

# Levelling the Playing Field: What Women Entrepreneurs Want

First hand evidence from women around the world about the challenges they face and what they think the solutions might be



Cherie Blair  
**FOUNDATION  
FOR WOMEN**

## Introduction

The Cherie Blair Foundation for Women published research last year with the Boston Consulting Group establishing that removing the gender gap in entrepreneurship could boost global GDP by 3-6%, up to \$5 trillion<sup>1</sup>.

Whilst there is growing recognition of the opportunity for women business owners – and the obstacles – in some quarters<sup>2</sup>, there isn't sufficient information on the motivations and experiences of women entrepreneurs, particular from those living and working in low and middle income countries. Given that the outlook for global women's economic empowerment worsened over the last year – the World Economic Forum's 2020 Gender Gap Report estimated gender economic equality is now 257 years away, 55 years longer than in 2019 – understanding more about what women business owners want and need is timely.

The Foundation's Mentoring Women in Business programme affords unique insights into the lived experiences of women entrepreneurs. This global, cross-border, online mentoring programme matches women in low and middle income countries with mentors elsewhere internationally in order to provide them with business guidance and training. Across physical and cultural distances, people from around the world come together to change lives through this highly personalised development programme.

This briefing has been drawn from data collected between 2016 and 2018 from 675 women entrepreneurs in the process of applying to our Mentoring programme and graduate mentees responding to a pilot questionnaire completed in 2019. At the time of gathering the data these women were all living in lower and middle income countries, had an intermediate or above level of English, and owned at least 51% of their businesses or could demonstrate significant decision-making abilities within it<sup>3</sup>.

The surveys asked questions about motivations for setting up a business; the number of people supported with the income generated; financing received; major challenges; experiences of discrimination and prejudice; and views on what needs to change to enable women entrepreneurs to build the businesses they want. The Foundation is excited by these initial findings and would like to create an annual audit of women business owners experiences, challenges and the opportunities they see to better inform programme priorities and support efforts to improve the ecosystem for women's entrepreneurship in low and middle income countries.

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<sup>1</sup> Boston Consulting Group / Cherie Blair Foundation for Women, 2019

<sup>2</sup> As illustrated by the reports from the World Bank, McKinsey and others in this briefing. The issue has been the focus of a high-level panel and successive G7 initiatives, for example, as well as a range of bilateral donors. For example, during the French G7 Presidency in 2019, G7 leaders announced \$251 million of support to African Development Bank initiatives supporting women entrepreneurs.

<sup>3</sup> Mentees responding to the survey are mainly from sub-Saharan Africa but also some from South Asia, South-East Asia and Latin America. University educated mainly in the 25-44 year old age group. 92% are university educated, with 57% having a post-graduate degree. They have access to the Internet and speak English. 26% live in households with an income \$1000-\$5000; 19% in households with a income of \$5000-10000; and 21% in households with an income of \$10000 and \$20000.

## **Motivations**

**Financial security is important as women support their families and others, but many aspire for far more**

- Financial security and independence was the main driver for mentee entrepreneurs in setting up a business - 30% cited this as a reason.
- Their earnings support others: 30% of mentees said their earnings account more than 60% of their household income and 85% provide financial support to others; 35% support more than three people.
- However, they are not just motivated to start their business by financial need: 'making a difference' was also a powerful motivator for nearly a quarter of the women - 16% of Mentoring programme participants and 24.5% of applicants cited this as a reason.

## **Finance is Still a Major Obstacle to Business Success**

**Increased access to finance, plus better awareness of financing options, are desperately needed**

No surprises here – access to finance is a major gap! The combined data from the 675 women applying to and graduating from our Mentoring programme has found that:

- Lack of access to finance was by far the largest obstacle to entrepreneurship, with nearly half the sample - 52% of applicants and 39% of participants - citing it as the main challenge. Finding and retaining customers came 2nd at 16%.
- 55% of mentees had received finance, but 72% of these had got it from friends or family; only 30% received financial capital from private sector investors<sup>4</sup>.

Wider research confirms that financing is a major obstacle for female entrepreneurs. In a study by McKinsey, it was found that across the world, women have only 77% of men's access to financial services, including bank accounts, credit and mobile banking<sup>5</sup>. It found that "small and medium-sized enterprises (SMEs) with female ownership represent 30-37% of all SMEs in emerging markets. These businesses have unmet financial needs of between US\$260 billion and US\$320 billion a year".<sup>6</sup> And this doesn't include the women-run businesses concentrated in the informal sector, which presents a further obstacle in women accessing the finance and support they need<sup>7</sup>.

Research suggests that the spread of digital finance and mobile banking is likely to deepen the gap. On average, women in lower and middle income countries are 10% less likely to own a mobile phone than men, and 23% less likely to use mobile internet<sup>8</sup>. Digital finance is still subject to the same laws that restrict access to women, at the same time the opaque

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<sup>4</sup> Banks, businesses, venture capital firms, private equity firms put together.

<sup>5</sup> McKinsey, 2015

<sup>6</sup> See <https://www.worldbank.org/en/results/2013/04/01/banking-on-women-extending-womens-access-to-financial-services>.

<sup>7</sup> For example, 74% of employment in non-agricultural activities in sub-Saharan Africa is in the informal sector compared to 61% for men.

<sup>8</sup> GSMA, The Mobile Gender Gap Report 2019

workings of the algorithms used to make decisions on who gets loans and who doesn't threatening to further solidify prejudices about women and money<sup>9</sup>.

Experience from the Foundation's entrepreneurship programmes have shown us that after some initial training to better understand their businesses many women entrepreneurs find that they are not yet ready to access finance. We need to be aware that access to finance is not always the solution. Enabling women business owners with more holistic support enables them to work towards sustainable business growth with the knowledge, skills and confidence to access the right finance for their business at the right time.

## **Beyond Finance**

### **Social norms and negative stereotypes are holding women back**

- 35% of women surveyed said that they had experienced discrimination as a woman business owner.
- Nearly two thirds of the sample (62%) had experienced some kind of negative stereotype around female entrepreneurs - mainly that women should prioritise motherhood and domestic duties.
- 38% have faced the stereotype that 'women are not assertive enough to be successful entrepreneurs'.
- 31% have been confronted with the idea that 'men are more ambitious than women and therefore their businesses are more successful'.
- 19% with the idea that 'women aren't good with money'.

These findings reinforce the well documented impact of social norms on women's economic participation and entrepreneurship. Widespread beliefs that a woman's role is primarily in the home and norms that restrict women's ability to move freely and make independent decisions are major impediments on women's entrepreneurship and women's economic participation more broadly.<sup>10</sup>

## **What Needs to Change?**

### **Access to finance**

Asked what change would have the most impact on women entrepreneurs, 42% said 'more opportunities for funding and investment for women's businesses'. They would like to see campaigns and action to improve their access to financing.

### **Discriminatory laws**

While many women entrepreneurs (85% of respondents) are unaware of the fact that most countries have some legal obstacles to women's full participation in the economy, in a recent World Bank report, only six countries have complete economic equality in the eyes of the law<sup>11</sup>. Indeed, our survey respondents who were aware of discriminatory laws cited laws

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<sup>9</sup> UN Secretary General's Digital Financing Task Force Gender Working Group report, 2019.

<sup>10</sup> See, for example, IDRC: *The Norms Factor*. 2018

<sup>11</sup> World Bank: *Women, Business and the Law 2019*.

preventing women from owning and inheriting property (36%) and accessing financing and bank accounts (18%) as the main ones.

Often it is these legal obstacles – as well as social norms – that come together to impede access to credit. The World Bank has found that requirements for a male family member’s permission to open a bank account, restrict women’s access to accounts<sup>12</sup>. Women are less likely to have ID documents needed to open an account, or by law, to be able to inherit or own land that can be used as collateral.

### **Better access to networks and skills training**

After more opportunities to access financing, the women who participated in our programmes want more access to networks of female entrepreneurs (21%) and better access to education and training (19.9%) to further enhance their business growth and leverage the finance to fuel this.

### **Challenging social norms**

Evidence suggests that the best way to challenge social norms is in fact to support women’s economic empowerment.<sup>13</sup> Women’s rights organisations, especially when embedded in their communities, are also a key contributor to challenging social norms.

## **What Needs to Happen Next?**

The Cherie Blair Foundation for Women plans to take on board these findings in its future programme design, policy and advocacy work. Based on these initial findings, some of the areas, which we will explore through our work, or in partnership with others, include:

### **Access to Finance**

- Working with financial institutions to ensure their practices are not excluding women entrepreneurs. We recommend they test and challenge gendered attitudes of staff and track the extent to which they are reaching and serving the particular needs of women entrepreneurs in developing economies.
- Banks and other financial institutions should support initiatives to improve women entrepreneurs understanding of the finance available to them and how to access it.
- Banks need to understand how the requirements they place on those applying for loans discriminate against women and change them. For example, major obstacles for women opening accounts or getting loans are the requirement to have official ID and collateral. Some have suggested removing these requirements.
- Digital financial providers need to ensure that the algorithms that decide who can access their services and who gets loans do not reflect historic bias around women and money.

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<sup>12</sup> World Bank, 2019.

<sup>13</sup> IDRC, 2018.

## **Discriminatory laws**

- Governments need to remove legal and regulatory obstacles that make it harder for women entrepreneurs to succeed by outlawing any gender discrimination and abolishing these laws, for example, enabling women to own or inherit property.
- The World Bank should review its Doing Business Index methodology to do more to capture and acknowledge the vast differences in how easy it is to do business for women compared to men in many countries. Governments care about their ranking in the Index but the Index gives limited attention to the differences.

## **Social norms**

- Greater investment in skills training for women entrepreneurs and in initiatives that provide them with low cost access to networks so they can learn from each other's experiences, work together to challenge social norms and advocate for change.
- Through our programmes we will create role models and networks to share the successes of our participants not only amongst fellow and aspiring women entrepreneurs, but more widely to support the building of an inspiring ecosystem.

Effective implementation of all these recommendations require banks, governments and others to better understand the everyday experiences of women entrepreneurs. Without this new financial products, training initiatives and reforms will only continue to miss the mark.

**The Cherie Blair Foundation for Women is committed to continuing to use its unique access to the needs and perspectives of women entrepreneurs to ensure their voices and lived experiences can play a bigger part in strengthening the ecosystem for women business owners around the world.**

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