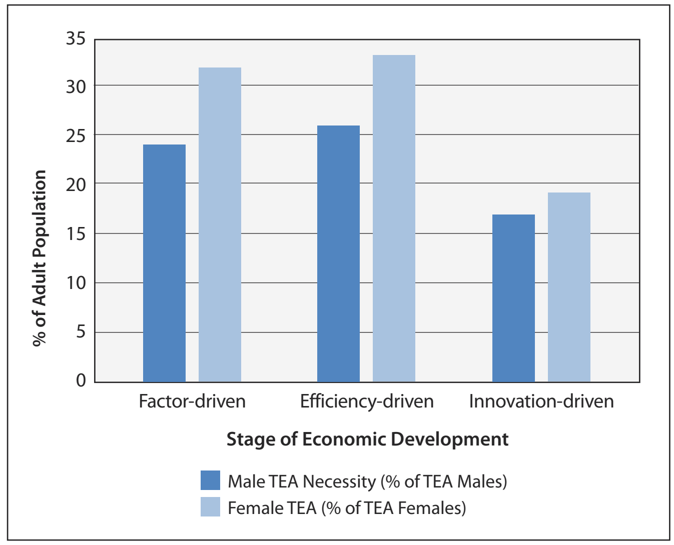
5 Marty Chen, at expert meeting at The Urban Institute, 17 May 2016.

FIGURE 1. Development Phase Averages for Total Entrepreneurial Activity (TEA) in 60 countries



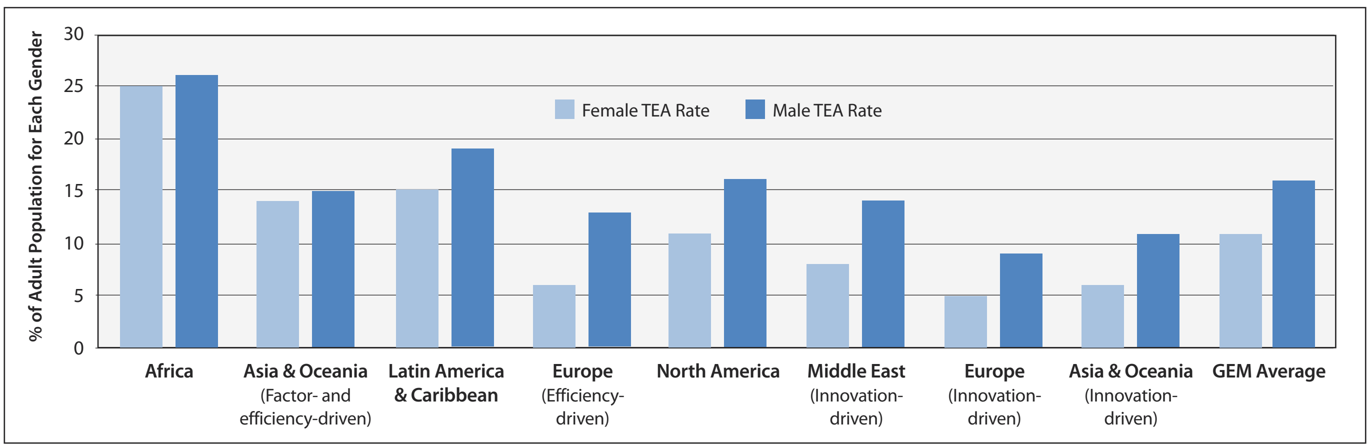
Source: GEM (2015)

FIGURE 2. Development Phase Averages for Necessity Proporation of TEA in 60 economies



Source: GEM (2015)

FIGURE 3. Average Total Entrepreneurial Activity (TEA) Rates by Region and Gender



Source: GEM (2015)

Gaps between men and women entrepreneurial activity vary considerably across regions. These seem to correlate with regional variations in labor force participation – suggesting that broader environmental factors are to a large extent responsible for these differences. The constraints women face in starting and growing businesses can be constraints to women's empowerment more broadly. There is some evidence that in countries where relatively few women start a businesses, the rate of labour force participation is also low. Both may be related to constraints on women's mobility and norms around women working outside the household.[6]

The smallest gender gaps in entrepreneurial activities are found in Asian, Latin American, and African countries. In Africa, female participation in entrepreneurial activities is higher than in any other region, with women representing half of non-farm business ownership (Hallward-Driemeier 2011). This may be partly the result of the large number of survival-oriented enterprises; however, some studies (Campos et al. 2015b, Demirguc and Klapper 2012) do indicate gender gaps in (parts of) Africa in access to financial services tend to be low. GEM data highlights high rates of TEA are driven by large number of women intending to start a business.

Gender gaps are large in the (richer) economies of Europe (though with decreasing gender gap between 2012-14), and in the Middle East (notably, in Turkey). The latter is not for lack of effort: despite strong intentions to start a business, relatively few women in the Middle East actually start a business, even out of necessity.

6 Hanmer and Klugman (2016) analyzed DHS data for 29 countries, showing that women's empowerment indicators generally are better in higher-income countries, and in better-off households, but that this is not the case for the indicator on restriction of movements.

2.3. Continued, inter-linked constraints

Despite growing rates of female entrepreneurship and increasing education levels, women-owned enterprises are almost uniformly disadvantaged. There is a growing body of literature explaining gender differences in entrepreneurship, and why and how these vary across countries and regions, for starting and growing business.[7] The following illustrates the main differences.

Women tend to own small firms and concentrate in sectors without registration, and with little growth opportunities.

Size: Women tend to own relatively small firms. Bardasi et al. (2011) show large gaps in firm size in Europe and Central Asia, Latin America, and Sub-Saharan Africa. Bardasi, Sabarwal and Terrell (2011) show that female-owned enterprises in Sub-Saharan Africa have sales that are 31 per cent lower than male-owned firms. Bruhn (2009) found that female-owned firms throughout Latin America tend to be smaller than male-owned firms in terms of sales and number of employees, and have lower profits.

Sector: Women tend to concentrate in certain sectors, often less rewarding, without registration, and with the least growth opportunities (Bardasi et al. 2011, ILO 2015). Nearly 4 out of 5 women engaged in off-farm enterprise in Zimbabwe were brewing beer while men were smiths, brick-makers, and builders. Men's annual income was at least 7 times that of women (Scott 1995). The number of women-owned businesses in high-technology sectors – and their access to necessary financing – tend to be low.

The sector in which a firm operates is a major determinant of gender-observed differences in performance and growth.[8] Hundley (2001) shows that concentration in the personal services sector explains as much as 14 per cent of the gender-based self-employment earnings differential. The reasons for this concentration are complex, and can relate to a combination of lack of information, skills (often not key), longer-term involvement, and social norms.

Productivity and growth: Women-owned businesses tend to perform worse than men's, and gaps in productivity and growth remain large even in richer countries.[9] Value added per worker is 6 to 35 per cent lower in female-owned than male-owned firms (World Bank, in Buvinic and Furst-Nichols 2014). Research in Latin America and Asia found that only one in ten firms with at least 15 employees is women-owned (Kantis, Angelelli, and Koenig, 2005). Hallward-Driemeier (2011) estimates the gender gaps in labor productivity in Africa to be 6 to 8 per cent. Rijkers and Costa (2012) found that male-owned rural non-farm firms in Ethiopia are three times more productive than female-owned ones.

Trade: As the discussion later in this paper refers to how women producers are integrated into global markets, it is worth highlighting what the literature tells us about the barriers women face in trade.[10] The evidence suggest an amplification of constraints. Sociocultural norms and legal barriers are reflected in economic regulations. Women have inadequate access to education, assets, finance, information on trade regulations and procedures, market linkages, etc. Women's care responsibility and time burden create a fundamental barrier to engagement in global trade activities.

Lack of access exists in a wide range of factors and spheres:

- While gender gaps in education have been closing, they still remain in large parts of the world; moreover, skills and business specific training tends to be targeted towards men (Hallward-Driemeier 2013).
- Access to productive resources, such as land, finance and credit. Types and technologies of access to financial products may be critical from a gender perspective, as use of savings may differ between men and women (O'Sullivan 2016: 24 ff.).
- Lack of formal rights and access to justice (also discussed later). Gender-based violence also can pose constraints for entrepreneurship,[11] highlighting the critical role of broader gender policy.
- Customs that restrict women's ability to manage property, conduct business, or travel without their husbands' consent.
- Women's networks tend to differ from men's. Women less often than men are member of business networks and associations.

7 Overviews include Naudė and Minniti (2011), Klapper and Parker (2011), World Bank (2012), Vossenberg (2016), Campos and Gassier (2016).

8 Hallward-Driemeier (2011), Bardasi, Sabarwal and Terrell (2011), Rijkers and Costa (2012), Mel, McKenzie and Woodruff (2009).

9 Klapper and Parker (2011), Nagler and Naudė (2014), UN Foundation and ExxonMobil (2014).

10 This draws on a literature review by GSDRC (Pozarny 2016). Also ITC (2015: 8-9): in 8 countries of research, women owned or managed between 6 and 23 per cent of the trading companies. Mary Hallward-Driemeier (at The Urban Institute, 17 May 2016) emphasizes how uneven the playing field is in trade regulation and practices.

11 Chakravarty et al. (2016) highlight the importance of constraints including risks of sexual violence for young women in particular.

- Business registration can be an enabling factor, for establishing basic business practices, though evidence on enhancing productivity is limited (Campos et al. 2015c).

- Of the US entrepreneurs that raise venture capital, only 8 per cent are female and they receive less than 2 per cent of funding.[12]

Motives and aspirations: A growing body of literature focuses on whether women's intentions, risk taking and motivations with respect to entrepreneurship are different. It is not always possible to distinguish personality and subjective characteristics from questions of access.[13]

- There is evidence that women tend to have lower *growth expectations* (Naudė and Minnitti 2011).

- GEM data indicates that women tend to have higher rates of *fear of failure*, but to a lesser extent in African and South-east Asian countries.

- Female entrepreneurs in developing countries are found to be *portfolio rather than serial* entrepreneurs, as they attempt to diversify income sources and survival chances.

- Women use cash differently than men, a point that has come out strongly from the literature on micro-finance (Buvinic and Furst-Nichols 2014).

- There is growing evidence that women take risks in more balanced ways (Kauffman Foundation 2015; Dalborg et al. 2015).

- While *trust* is important for successful entrepreneurship, there may also be gender differences in this respect (Orser and Elliot (2015).

- GEM (2015) data shows high female TEA rates in an economy are associated with the likelihood women in society know an entrepreneur.

Women's broader **care roles**: different motives and choices by women are in part driven by their wider role in family and community:

- Women tend to rely more on personal networks, which can impact access to resources and savings decisions.[14] They rely more than men on *extended families*, which often is their major social network. This is often constraining, since women's marriage status, and assets and incomes brought to their marriages, can determine their entrepreneurial decisions.[15]

- Women who are *married and have young children* tend to enter entrepreneurship rather than waged labour, are more likely to be entrepreneurs than non-married women, but also often quit their businesses.

- Women tend to increase their participation in self-employment after the birth of a child. Self-employment, thus, can be a strategy to reduce the conflict between formal paid work and family, if the self-employment allows a woman to choose the number and timing of hours of work.[16]

- Research in Ghana showed that women business owners channeled a lower share of the capital they have access to into their activity than men (Fafchamps, in Campos and Gassier 2016: 3).

- Constraints to female-owned firms, their concentration in sectors, and location have shown to be influenced by responsibilities for their households (Kevane and Wydick 2001).

While household responsibilities drive poor women to start small businesses, lacking other options, these responsibilities likely reduce their growth potential.

The constraints women face in entering and promoting businesses reflect constraints they faced in other areas. While higher rates of female entrepreneurship have been attributed to higher barriers women face to enter in the formal labour market (Naudé and Minniti 2011), differences in levels of entrepreneurship seem to mirror differences in labor force participation more generally. They are likely associated with a range of other aspects of gender inequality, though there are exceptions, such as relatively high rates of entrepreneurship in MENA. Social norms can limit mobility and independence – probably a key factor behind low women economic and entrepreneurial activity in South Asia. While household responsibilities can make it more likely that (poorer) women start a small business, as it is the only option, they are also likely to reduce growth potentials.

12 Kaufman (2014), TechCrunch (2016), Miller (2016).

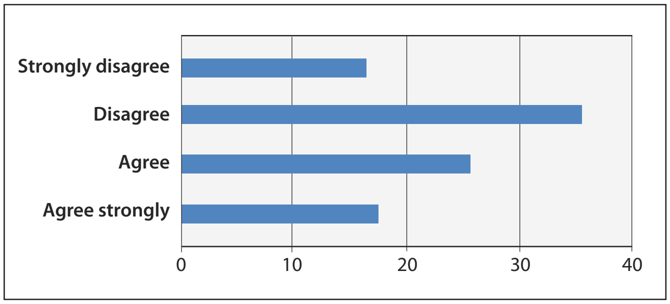
13 Croson and Gneezy (2009), Eckstein and Lifshitz (2011) describe the role of preferences, and van de Walle (2011: 5) highlights difficulty of disentangling choice and preferences from constraints.

14 O'Sullivan (2016) quotes research in Africa by Karlan et al. on savings decisions, and Njuki and Mburo on livestock.

15 Grim et al. (2013) on constraints imposed by extended families.

16 Elizabeth Peters, The Urban Institute, 17 May, with evidence from North America, Mexico and Ethiopia. She also noted that husbands may be less opposed to self-employment than formal sector jobs.

FIGURE 4. 'Men make better business executives than women do'



Source: World Value Survey 2010-2014 (http://www.worldvaluessurvey.org/WVSContents.jsp)

Social-cultural factors are commonly highlighted as constraints for women-owned businesses and female entrepreneurs – such as the common attitudes about women's roles as revealed through World Survey data for example (see Figure 4). These are often not well analysed or defined. Empirical studies do show gender differences in expectation and perceptions. While on the one hand social-cultural constraints are clear, they also need to be interpreted carefully. Cultural explanations of low female entrepreneurship typically fail to account for successes; within the same culture, large differences exist. Policies also need to be designed on the basis of good understanding of 'cultural' constraints, at the risk of reinforcing negative images.

2.4 Can women-owned businesses grow?

The gaps in access to opportunities indicates that the potential (additional) economic contribution of equal participation of female entrepreneurs is large. The IFC estimates there is a credit gap of $285 billion,[17] and the ILO (2016) estimates that 50 per cent of women's productive potential is underused, compared to 22 per cent of men's. Walmart (2016) highlights that despite high rates of women entrepreneurship, less than 5 per cent of the supply base is formed by women-owned businesses. If women started growth-oriented businesses at the same rate as men, there would be 15 million more jobs in the US, 74 million in China, and 2 million in Ghana, for example (Aidis et al. 2015).

The potentials of women-owned small businesses, including but not only in the informal sector, are constrained. Women entrepreneurs face additional barriers, including discriminatory legal systems, inheritance laws, property law and customary laws, and social attitudes and norms that prevent them from starting new businesses or consolidating or expanding existing ones, and moving outside the informal economy. Women entrepreneurs also have different 'preferences', or personal (gendered) experiences that impact the ways in which they run businesses, including ones that have a survival orientation.

Women entrepreneurs face additional barriers, like discriminatory legal systems and restrictive social norms, that prevent them from starting new businesses, growing existing ones, or leaving the informal economy.

The knowledge on firm dynamics is still limited.[18] Less is known about how female entrepreneurs succeed.[19] There is some research that suggests that among successful entrepreneurs differences between men and women are not very large (though differences in use of networks and forms of support exist). However, particularly for small businesses that focus on survival, the possibilities for women to grow their firms may be most limited; the various constraints interact and reinforce each other, and growing businesses may be difficult unless constraints, particularly in household responsibilities, are being addressed (Taylor and Pereznieto 2014).

While constraints for women are common, there are also large differences in the way these are expressed. There are differences across regions, and differences across social and economic groups. Cultural norms are fairly consistent, but can also change over time: gendered norms can weaken, but also be reinforced, and new ones emerge (in new sectors in OECD countries, with new technology or financing models,[20] strong gender differences have again emerged). Understanding the specific constraints women face – their time burden, availability of infrastructure, access to care for elderly, leave – is critical to understand their roles as entrepreneurs, and to inform interventions that can support women entrepreneurs, to which we turn next.

17 10,000 Women (2016); http://www.goldmansachs.com/citizenship/10000women/capital-for-women-entrepreneurs/index.html

18 Woodruff (2015); Chris Harris, Kauffman Foundation, at The Urban Institute, 17 May 2016.

19 Kauffman Foundation (2010), Buvinic and Furst-Nichols (2014: 24), Ruth Aidis at The Urban Institute 17 May 2016.

20 Center for an Urban Future (2012). See Boudet et al. (2012) for a discussion on norms based on participatory research.

3 Changing the macro-environment to support women's economic empowerment

Economic and policy environments impact the opportunities for women-owned businesses. The Global Entrepreneurship and Development Index (GEDI, 2014) analysis shows large cross country differences for conditions of female entrepreneurship development, in business environment, access to resources, rights, and the presence of women leaders. This section focuses on laws and regulation, trade, procurement, and the opportunities these policy areas provide to enhance opportunities for women's businesses.

Evidence on the impact of regulatory reforms on women's businesses is limited. Most evidence found focuses on broader gender equality concerns.


LUZ ADRIANA VILLA

3.1 Laws and regulation

Women face inequitable laws and regulations in almost all countries. A key source on this is the World Bank (2015) work on business and law. Of 173 economies, in 2015, 155 had at least one barrier for women preventing gender equality. In 100 of these, gender based restrictions on jobs exist; husbands can legally prevent their wives from working in 18 countries. The most common restrictions involve applying for a passport, being heads of households, and choosing where to live; restrictions on registering a business, opening a bank account and signing contracts are less common (World Bank 2015: 9).[21]

The question of legal rights is pertinent for informal businesses, in which women are over-represented. Definitions of informality may vary, and may include aspects of absence of provision of social protection for workers, not paying taxes, not being registered, etc. As highlighted in the work of WIEGO,[22] a key constraint is the application of criminal law and the way the informal sector is seen as operating outside of the law. Small businesses can thus be subjected to multiple constraints. Not being registered makes it more difficult to obtain licenses, support, etc. (though training programs discussed in the next chapter do not necessarily exclude informal businesses), creates vulnerability to lose means of production through confiscation, and makes women workers more vulnerable to extortion.

Evidence on impacts of legal and regulatory reforms is limited, and most evidence found in this review impinge on broader gender equality concerns rather than women businesses specifically.[23]

- The World Bank (2015) notes significant improvements in the legal and regulatory framework that women operate in – in two years, 65 economies carried out 94 reforms increasing women's economic opportunities – and suggests a positive association with growth.
- Ethiopia's Family Code reform in 2000 was associated with an expansion in women's work outside the home (in: O'Sullivan 2016).

21 The World Bank Gender Innovation Lab's 'Thematic White Paper on Gender & Property Rights' highlights the limited knowledge, and mixed results of interventions (O'Sullivan 2016).

22 Marlese van Broembsen, at The Urban Institute, 17 May 2016.

23 The following is based on World Bank (2015), O'Sullivan (2016) Taylor and Pereznieto (2014: section 5.6); see also DCED 2015; and DCED websites on Business Environment Reform and Women's Economic Empowerment.

- Kenya's 1981 Law of Succession had been associated with higher human capital investment for women (in: O'Sullivan 2016).
- Ghana's Intestate Succession law with changes in investment in schooling (depending on whether households were matrilineal) (in: O'Sullivan 2016).
- Joint land tenure in Rwanda had relatively large positive impacts for female-headed households (in: O'Sullivan 2016).
- A study of new property and inheritance rights in Rwanda (Uwayezu and Mugiraneza, 2011; in Taylor and Pereznieto 2014) demonstrated that widows and children were beginning to obtain access to land that had previously been grabbed.
- The World Bank and the IFC (2011; in ODI 2014) analyzes how legal and regulatory frameworks for Special Economic Zones affect women's employment and rights in the workplace, in eight countries. This showed benefits, for example in Kenyan companies providing access to credit and facilitating workers' representation through gender committees.

Frequently, changes to legal frameworks are not carried out in practice, or remain ineffective – in part due to the persistence of cultural norms and expectations. "Legal reforms appear to be a necessary but insufficient step towards closing the gender gap in women's ownership, use, and control of productive assets" (O'Sullivan 2016: 19). The study on Special Economic Zones quoted above showed that the (positive) impacts on women remained limited due to legal and cultural constraints, and women still experienced high levels of harassment in the workplace.

Evidence presented below on limitations of micro-interventions in contexts of broader-policy constraints indicate that reforms of policies are a priority. Despite progress there are still many explicit and more implicit constraints specific to women. From the brief review here it appears that more work on policy constraints specific to women-owned businesses, and how reforms are formulated and implemented is warranted.

3.2 Trade, trade facilitation, aid for trade

There has been much debate on the impacts of trade on various aspects of well-being and inequality. Concrete impacts vary, of course, but are not gender neutral.[24] Trade, and trade regulations can impact growth and employment opportunities, competitive pressures may reduce or encourage gender discrimination and wage differentials, and facilitate or raise women's barriers to access to resources and services. Multilateral trading rules can facilitate or constrain governments in applying policies or regulations that impact gender inequality.

A number of agencies have developed entry points to promote opportunities alongside trade,[25] and the literature shows various approaches and entry points. The research and evidence on what works is fairly limited, but the literature shows the importance of both enhancing businesses' and entrepreneurs' capacity, and changes in processes of and institutions involved in trade to enhance opportunities for women-owned and less-established businesses.

Literature on trade reforms highlight the need for ex-ante **assessment of impact** on trade agreements, and of opportunities to enhance measures to promote women's empowerment (UNCTAD 2009). Policy guidance on gender in climate investment reform highlights both mapping trade processes and logistics with a gender lens, and obtaining views on gender-specific constraints in consultations with public and private sector, identifying partnerships addressing constraints.[26] **Gender-disaggregated data**, to understand potential impacts and opportunities in reform, and to monitor the gender impacts of reform implementation are a priority.

The **implementation** of reforms and trade agreements has various entry points. There is a need to address potential gender discrimination in organizations responsible for trade logistics, risk management systems for inspections (Simavi et al. 2010). Simplifying regulation, procedures and transparency are likely to enhance opportunities for smaller and women-owned businesses. Reforms need to be accompanied with a communications strategy for women entrepreneurs. Priorities include enhancing the capacity of trade and investment institutions and trade networks on women's empowerment, and of advocates of women entrepreneurs to engage in discussions about trade are priorities. Examples of support to women-owned businesses are presented in the Box below.

24 UNCTAD (2004), Klugman and Gamberoni (2012).

25 The following draws to a large extent on the recent GSDRC review (Pozarny 2016), and comments by Mary Hallward-Driemeier and Vanessa Erogbogo at the expert meeting at The Urban Institute, 17 May 2016. Main agencies active in this area include ITC (2015), CIDA (2003; now GAC), USAID (2015), World Bank (see Higgins 2012, Simavi et al 201), Gamberoni and Guilherme (2011).

26 Simavi et al. (2010: Module 4); the DCED is developing further guidance on gender in investment climate reform.

Trade organizations supporting female entrepreneurs

Since 2005, the Malaysia External Trade Development Corporation (MATRADE) has promoted women exporters in non-traditional sectors. Its 42 offices promote personalised coaching, product and service marketing support, skills enhancement, and other export readiness services. It connects exporters with financial institutions and other intermediaries. Business coaching is complemented with trade finance, market and commercial information. MATRADE addresses cultural barriers and gender bias, through training for trade officials.

In Peru, the ITC supported project "Empowering Peruvian Women Business Enterprises" connects women-owned businesses in alpaca garments to the USA market. This involves Peru's export promotion authority, external trade authorities, and the American Chamber of Commerce in Peru. Its main activity is training of women regarding market requirements, and it organized an export promotion event for women-owned businesses to connect to buyers.

ITC also has supported the ACCESS! Export Training Programme for women entrepreneurs. This has supported over 2,600 women entrepreneurs across 19 sub-Saharan countries since 2007. Over 70 expert trainers now are able to provide advisory services and mentoring to women entrepreneurs in export trade. ACCESS! provided capacity development to 20 national trade institutions. The regional Programme for Building African Capacity for Trade also targets regional economic communities (RECs) to support SMEs and women-owned enterprises, including advocacy and development services, public-private dialogue, and supporting networks.

Source: Pozny (2016: 6, 9).

Simplifying regulation, procedures and transparency are likely to enhance opportunities for smaller and women-owned businesses.

At the **business level**, areas for support to access value chains mirror those of support in general:

- Businesses need access to finance, and responsive and flexible measures to access loans (the IFC also encourages higher risk-taking ventures).
- Business training (e.g. financial literacy, planning, management, ICTs), tailored coaching support, and support to ensure compliance with market procedures have shown results.
- Access to information and compliance with registration, certification and international administrative procedures are critical areas.

Enhancing networks is a key component of such support programs. Promoting female entrepreneurs' membership of associations may be important, and cooperatives may be critical intermediaries. Organizations can provide services to its members, on production, market linkages and trade partnerships. New technologies can help much to enhance networks, and reduce the time needed to invest in them and access information.

3.3 Public procurement

Public procurement forms significant proportions of country's GDP.[27] An estimate for Latin America put total procurement at $750 billion, with perhaps just 1 to 5 per cent going to women-owned businesses.[28] Work by ITC (2014) and others demonstrate the range of changes that can help women have greater access to it, and how this can be promoted. In 2014, ITC launched an initiative to increase the proportion of contracts awarded to women, emphasizing that procedural changes can make a difference.

Most experience to enhance access to public procurement has been in North America and South Africa.[29] The US Small Business Administration facilitates SMEs' access to federal contracts, and monitors the Federal government's implementation of its statutory obligation to aside 23 per cent of all prime contract dollars to SMEs. Socially and economically disadvantaged groups of SMEs, such as minority-owned and women-owned have special allocations.[30] The South African competition authority has special consideration for SMEs and Black Economic Empowerment written into its charter. Performance has not been properly evaluated.[31]

The literature suggests that procurement policies need to combine approaches to enhance access. These include:

- Preferential methods, such as women-owned businesses as an additional supplier evaluation criteria, 'set-asides' for certain categories of suppliers, or minimize the requirement of 'past experience' in supplying contracts to provide more opportunities for new entrants;
- Enhancing transparency, issuing public notices to tender (the percentage of public procurement posted on the internet has gone up from 20 to 70 in Latin America), and explanations of procedures and give equal opportunity for companies to bid (certification, registration, contractor registration, standardized templates, sufficient preparation time, prequalification); and
- Targeted assistance to overcome disadvantages, enhancing companies' capabilities, for example providing information on the success of these measures, especially in a developing country context.

Procurement officials in developing countries do see opportunities to develop measures to enhance access of women-owned businesses (Kirton 2013). However, the use of public procurement for promoting equality may be contested and resisted. Capacity for managing procurement is often limited, with small and decentralized teams, and introducing any measures can be complex and costly. Finally, it is likely that there is a need for targeted and supportive measures alongside changes in procurement practices.

27 According to ITC (2014) public procurement accounts for 10-15% of GDP in developed countries, and 30% in developing countries (which appears high).

28 Maria Villanueva, at the expert meeting at The Urban Institute, 17 May 2016.

29 Aidis et al (2015: 18) only two countries (out of 31 in the Scorecard) with a gender procurement policy. Kirton (2013) describes examples of gender in trade and procurement measures in Kenya, India, Australia and Jamaica.

30 ChatterFji et al. (2013) show positive impact on participation at city level.

31 An 'efficiency' test that the authorities also had to apply usually precluded judgements in favour of SMEs (Kim Kampel in Cook et al.; information provided by Susan Joekes).

4 Training and services

There is a long tradition of direct support to small enterprises in developing countries, and a substantial part of this is directed at women-owned businesses. This section focuses on the existing evidence of success of these forms of support. In many interventions, different forms of support are combined. There is therefore a degree of overlap between the descriptions below, of the financial services, training, and business development services tailored for women.

Globally, women have only 77 per cent of men's access to bank accounts, credit and mobile banking (McKinsey Global Institute, 2015).

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4.1 Financial services

Women are often severely disadvantaged, compared to men in accessing facilities for saving or borrowing money. Globally, women have only 77 per cent of men's access to bank accounts, credit and mobile banking (McKinsey Global Institute, 2015). Limited access to credit affects both the start-up and the growth of women's businesses.

Financial services have long been seen as a key instrument to support women. Target groups of financial services include low-income women, provided with untargeted loans (in the classic Grameen model). They include low-income and self-employed women, for whom lack of collateral tends to be a key constraint (accessing micro loans from formal institutions also provides women with independence for their business activities, as they do not have to borrow from relatives or money lenders). And finally, some of the evidence on programs for financial services refers to women entrepreneurs in the medium range.

Improving access to credit has aided women-led enterprises in developing countries.[32] In Malawi, access to credit for women had a strong positive impact on female involvement in cash crops (Dimova and Gang, using household survey data; in DCED 2015). In Latin America, efforts to promote financial services alongside cash transfers have shown to help expand small businesses (Proyecto Capital[33]). Loans can be particularly effective when combined with savings opportunities for women. Savings can enhance a sense of personal ownership amongst women, and can benefit more risk-averse women who may not be comfortable with the repayment and interest requirements of a loan (Doss et al., in: DCED 2015).

However, most of the literature suggests that impacts are varied, and often small.[34] Buvinic and Furst-Nichols (2014) describes programs that had positive effects on male but not female small entrepreneurs. They find that evidence on saving programs is scarce, but that impact of savings programs tends

32 DCED (2015); Buvinic and Furst-Nichols (2014: Table 1) summarizes thirteen programs providing access to capital.

33 Scaling Up Financial Inclusion for Vulnerable Women and Youth: Proyecto Capital (2015); https://www.idrc.ca/en/project/scaling-financial-inclusion-vulnerable-women-and-youth-proyecto-capital

34 Campos et al (2015b); Demirguc-Kunt et al (2013); Stewart et al. (2012); Banerjee, et al., quoted in Taylor and Pereznieto (2014) who emphasize microfinance for women increases access to credit for businesses but has no effect on social outcomes, health, female bargaining power, and women's economic empowerment in a broader sense.

to be more beneficial that loans and grants. Chakravarty et al (2016: 22) shows the diversity of impact of capital interventions for *young* women, who despite increasing education levels in the developing world lack many of the essential skills, and suffer from access to resources including finance. Gaiha and Kulkarni (in: DCED 2015) find that the impacts of micro-finance depend on the social norms of the environments in which they are received.

De Mel et al. (2009) find that many micro-entrepreneurs earn negative returns to capital, especially women. The group of poor, high-ability, female micro-entrepreneurs that could benefit from expanded access to credit is rather small. De Mel et al. (2014) emphasise that the positive effects of cash grants was of short duration, and increased profitability vanished in the second year after the treatment.

Campos et al. (2015b) highlights that in the African context gender differences in access to finance are not that large. Blattman et al. (2013) however suggest that for women in Uganda credit constraints are large (and large cash transfers had a positive and sustained impact). Context thus clearly is a critical factor in the likelihood financial inclusion will enhance the growth potential of women-owned businesses.

The literature on financial services is growing (the above summarizes evidence mostly on programs for smaller businesses), and suggests that impacts can and often are positive. However, effects tend to be small, often more so for women and for smaller business than for men and larger businesses, and of course varied across contexts. Further, many interventions combine provision of financial services with business training and services, to which we turn next.

4.2 Business training and services

Around the world, there are many programs of business-training for smaller enterprises, showing a large diversity, in times of content, target groups, content, duration, etc. Some training design has been made specific to circumstances, of social-cultural barriers as well as gendered economic constraints. Over the last decade, there has been a growing number of studies providing rigorous evidence of the impact of training, including with experimental methods.[35]

Program monitoring data shows that many training programs work. For example, vocational courses – teaching specific skills usually for self-employment – tend to have positive impacts, but this is partly because women typically make the effort to become self-employed.[36] Karlan and Valdivia (2011) analyzed a program that transferred business practices (intended to lead to survival and growth) for female microfinance clients in Peru, which led to many adjustments in business practices consistent with the training content, and reduced loan defaults and increased retention.[37] Research on SEWA training in India highlights the importance of peer effects and 'horizontal' networks: training with like-minded friends can have better impacts (Field et al. 2015).

More rigorous evidence shows a mixed picture, however. Many trainings have low rates of uptake and retention (McKenzie and Woodruff, 2012), and high drop-out possibly because of the time investments needed. Karlan and Valdivia's (2011) found that the training that led to improved business practices on average had no effects on business performance. An evaluation of business training for men and women in rural Pakistan (Giné and Mansuri 2014) found the training led to increased business knowledge and better business practices, but did not improve business sales or profits – the positive results in this study were found for men only, though women's business knowledge increase as well. Some studies show that the impact of business training is larger for larger than for smaller firms (Buvinic and Furst-Nicols 2014: 13; Karlan and Valdivia 2012).

35 McKenzie and Woodruff 2014; Bandiera et al. (2014), Buvinic and Furst Nichols (2014: 11 ff), Cirerar et al. (2014), UNFoundation and ExxonMobil (2014; Table 3 provides a comparison of cost effectiveness of programs), Cho and Honorati (2013), Piza et al. (2016; which has little evidence on women). Self-selection into these programs has been a factor complicating these studies; but in a way this evaluation problem highlights a key concern for training and services.

36 Taylor and Pereznieto (2014). Combining these specific skills training with broader life skills tend to enhance the potential impact on empowerment.

37 Giné and Mansuri (2014) found the intervention to be profitable to the lender as they increased the number of larger loans issued to the beneficiaries without an increase in default rates or officer's workload; in the training analyzed by Karlan and Valdivia (2011) benefits to the lender came from reduced default and increased retention.

Moreover, research suggests the potential importance of longer-term and more continuous support and technical assistance to both female and male entrepreneurs. Bruhn, Karlan and Schoar (2012) report positive run results of management consultancy services for SMEs in Puebla, Mexico, finding improved productivity 1-4 months after the end of the intervention and increases in employment and payroll up to three years after the end of the intervention. Such interventions are also likely to be more expensive (the absence of data of costs in studies and review makes it difficult to assess this).

Thus, we still know little about impacts of training and services, if impact is understood in a rigorous way. The impacts vary significantly, are positive but relatively small, and with little evidence of growth of businesses. More intensive and expensive programs are likely to have a bigger impact.

4.3 Networking

Networks are critical for all businesses and success more broadly. 'Vertical' networks can be critical for accessing markets to share information and resources in a cost-effective manner. There is evidence that engagement with informal networks benefit both men's and women's businesses (Asia Foundation, 2013, USAID, 2015). Women's networks tend to be smaller, and more personal (O'Sullivan 2016: 14): women's informal networks are strong, but as discussed above also can be limited.

An Asia Foundation study (2013) in Southeast Asia found that participation in business associations was significantly correlated with positive gains (24 per cent increase expansion plans) for women-run businesses. However, a relatively high percentage of women business owners never interact with business associations. For women, participation in business associations also was correlated with increased firm size for women's businesses.

Supporting networks may therefore be an important priority, even though for many organisations it is part of what they do and promote already. USAID (2015) highlights the potentials for formal and informal network support, to: share information, including on opportunities, take advantage of mentoring opportunities,[38] pool resources and capitalize on shared assets and jointly identify opportunities; advocate shared interests to policy makers and other authority figures; and form cross-border trade partnerships. An OXFAM study (Baden 2013) emphasises the importance of women's collective action, in the context of small-scale farmers, and shows the benefits (income, access to and use of credit, access to market information) of being members of a group. Cooperatives and trade groups emphasize the need for professional support to link to market opportunities.[39]

With the growth in philanthropies, and the engagement of advocates for women entrepreneurship, a relatively new set of mentoring programs have developed. The Cherie Blair Foundation for example strongly emphasizes the importance of mentoring, as part of broad support of tools, skills and technologies to women entrepreneurs.[40] Women on Wings is a Dutch social enterprise that advises Indian social entrepreneurs that employ women in rural India and have opportunities for growth, with an objective of creating 1 million jobs for women in rural India by 2018.[41]

As with the programs on supplier diversity and inclusion discussed below, these programs are creating additional value compared to traditional training programs. They are documenting cases of success, but as far as our literature review has been able to discover, there is a need for information and project data to allow lesson learning beyond a case-by-case basis.

38 For example She Inspires Her (http://sheinspiresher.com) and Going for Growth (http://www.goingforgrowth.com) among others.

39 Marty Chen, at The Urban Institute, 17 May 2016.

40 See the Cherie Blair Foundation for Women (http://www.cherieblairfoundation.org/programmes/mentoring), the Dell Women Entrepreneurship Network (http://theinnovatorsforum.org/sites/default/files/DWEN_RS_2016_Whitepaper.pdf) and an example of the Exxon program (http://corporate.exxonmobil.com.qa/en-qa/community/energy-for-human-potential/exxonmobil-qatars-womens-network-emraa/emraa). Other initiatives by corporates are listed on the Fortune Conferences website (http://www.fortuneconferences.com/most-powerful-women-summit-2014/mentoring/).

41 See the Global Sourcing Council website (http://gscouncil.org/new-beginnings-and-prosperity-women-on-wings/). Examples of how corporates like Unilever promote groups of women to become small entrepreneurs ('micro-franchising', e.g. project Shakti) are discussed below.

4.4 New technologies and data

Gender gaps in access to new technologies continue to keep women disadvantaged. Globally, women have only 84 per cent of men's average access to Information and Communication Technologies (McKinsey Global Institute, 2015).[42] In 2010 there were 300 million fewer women than men that own cell phones.

Despite these gaps in access, new technologies have offered opportunities for both women and men. E-commerce, for example, may provide a whole new set of opportunities for businesses that otherwise are unable to reach markets (Walmart, ITC and DHL are actively supporting the extension of this opportunity).

New technologies have proven potential for opportunities to improve livelihoods of remote populations including women (DCED 2015). Women who were previously unable to access paid work due to the constraints of family responsibilities, geographical remoteness or limitations on mobility are now able to run home-based businesses. Mobile phones are important to provide market information to women producers, with the potential to increase their earnings by reducing transaction costs and price variability (see next Box). When businesses integrate into global value chains, with enhanced demands on timing, product quality, etc., using new technologies and data become increasingly important.

New technologies help small business

A case study in India looked at how the introduction of mobile phone coverage helped overcome price variation in fish markets – from 60-70 per cent to 15 per cent across whole markets. A study in Niger similarly found that mobile phone coverage reduced price variability by between 10 and 16 per cent in agricultural grain markets, especially in dispersed markets with poor road connections.

Through peer-to-peer platforms women can seek credit from for-profit online lenders. In India, Faircent lends to women so they can invest in businesses or pay for personal expenses such as weddings; other examples include Afluento in Latin America and Kubo Financiero in Mexico.

Source: UNCTAD (2014), Klapper (2011); also UN Foundation and ExxonMobil (2014: 31).

New digital credit services can help ease credit constraints through automated loan services that could help these constraints (Klapper 2011). Automated algorithms can assess applicant's digital data history of mobile money transactions, data top-ups, and use of mobile airtime to inform decisions on loans. This allows denominations to be small. Relatively small innovations in credit services can provide important advantages for women, including with small businesses. An app that allowed accounts to be separated allowed women to hide their own account in a context where family members usually have access to that information.

The number of countries where such innovations have been introduced has remained small, and have been described for Africa and particular Kenya. Many of these innovations have focused on personal spending, and interest rates can still be high (Klapper 2011). While these will expand, including with support of international organizations, it remains to be seen if digital services can narrow the gender gap in credit access, as women are less likely than men to have the digital tools needed to use them.

New technologies, of course, can work in different directions. New obstacles can arise as old ones are overcome, as shown for example in the evidence on women's access to capital for innovation at the higher end of the entrepreneur spectrum (Kauffman Foundation 2009). With respect to technologies for smaller women entrepreneurs, for example, access to mobile phones is likely to be a necessary but not sufficient condition for achieving business growth (Chew, Ilavarasan and Levy, in: DCED 2015). Among urban female micro entrepreneurs who own mobile phones in Chennai, India, business use of mobile phones *amplified* the impact of entrepreneurial expectations and was associated with greater microenterprise growth; 'necessity' entrepreneurs with low levels of entrepreneurial expectations did not seem to benefit from the business use of mobile phones.

42 According to a study from GMSA Development Fund (in: DCED 2015). In Pakistan, 80 per cent of men owned a mobile phone, while only 38 per cent of women did; and in India, 68 per cemt of men owned a mobile phone, while only 31 per cent of women did (Scharwatt and Minishetti, in DCED 2015).

5 Building market conditions

A growing number of private actors have joined the advocacy for women's economic empowerment in international development, which 20 years ago was predominantly a field for government and civil society. Actors like Goldman-Sachs, EY, Dell and many others now play key roles in the field of women's economic empowerment.[43] Some of the world's leading business leaders signed the Women's Empowerment Principles, which provide guidance on how to empower women in the workplace, market and community.

> A DFID survey "showed that a small number of businesses are looking closely at their value chains through a gendered lens: while a third of respondents collect data on the number of women-owned enterprises in their value chains, only 15% look into supplier's gender awareness or equality policies, and only 13% have policies requiring suppliers to improve outcomes for women employees."[44]

What distinguishes the following examples is that the initiatives are primarily private sector driven, often with 'market facilitators' helping to connect people and businesses that traditionally have not had access to investment and value chains.

5.1 Impact investment

Impact investment combines the objective of financial return with social and/or environmental benefits. Impact investments, according to the Global Impact Investment Network (GIIN),[45] are investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return. This combines philanthropy and mainstream financial investing, which have historically been deemed incompatible. The practice is expected to have enormous growth potential. There is evidence that the new generation of young people is more likely to integrate social and environmental concerns into their ways of doing business and investing, and that generation is

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expected to be inheriting large sums, some of which is expected to become available for impact investment.[46]

There is now a wide range of financial intermediaries, including 'pay-for-success' projects like 'social investment bonds' (used in the UK in particular, with the Peterborough Prison Social Impact Bond as most quoted example), and 'development impact bonds'. These instruments are designed to leverage private capital for public goods in health, education, housing, security, etc. (the largest number of bonds is in green investments). Alongside this, there has been a growing number of donor-led and government mechanisms to support investment.

Evidence of impact investment for women's economic empowerment is limited. This is partly because the field of practice is new. Few lessons have emerged, few practices have been studied, and metrics of success remain, to a large extent, unclear and not comparable. A recent ADB study (2016) shows that the proportion of impact investment initiatives that had an explicit women's economic empowerment objective was not very large.[47] The constraints companies faced when

43 ICRW and BSR (2016); http://www.goldmansachs.com/citizenship/10000women/partnership-infographic/index.html.

44 Hester le Roux at a recent electronic consultation with Business Fights Poverty.

45 The Global Impact Investing Network (2016); https://thegiin.org/

46 In the US, assets with 'sustainable, responsible and impact investing' (SRI) strategies have grown from \$3.7 trillion in 2012 to \$6.6 trillion in 2014, and now form one out of every six dollars under professional management.

47 Reviews by GIIN (2015) of the state of impact investment in Africa do not make much reference to women owned enterprises.

Gender in value chains: example from dairy production

The Manica Smallholder Dairy Development Program in central Mozambique provided beneficiaries with cows and training. It helped with the creation of a producer cooperative and milk-collection centres. Household were left to choose which member was to participate in the training: two-thirds of the household chose a women as one of the two trainees.

A study conducted by ILRI showed that the program helped enhance the increased in assets. Milk production and sales increased, but with higher input costs and labor hours. The project did not change the distribution of assets between men and women. Mostly, women had use rights to assets, and men tended to have control including over (increased) milk products. Men and women also used income in different ways, with women spending more on immediate household needs.

Source: Johnson et al. (2013).

engaging low-income women inlcude: women's multiple commitments, gender-based expectations, lack of protected rights, and lack of skills including illiteracy. The case studies suggest that companies can succeed when they take into account gender-based constraints, ensure they do not burden women with tasks considered socially unacceptable, and create practical opportunities where women can increase their capacity.

5.2 Empowering women in value chains

Value chains have been defined as the full sequence of economic activities required to bring a product or service from conception, through the intermediary of production, transformation, marketing, and delivery to its consumption and disposal. As production and consumption have globalized, small producers across the world have become integrated into these.[48] Women contribute greatly to these chains, disproportionally as small producers, often with low returns, and the potential they become marginalized in the upgrading of value chains.

Particularly in agriculture, there is growing evidence on how value chain development can help increased net income of small producers, when farmers join experienced commercial partners, supported by market facilitators[49] and public organizations. An evaluation by the Ministry of Foreign Affairs of the Netherlands (2011) describes how this can help farmers, particularly when gradual improvements are well planned and in simple bulk products. Local organizations, particularly of women, often play an important role. Other evaluations also showed positive results (in: Taylor and Pereznieto 2014): Fair-trade cotton projects showed a positive impact on women's economic empowerment, including an increase in control over cotton income, more women's representation in producer organisations, and more cotton produced by women farmers. For the Nicaraguan Fair Trade coffee cooperatives, sales prices were higher than those of conventional co-ops, and cooperatives had a 'stronger sense of empowerment'.

There are a growing number of initiatives in and studies on how smaller business can be promoted in value chains, and the 'micro-franchising' model described below is another illustration. These have proven to provide much promise. However, the studies also stress the limitations.[50] The number of farmers – including women – that participate in export of perishable products remains limited. Value chain development seemed to provide the least amount of opportunities for most vulnerable farmers (and therefore women, in many cases), and some authors stress the tendency of international organizations to focus on the high value export markets.[51]

Particularly in agriculture, projects and evaluation focus on households, and there is a risk gender disparities within these household are neglected; in practice engagement in and benefit from value chains are gendered.[52] The following Box describes the example of promotion of smallholder farmers' income in a sustainable dairy value chain, showing different results for men and women within agricultural households.

Thus, women's constraints in participating in higher value (and upgrading) production tend to be amplified in the context of value chains. To enable women to succeed, according to Agnes Quisumbing,[53] a range of measures are needed: legal frameworks, protective savings accounts (that limit men taking over income from women as production increases), transportation, infrastructure to reduce time burden, and women's organization. Mayoux (2012) suggests how community-led methodologies can reduce gender inequalities in value chain approaches, through addressing sensitive issues of violence and ownership, and through involvement of men.

48 There is also an important strand of work on enhancing working conditions of female employees in corporates global value chain, reinforced by disasters such as Rana Plaza in Bangladesh.

49 See for example CARE (2015), BSR (2015).

50 Wiggins and Keats (2013), who emphasize there is little attention to gender in value chain approaches; Endian and Suominen (2014) on aid for trade, USAID (2009); Rubin and Manfre (2014).

51 A CARE project to support small dairy farmers in Bangladesh failed because the commercial company it worked with was unable to work with small farmers; the project continued in collaboration with BRAC (CARE 2015).

52 See Barrientos (2013) for discussion of the gendered nature of value chains in Indian and Ghana (cocoa); Tallontire et al (2005) emphasized that social codes of ethical trading by themselves do not address gender inequalities, unless the nature of the gendered economy is taken into account.

53 Comments made at The Urban institute, 17 May 2016. She highlighted also that it is difficult to generate rigorous evidence along the *entire* value chain.

Micro franchising example: Project Shakti in India

Project Shakti was launched by Unilever in 2001, to empower rural women by training them in health and hygiene and allowing them to undertake income-generation activities. The model spread to 100,000 villages within a decade. Women sell soap, shampoo and other personal care products, through social forums such as schools and village meetings. Unilever provides training in sales practices, commercial knowledge and bookkeeping. The project also promotes public awareness programs focusing on health and hygiene, and access information through kiosks. Hindustan Lever also built alliances with telecom and banking companies. Started in India, Shakti was adapted to other markets where Unilever operated, such as Sri Lanka, Viet Nam and Bangladesh, and Latin American and African markets.

In rural Bangladesh, in 2006 CARE piloted a program to address women's lack of income and access to basic products, which later become known as JITA. 49 women were provided with baskets of products to sell to other households. The products were supplied by Bata, Unilever and Danone. The model is based on mutual advantages: incomes for the saleswomen, access to products for rural inhabitants, and a growing consumer market for companies. JITA now operates as a social enterprise, employing 3,500 women whose income has tripled, serving two million customers with essential products with sustained private sector interest. CARE is exploring extending the model in Ethiopia, Haiti, Kenya and Zambia.

Source: http://healthmarketinnovations.org/program/project-shakti; CARE (2015).[56]

5.3 Micro-franchising

Micro-franchising, or inclusive distribution networks are business models to commercialize products and services (typically of large companies) with social value (nutrition, hygiene), while generating stable and profitable business opportunities for low-income people, often women.[54] It is a tool designed specifically to assist poor entrepreneurs to reach economic self-reliance, based on companies' motivation to expand markets. Two well-known examples are described in the next Box.

Distinctive to this approach is the involvement of multiple stakeholders: large and often multinational companies, market facilitators like CARE (an NGO that has promoted business approaches for an extended period of time), who directly engage with women vendors. Projects also provide training for vendors to succeed, market studies to identify opportunities and demand for products, and engage microfinance institutions to design appropriate financial services.

A small body of research has begun to evaluate the experience. The IADB's Multilateral Investment Fund (MIF) has tested the approach, with encouraging findings.[55] Dolan et al. (2012) describe the positive impact of CARE's Bangladesh Rural Sales Program; but the impacts are small.

5.4 Supplier diversity and inclusion

Business practices to promote supplier diversity and inclusion have become increasingly popular in the US.[57] Since the 1950s, the Federal government has required its suppliers to have a supplier diversity program. While this implied many token initiatives, many large companies now have their own initiatives and global commitments. Large US companies such as Walmart, IBM and Sodexo are actively promoting supplier diversity and inclusion beyond the US.

A main reason for the growth of supplier diversity and inclusion beyond government requirements, has been companies' commercial incentives to anticipate and meet the needs of customers. It is now often presented as a business case, in terms of the product innovation and renewal that can derive from buying from a wider and growing set of suppliers. Research demonstrates the win-win can be realized: a study by The Hackett Group found that companies with established supplier diversity programmes with SMEs and ethnic minority-controlled businesses generated 133 per cent better return on their buying operations, and companies working with smaller and more diverse suppliers spent 20 per cent less on their buying operations.[58]

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54 See NextBillion initiative (http://nextbillion.net/micro-franchising-business-in-a-box/), targeted at a higher business segment than examples here.

55 Read about the SCALA project (https://www.idrc.ca/en/project/scala-linking-vulnerable-youth-and-women-innovative-commercialization-networks).

56 According to Parvez Mohammad Asheque at the consultation on Business Fights for Poverty consultation, this also triggered other positive changes: investment in children's education, health and nutrition, ownership of small productive resources, self-reliance, and voice within family and wider society.

57 DiversityBusiness.com describes it has 48,000 members and 500,000 businesses using its services. It estimates that the top 500 'Diverse Owned Companies' have a revenue of nearly $53 billion (with large concentration in a small proportion of the largest of these companies).

58 The Hackett Group (http://www.thehackettgroup.com/studies/2016/supplier-diversity/), MSDUK (http://www.msduk.org.uk/ and an article from Supply Management (http://www.cips.org/en/Supply-Management/Opinion/2015/October/Supplier-diversity-offers-so-much-more-than-just-box-ticking/#sthash.sGrr5JVf.dpuf)

Overcoming the demand supply gap in diversity approaches through strategic partnerships

WEConnect International was launched as a global non-profit in 2009 by many of the world's largest corporations seeking women suppliers, now representing over US$1 trillion in annual purchasing power. It offers women business owners access to markets and capacity building on how to sell into global value chains and scale operations. It applies universal standards to certify women's business enterprises and includes them in a searchable database of women suppliers, making it easier for buyers to find women suppliers in one place and also meet their local or national content and supplier diversity and inclusion goals.

According to WEConnet, data is key in promoting supplier diversity and inclusion approaches in emerging economies. It set out to develop a platform that efficiently connects local and global supply with demand. A pilot supported by IDRC suggests that this is likely to produce results. Within a year, almost 600 women-owned businesses were registered. It helped establish almost 300 business connections. 57 companies were registered. Case studies show that this can have transformative effects for the women entrepreneurs, and their employees.

Another example is The Clinton Global Initiative, which spent two years incubating a mega commitment called "Advancing Women-Owned Businesses in New Markets." The partners intended to create a channel to identify, develop, and scale high-potential women entrepreneurs who could become strong corporate suppliers. It aimed to track and measure at least US$1.5 billion in combined total new money spent by commitment makers with women-owned businesses based outside the U.S. between 2013 and 2018. The actual total spend at the end of 2014 exceeded US$3 billion.

Sources : http://weconnectinternational.org/images/WECI_IDRC_IndiaReport_2015.pdf; https://www.idrc.ca/en/article/empowering-women-owned-businesses-india; https://www.clintonfoundation.org/clinton-global-initiative/commitments/advancing-women-owned-businesses-new-markets; Rockefeller Foundation (2015); US Chamber of Commerce Foundation (2014).

These efforts may provide billions of dollars in annual business opportunity to historically underutilized groups. Committed corporations spend approximately one per cent of their total global spend with women-owned businesses, and now regularly report on how much they spend with underutilized suppliers. With women making the majority of consumer purchasing decisions and owning one-third of all private businesses, large corporations – driven by both business and community impact concerns – are increasingly focused on supplier diversity and inclusion as an economic opportunity to engage more women-owned companies in both developed and developing countries.[59]

According to practitioners at WEConnect International and Walmart—which committed itself to sourcing US$20 billion in five years from women-owned businesses selling into their US market—the demand for products outstrips known supply, especially in emerging economies. Corporates find it challenging to find qualified and registered suppliers in relevant sectors (women's concentration in low profit potential sectors provides additional challenges). Identifying and educating potential women suppliers and introducing them to qualified buyers has been the focus of the work of WEConnect International (see Box above).

Moreover, corporates have found the need to offer additional supplier development opportunities. Mentoring and training programs have been developed by corporations such as Accenture and EY to enhance supplier potential. Practitioners highlight the need to engage local governments to help create the enabling environment for women business owners to start and grow, especially in high growth sectors. The experience gathered and research commissioned by Walmart, again, underlines the multiple constraints that women face, include the double burden, and difficulties in scaling businesses.[60]

Supplier diversity and inclusion is explicitly targeted at growth-oriented, and formal and registered companies. Informal workers and enterprises may be connected to this, through intermediaries. SEWA in India is an example of a well-established organization with large numbers of members that is making efforts to connect the products of more marginalized women, usually working in the informal sector to these markets.

The new market driven approaches, thus, provide great potential. There is a growing market that wants to source from women-owned businesses. Despite the resources available, the novelty of supplier diversity and inclusion outside of the US means that the scale to date is relatively small. Documenting and comparing experiences across countries and industry sectors appears an important priority.

59 A small percentage of corporate value chains built to be more inclusive can result in billions of dollars in economic opportunity for women suppliers, the people they employ, and the communities they serve (Vazquez and Sherman 2013).

60 Walmart (2014). Jenny Grieser, Kara Valikai, Karina Temirbulatova, Tim Wright, at The Urban Institute, 17 May 2016. Elizabeth Vazquez at the same meeting emphasised how hard it is for (women) entrepreneurs to build wealth if they don't have it in the first place.

6 Conclusion: what works and what we need to know more about

Despite the growing body of evidence, there is still limited knowledge of what works in terms of promoting the growth of women-owned businesses. The broader literature indicates that we know relatively little about which businesses grow, very few businesses become big businesses, and there is more success in helping to start businesses than growing them. The lack of knowledge is particularly pertinent for women-owned businesses.

There seems to be relatively clear understanding of the constraints women face. Their constraints tend to be multi-dimensional, bundled, and often mutually reinforcing for example through stereotypes about occupations that are 'suitable' for women or men – multi-sectoral approaches this seem important.[61] Women's disproportionate responsibilities for (unpaid) care work is a critical issue for understanding women's entrepreneurship. Growing businesses requires more extensive support than starting them, and for women-owned business successful approaches are likely even more extensive.

We need more and better data, including labour force and enterprise surveys

While there is broad understanding of women's constraints, data is insufficient. This is critical for analysis, advocacy, shaping specific interventions in procurement for example, and even enhancing the pipeline for businesses keen to work with women owned businesses. Data needs include improvements in labor force and enterprise surveys. Given that women's entrepreneurship is strongly affected by their multiple roles, longitudinal data and studies on women's labor market strategies over the life cycle also seem important. Women entrepreneurs of course are far from homogeneous, and constraints and options seem to express themselves differently across different economic classes of women entrepreneurs. A better understanding of their context-specific manifestations, and how these inform 'preferences' of women entrepreneurs continue to be important.

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The metrics of success of women entrepreneurs, and assumptions about rationality are important, to ensure we measure opportunities and results in the right way. Women's responses to opportunities will in many cases differ from men's – in fact, there is a small but growing literature on specific opportunities that different ways of doing businesses provide. The literature shows that women's business behavior including lending and investment tends to differ in part because of their broader household responsibilities.

Much of the rigorous evidence we have focuses on programs that provide directs services to the poor. These show that there are no magic bullets: finance, services, technologies all can benefit female entrepreneurs, but by themselves do little to enhance long-term growth prospects of women owned businesses. The small and diverse impacts uncovered in rigorous studies on finance and training are still a positive sign, and the systematic evidence gathered as helping to ensure support takes account of specific needs for and motives of women entrepreneurs in specific contexts. The findings that 'other factors' matter as well should be no discouragement; moving

61 Chakravarty et al (2016) amongst others, argue that programs that relieve multiple constraints simultaneously are most promising (they refer to a World Bank project in Liberia, 'safe space' programs, and a club-based girls' programs with BRAC. Evidence on multi-sectoral approaches is less available, however.

towards transformation effects of gender equality is a long-term process. The evidence on how small innovations can make a small difference (for example privacy for women in savings accounts, carefully contextualized training programs), are critical in that respect.

Given the intertwined nature of constraints to women, advocacy to change policy and institutions takes on an even-more-than-otherwise important dimension. Recent work by the World Bank suggests that laws can and do change, and there are examples of working with procurement agencies to enhance the capacity to create a more level playing field. Such efforts are necessary to reinforce gains made by training small businesses. Laws and norms do change slowly, but the advocacy to promote empowerment has significantly increased.

There has been an expansion of programs by private sector actors, and foundations supporting gender equality including the promotion of women owned businesses. There is as yet relatively little evidence available on what works and what does not, with interesting exceptions like the work done with Walmart (2014), which among other things highlights that women's multiple constraints are equally important – and perhaps amplified – in market oriented approaches. As these new initiatives now seem to be reaching a critical mass, a concerted effort to learn lessons from experience seems warranted. In many case, better data and clearer and comparable metrics would be a necessity.

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