OPERATIONAL GUIDE TO WOMEN’S ENTREPRENEURSHIP PROGRAMS: AN OVERVIEW

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Introduction

Gender equality is increasingly and ever more widely recognized as a challenge of economic development. The World Bank Group Gender Strategy (FY16–23)\(^1\) identifies access to more and better jobs (including entrepreneurship) and access to assets as key pathways for gender equality and for thereby eliminating poverty and boosting inclusive growth.

Women’s entrepreneurship, in this context, is a critical tool for job creation and generating positive spillovers in the economy (like increased expenditures on health and education). Robust, wide-ranging support programs are needed to capitalize on these potential benefits and while support programs for women entrepreneurs are not a recent phenomenon, they have recently gained prominence with several high-profile initiatives like the Women Entrepreneurs Finance Initiative\(^2\) and the Women Entrepreneurs Opportunity Facility.\(^3\)

This note presents an overview of “An Operational Guide to Women’s Entrepreneurship Programs” which offers insight into the dynamics of and constraints to women’s entrepreneurship and provides guidelines for design and implementation of support programs. The overview note is intended to be a companion piece to the Guide.\(^4\)

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Note: This overview was prepared by Qursum Qasim (qqasim@worldbank.org).

3. [https://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/46E12EAD05D0619885257C9200595A41](https://ifcext.ifc.org/ifcext/pressroom/IFCPressRoom.nsf/0/46E12EAD05D0619885257C9200595A41).
I. What do we know about women’s entrepreneurship?

Gender gaps are seen across some aspects of entrepreneurship. From low rates of entrepreneurship in general and opportunity entrepreneurship, in particular, to limited activity in high productivity sectors, women entrepreneurs lag behind their male counterparts. Moreover, women-led firms tend to be smaller in terms of job creation, sales and revenues. However, there are some mitigating factors; women-led enterprises perform as well as those led by men when controlling for sector and there no observed gender gaps in terms of firm survival.

The rate of entrepreneurship is lower among women than among men. As Figure 1 shows, women constitute a lower proportion of own-account workers and employers than do men. This is true across all regions.

Figure 1: Female and Male Employment Status by Sex, 2015

The lowest rate of women’s entrepreneurship is 6.3 percent in Europe. This finding is further reinforced by Figure 2 with the ratio of female to male entrepreneurial activity below 1 in a majority of countries surveyed by the Global Entrepreneurship Monitor (indicating that fewer women than men are engaged in entrepreneurship). In countries as diverse as United Kingdom, Egypt and Taiwan, there are fewer than six women entrepreneurs for every 10 men who are entrepreneurs.

Women are also less likely to be opportunity entrepreneurs in a majority of countries. North America (United States and Canada) is the only region where women’s opportunity entrepreneurship exceeds that of men; in other regions, there are individual countries where this is true.

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5 Opportunity entrepreneurship: The case in which entrepreneurs start businesses to exploit a business opportunity, rather than starting a business due to the absence of alternative income-generating activities (i.e. out of necessity).

There is a silver lining: While gender gaps persist across both overall rates of entrepreneurship and opportunity entrepreneurship, for most countries, the gap is narrower in the case of opportunity entrepreneurship. Of the 54 countries included in the Global Entrepreneurship Monitor, women’s entrepreneurship equals or exceeds that of men in only 3 countries while this is true in 16 countries in the case of opportunity entrepreneurship.

Figure 2: Total Entrepreneurial Activity, Female/Male Ratios, 2018

Source: [http://www.gemconsortium.org/data](http://www.gemconsortium.org/data)

Notes: Female/Male TEA: Percentage of female 18 to 64 population who are either nascent entrepreneurs or owner-managers of a new business, divided by the equivalent percentage for their male counterparts.
Female/Male Opportunity-Driven TEA: Percentage of those females involved in TEA (i) who claim to be driven by opportunity as opposed to finding no other option for work; and (ii) who indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their income, divided by the equivalent percentage for their male counterparts.

Women-led enterprises are also concentrated in lower productivity sectors. In Latin America and the Caribbean, Sub-Saharan Africa, and Eastern Europe and Central Asia, women entrepreneurs tend to operate in garments, wholesale and retail, and hotels and restaurants, sectors with lower sales than, for example, construction. In the OECD, female founders account for only about 7 percent among founders in IT firms and 13 percent in biotechnology firms, and only 11 percent of startups looking for venture capital have female founders.

In terms of job creation, in the OECD, 24 percent of employed women had employees in 2013, compared to more than 30 percent in the case of employed men. The gap has been narrowing somewhat since 2003 as shown in Figure 3, but progress is very slow.

**Figure 3: Share of Employed Who Are Employers in OECD, by Gender**


The good news: There is no gender gap in firm survival, according to research from Latin America and Africa. Women-led enterprises also employ a larger proportion of women compared to male-led firms and offer better wages to female executives.

In terms of performance, some gender gaps are observed, with women-led enterprises in Eastern Europe and Central Asia found to have lower profits and sales revenues and are slightly less efficient in terms of total factor productivity. However, women-led firms perform as well as male-led firms, when controlling for sector. Based on data from 37 countries in Sub-Saharan Africa, and controlling for enterprise characteristics, including formality, size of business, and sector of operation, productivity differences (value added per worker) between firms led by men and women disappear.

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II. What constrains women entrepreneurs?

There are no intrinsic differences that prevent women from engaging successfully in entrepreneurship as gender performance gaps disappear when controlling for enterprise characteristics. The gender gaps observed in entrepreneurship stem from two types of constraints: constraint-driven factors and preference-driven factors.

Constraint-driven factors are exogenous pressures, including social norms, laws, and initial endowments. Around the world, 104 countries have laws that prevent women from working in specific jobs and husbands in 18 countries can refuse to allow their wives to work. Similar legal restrictions govern whether women can register a business in the same way as men or open bank accounts without male permission. Moreover, social norms also restrict women's economic participation and strongly influence the types of roles they can occupy and sectors they can operate in. Norms also surround the kind of rights women have access to (even when rights are granted legally). For example, in many countries women are not able to access financial services and operate in male-dominated spaces like chambers of commerce, even when there is no law against it. Endowments, like land and capital, also influence women's entrepreneurship—for informal enterprises in India, 75 percent of the differences in firm performance between enterprises owned by men and those owned by women may be due to differences in endowments and women-led SMEs face a credit gap of US$260 billion to US$320 billion globally.

Preference-driven factors are personal preferences and qualities which influence entrepreneurial choices, particularly as perceptions of opportunities, self-confidence, and fear of failure are linked to entrepreneurship. Women have a greater fear of failure and a lower level of confidence in their entrepreneurial skills, according to the Global Entrepreneurship Monitor, and an OECD survey finds that women are less likely to take risks.

Support programs therefore need to take into account the combination of constraints for any given target segment among women entrepreneurs.

15 [https://www.peri.umass.edu/media/k2/attachments/Gender_Gap_Informal_080316.pdf](https://www.peri.umass.edu/media/k2/attachments/Gender_Gap_Informal_080316.pdf).
III. What works to support women’s entrepreneurship?

Support programs have great variation—in terms of design, content and the target segment. A majority of the programs focus on microenterprises and evidence for SMEs is harder to come by. Nevertheless, key principles can be derived from existing evidence.

Capacity building

For SMEs, business training has positive short-term impacts as it speeds up the creation of women’s businesses and business practices are seen to improve (though not profits). Business management training is effective when the content includes high-quality training materials, leverages effective implementation partners and takes place over three to six months (rather than over shorter durations of five to seven days). When business training programs encourage entrepreneurs to think more strategically about profitability, women whose businesses are not profitable close down soon after participating in the program.

Access to finance

Capital on its own does not yield positive outcomes for women entrepreneurs. Often cash grants are diverted to male-led enterprises in the same household or to consumption expenditures. For larger microenterprises, in-kind grants yield better outcomes than cash grants. In other programs, profits for women-led enterprises in households with no other enterprises increase as much as for their male peers in the program. Financial services and products like savings accounts also support the allocation of resources to business investments.

Combination of services

Business training or capital alone do not definitively lead to improved business outcomes even when business practices do improve. Training programs support improvement in business practices but not necessarily in incomes or business growth. A combination of services—training and technical assistance or grants or personal initiative training—can improve performance. Similarly, support on networking and mentoring have proven useful particularly for less-empowered women entrepreneurs.

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Box 1: Personal Initiative Entrepreneurial Training (Noncognitive Skills Training): Entrepreneurship Training Program in Togo

Personal Initiative entrepreneurial training, a noncognitive skills training, is effective in changing behaviors of micro and small firms in emerging markets and developed countries. (Target Segment: Microenterprises, specifically subsistence enterprises)

Personal initiative (PI) is work behavior characterized by its self-starting nature, its proactive approach, and by being persistent in overcoming difficulties that arise in the pursuit of a goal. Since entrepreneurs are naturally self-starters and somewhat risk averse, PI training is meant to augment the former and limit the latter for the benefit of the firm. Personal Initiative training uses psychology rather than traditional business education to support improved business performance. The difference between PI training and business training is the former’s emphasis on doing things differently rather than enhancing knowledge.

PI training has been tested in Togo and Uganda. In both projects, participants who received the PI training outperformed participants who received traditional business training. Several forthcoming projects will test a combination of PI training and traditional business training to determine whether the combination has positive impacts on firms.

In Togo, the Africa Region and Gender Innovation Lab piloted PI training with 1,000 entrepreneurs from the nonagricultural informal sector. Over the course of a randomized control trial, 500 entrepreneurs received IFC’s Business Edge managerial training, 500 entrepreneurs received the PI training, and 500 entrepreneurs were assigned to the control group. The groups receiving training participated in 12 half-day classroom instruction sessions, followed by 4 months of personalized mentoring for their businesses.

Results showed that while both programs generated effects on intermediate outcomes for women, PI training seemed to have a higher impact on firm performance. The positive impacts of PI training on female entrepreneurs included better access to inputs, increased product innovation and sector of activity, access to finance via bank loans or microfinance institutions, and access to networks. Over two years, monthly firm profits increased by 30 percent and the training was found to be effective for both men and women (that is, gender differential effects were not found).


IV. Program design and implementation

Based on evidence and a diagnosis of the constraints, some guidelines for program design and implementation have been developed. Most of these are already in practice in some form, though not always in combination; there are other components that are not quite so commonly used but are relevant to the constraints that hold women back. These program design components will, as with other guidelines, need to be adapted to the country and program context and may be used in various combinations (depending on the program development objective and other factors).

Design: Policy reform
At present, policy reforms explicitly focused on removing gendered constraints to women’s entrepreneurship are not generally a part of support programs (although they may feature in select Development Policy Finance operations implemented by the World Bank). Diagnostics like the biennial report, Women, Business and the Law offers country-level insight into a range of indicators like whether women can register businesses in the same way men can. These can be used to identify potential de jure reforms. In addition to legislative action, some associated regulations like ‘know your customer’ procedures used by financial institutions and de facto practices can also present challenges; for example, in some cases women are asked for male guarantors for loans even when this is not a legal requirement. Reforms can also target these practices by working with Central Banks, financial institutions and other service providers to change frontline practices.

Design: Capacity building
Capacity building programs typically include business management training, spanning the areas of operations, finance, human resources, marketing and business planning. The content may be newly developed for specific programs or existing content may be adapted for the local context. Translation into local languages may be useful depending on the target segment and local case studies can also be a useful reference point for many participants. For many women entrepreneurs, financial education is a particular challenge and requires additional support delivered through dedicated access to finance modules.

Design: Supporting crossovers
The concentration of women entrepreneurs in low-productivity sectors can be addressed by facilitating their entry into high-value sectors. Some evidence on the factors that catalyze women’s entry into male-dominated sectors reveals the role of male mentors who share sector-specific information; these findings have yet to be operationalized. This can be done by developing dedicated mentorship programs, industry and market linkages programs and apprenticeship programs for women to enter (or diversify) into more productive, high value-added sectors.
Design: Networking

Women entrepreneurs tend to have family-and-friends-focused narrow and deep networks. Successful businesses need wider engagement and programs can include networking components that can facilitate the formation of new networks and entry into traditionally male-dominated business networks. Chambers of Commerce, industry and trade associations, women’s associations and other organizations offer important platforms for support programs to leverage. Relatedly, peer networking offers a way to reduce the isolation many women entrepreneurs report and provide for new networks among entrepreneurs of similar profiles and at similar stages of enterprise development.

Participants are likely to require a training component on how to network, including soft skills components like communications, relationship management and sales skills.

Design: Mentoring

Adding a mentoring component to support programs addresses the challenge of access to role models and advisors who can provide information and guidance and invest in the growth of their mentees. A guided mentoring approach that includes pre-mentoring training for mentors and mentees, templates and task sheets and ongoing feedback offers a way to provide structure while leaving room for flexible discussions that can address specific ongoing challenges for women entrepreneurs. Mentors may be other entrepreneurs, professionals or services providers.

Peer mentoring (typically in a group format) is also important for women entrepreneurs who may not be prepared for one-on-one mentoring and allows for more organic engagement as participants learn from each other. Programs have recruited both men and women as mentors and the choice for a particular program may depend on the context and willingness of mentors and mentees.

Box 2: WomenX in Pakistan and Nigeria

The WomenX program in Pakistan and Nigeria offered four-month-long training to women who owned or managed businesses. The program was facilitated by academic partners but included numerous entrepreneurs and bankers as guest speakers. The business education content included management tools (HR, digital marketing, PR), financial education (accounting, finance, interactions with financial institutions) and soft skills (negotiations, leadership, presentation) and covered developing a business growth plan with concrete vision and deliverables.

In addition to incorporating soft skills training into the curriculum, WomenX also offered wraparound services to increase the uptake of participants. This included hosting information sessions with women’s spouses and families to raise awareness of the benefits of women’s economic activities. Participants valued the networking and peer learning, as many of the women were operating in isolation prior to the program. In program feedback, participants suggested a preference for more wraparound services.

Initial results of a Propensity Score Matching IE in Pakistan show business practices of participants have improved significantly, especially in financial management and business planning. Furthermore, participants gained self-confidence on several entrepreneurial traits, especially self-efficacy, locus of control, risk-taking, and financial knowledge. While impact on performance indicators like sales and employment require more time to manifest, the hypothesis is that improvements in business practices are likely to lead to enhanced business performance.
Design: Access to finance

Access to finance is the most commonly cited challenge by entrepreneurs from all segments and is particularly acute for women. A typical access to finance component (or program) may take the form of loans or grants, sourced through microfinance institutions, development banks and financial institutions, and offered in combination with some form of financial education. Additional instruments like credit guarantees and invoice financing offer further options for developing tailored financial products and services. In addition, technical assistance may be offered to financial institutions to develop specific products like commitment accounts. The demand-and-supply-side approach offers a full spectrum ‘market creation’ program, albeit one focused on a singular aspect of support.

Box 3: Women’s Entrepreneurship Development Project (WEDP), Ethiopia (Source: Finance and Markets GP Gender Note, 2017)

WEDP in Ethiopia offered women entrepreneurs business development services and lines of credit.

Loans are disbursed through Ethiopian microfinance institutions (MFIs), and training is delivered by a mix of public and private providers. WEDP was originally funded by an IDA $50 million investment loan, and Canada and UK provide an additional $13 million grant funding. Today, Italy and Japan have joined the project with $75 million of co-financing. Over 14,000 women entrepreneurs have participated in the program.

The project transformed the landscape for financial services for women entrepreneurs in Ethiopia, by equipping the country’s leading MFIs with the techniques and knowledge to reach a previously underserved market segment, including innovative financial technology (fintech) pilot interventions, such as psychometric loan screening and digitally-driven lending techniques. These innovations can be powerful tools for easing credit constraints for MSMEs by providing viable alternatives to traditional fixed asset collateral – a solution particularly relevant for female borrowers.

A randomized control trial was conducted to determine the project’s impact on business performance. Repayment of loans stands at 99.4 percent, 61 percent of borrowers are new borrowers, and firms that have participated in WEDP have grown profits by 40.7 percent and employment by 54.3 percent over the past two years.

Design: Outreach and marketing

Participant engagement is a perennial challenge for women’s entrepreneurship programs. Targeted strategies are needed to engage and recruit women into support programs especially programs with multiple, intensive components. Traditional media like print and television and social media marketing channels offer some options; community outreach, leveraging local role models as spokespersons, local associations and networks, and embedding the program into existing institutions (like business schools or chambers of commerce) offer additional ways to reach out to women entrepreneurs. Experience from other programs shows that recruiting women into programs requires intensive follow-up from initial point-of-contact. Program design should account for extensive upfront engagement and allow for appropriate allocation of time and resources.
Design: Monitoring and evaluation

Robust M&E frameworks provide for ongoing learning during program implementation and for readjustments to be made as the program progresses. In addition, the evidence provided by support programs can further deepen understanding of what works for what type of women entrepreneurs. There are a range of indicators and survey instruments that are available for use, including modules on agency and non-cognitive skills. Moreover, qualitative feedback on program content can provide more in-depth and nuanced analysis of participant perceptions. It is important to plan for survey fatigue among participants (especially after they graduate from the program) and develop M&E tools that are low-effort for participants and/or are bundled with continued provision of services (like invitations to networking events).

Implementation: Delivery mechanisms

Most support programs are delivered in-person; this method is both expensive and requires a high level of commitment from participants (in terms of time and physical access to support program venues). Leveraging technology offers a way to address the cost, time and mobility challenges. For example, a blended learning model whereby business training is delivered in-person and online, would reduce the time participants need to spend in-class and provide them with the flexibility to follow the online components at their own pace. Other services like networking and mentoring are also being tested for online delivery (for example, through the Cherie Blair Foundation) though more work needs to be done to evaluate the efficacy of the approach. There is also a gender gap in access to technology which may preclude its wide use for some target segments.

Implementation: Partnerships and community engagement

Local capacity to develop and deliver support services to women entrepreneurs (and MSMEs) is often limited and external providers may not fully understand the local context. The quality and impact of implementation depends on the partners conducting the program on the ground and therefore identifying the right partners is an important aspect. This may be done by selecting partners with well-established local networks, credibility and baseline capacity. Working with credible local partners is also useful to establish sustainable programs which can be embedded in the local entrepreneurship ecosystem and continue after the exit of support programs; these resources can also be leveraged by target segments in addition to women entrepreneurs. International expertise may be useful in bringing in diverse insights and content that can be paired with local knowledge.

Women’s public and economic roles are regulated by social norms and by their household responsibilities. Engaging men and community stakeholders in support programs offers a way to proactively develop community-and-family-level buy-in for women’s participation in the program and for their economic participation. This aspect requires careful consideration of the local context.

Implementation: Wraparound services

Recruitment and participation of women in support programs is challenging. Mobility constraints and disproportionate household responsibilities constrain women’s access to services like training programs. In this context, provision of additional services like childcare and transport offer avenues to address some barriers to participation. This is also relevant to areas where safe and affordable transport is not widely (or at all) available to women.
V. Conclusion

As support for women’s entrepreneurship scales up, there are considerable opportunities to build on existing lessons and advance the thinking around program design and implementation. Gender gaps in enterprise ownership and firm performance and concentration in low-productivity sectors are symptoms of entrenched gender disparities in access to resources—social capital, knowledge, finance, networks and markets. Moreover, the overall business environment for women is influenced by policies which in many places constrains women’s economic participation. Social norms, access to safe and affordable transport, and disproportionate household responsibilities are additional challenges that hold women entrepreneurs back.

Addressing multidimensional constraints through standalone interventions is not particularly successful and a more holistic approach is found to yield better results in terms of improved business outcomes and performance. Services including capacity building, access to finance, access to markets and networks and wraparound services like childcare, can address the constraints that hold women entrepreneurs back. Technology offers a path for cost-effectively delivering some services to a wider target segment though the gender digital divide presents a challenge.

The rising demand for support programs for women’s entrepreneurship can be met by building further evidence, scaling up proven design elements and continuing to test new approaches. This overview and “An Operational Guide to Women’s Entrepreneurship Programs in the World Bank” provide a starting point for teams engaged on the topic. The main guide includes diagnostic tools and offers more details on designing support programs.