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# Gender equality and entrepreneurship – there is still a lot to do!

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Women's economic participation and empowerment are common themes running through the Agenda 2030 for Sustainable Development. A lot has already been written about differences in labour market participation and wage disparities (for equal work and qualifications). However, recent research findings and better data demonstrate that the situation is even more serious when it comes to entrepreneurship, e.g. self-employment and senior management.

## Assessment: women are clearly under-represented as self-employed entrepreneurs and in senior management

From a global perspective, women are much less likely to find themselves in management positions in companies and they are less likely to form start-ups. If they do, the companies they form or manage are on average part of less productive sectors and/or generate significantly lower sales:

- Only 30% of formal small and medium-sized enterprises (SMEs) around the world are owned and/or run by women.
- Even with the same level of education, women are predominantly employed at lower hierarchical levels, only 25% hold management positions
- In 32% of all companies, there is not a single woman who is part of the senior management (Sub-Saharan Africa 40%, Latin America 55%).

## Cause analysis: large gaps in access to financing, networks, business skills and lack of role models

The main causes for the pronounced under-representation of women as entrepreneurs and managers are multifaceted. The most important factors are:

Restrictive role models: traditional role models that only allow women limited professional activities are central to the gender-specific differences in entrepreneurship. These constitute the framework for many other restrictions and forms of discrimination and deepen them, depending on their nature. Even in the EU, 25% of women (compared to only 3% of men) say that family responsibilities are the reason they have decided to forego their careers. Whether this is a deliberate decision or one based on a lack of child care options to reconcile work and family life or discrimination is very dependent on context.

Legal restrictions: more than half of the world's countries have laws restricting women's employment. In 18 countries, women are not allowed to work at all without the consent of their husbands, let alone start a business (as it was the case in Germany until 1977).

Impeded access to financial services and capital: the average global gender gap in terms of financial inclusion is 7%. This gap is greatest in Southern Asia at 18%. Women also have much more difficulty accessing capital from banks, but also from informal or family sources. One reason for this, apart from legal (see above) or local restrictions, is the often unequal distribution of property in the household. According to UN Women, this gap leads to an annual credit deficit of almost USD 300 billion for formal SMEs owned by women.

Lack of business training and networks: due to strongly male-dominated senior management structures, entrepreneurial networks are often shaped accordingly and it is more difficult for women to integrate. Women's business networks have been created in response to this.

In addition, only 8% of all vocational training degrees worldwide are awarded to women. One reason is that special needs of women, which arise from, among other things, family obligations or a lack of financial support, are not taken into account.

## Conclusion: international development cooperation can help tap into the high level of unexploited potential

Scientific analyses show that reducing the gender gap has enormous economic potential:

- Companies with three or more women in senior management positions achieve better-than-average results in all dimensions of organisational effectiveness.
- In a theoretical scenario that exploits the "full potential" of women's economic participation, the World Bank calculates that it is possible to increase global annual GDP by as much as 28% annually.

In order to tap into this potential, we could not only soften traditional role models, but also address each of the causes identified above. Within the framework of international development cooperation, approaches to improving access to finance for female entrepreneurs and vocational training for women have proven particularly effective in promoting entrepreneurship. ■