

THE BROKER

Connecting worlds of knowledge



A gender lens on the social change industry

Focusing on women, gender & social entrepreneurship

[Daniëlle de Winter](#) | February 25, 2014

Women seem to be more attracted to start or participate in social enterprises (SEs) than in 'regular' business practices. While gender inequality persists in traditional entrepreneurship, SEs appear to experience fewer discrepancies between men and women in terms of positions, salaries and growth opportunities. The 'natural' tendency of women to act and think socially, arguably makes them more suitable for this line of work. Yet, the impact of the growing number of women getting involved in social businesses has yet to be discovered.

There has recently been an increasing interest in female entrepreneurship in general, and specifically in developing countries. There are at least two reasons for this: an increase in interest in the role of entrepreneurship in the economic development process, and the insight that female-led enterprises can have a more significant impact on the socioeconomic opportunities of households. In this light, supporting and expanding female entrepreneurship – especially female social entrepreneurship – seems to have become an objective not only to empower women, but also to reduce poverty in developing countries. This article sheds some light on the challenges of women entrepreneurs in general, and the benefits that can come from women running businesses socially. It also shows that, to date, only a few policies are known to actively support women in their social endeavours. This is perhaps due to the small amount of research conducted on the subject until now.

Challenges to entrepreneurship for women

The practice of entrepreneurship in itself marks a long-established traditional division of labour for individuals, but more so for women, due to gender identity in the market and a lack of available economic and political networks.¹ However, mainstream economic thinking still tends to consider itself 'gender neutral' as entrepreneurs are perceived as rational, market-oriented individuals who

About the author



**Daniëlle
de Winter**

Daniëlle de Winter is the owner of DBMresearch based in the Netherlands. With an academic background...

[full profile](#)

have no gender, class, age, family, religion or ethnicity² Saskia Vossenbergh, an external Research Fellow on women entrepreneurship at the Maastricht School of Management, critically describes this as ‘the imaginary entrepreneur’, who makes decisions unhindered by socioeconomic inequality or the unequal distribution of power and income, and free of family obligations or care responsibilities³ As Anne Humbert from the Third Sector Research Centre (TSRC) affirms in her article ‘Women as Social Entrepreneurs’, such an interpretation ignores the collective nature of entrepreneurship and does not address its real diversity. The traditional perception is thus not representative of the reality women face.⁴

Women are often those left on the sidelines of the formal economy. They face social, economic, political and legal contexts that include a gender bias and stereotyped beliefs that determine their chances on the market. Women’s start-ups often face issues related to finance. For example, estimates indicate that in Africa, women receive less than 10% of all credit going to small farmers and only 1% of the total credit for the agricultural sector⁵ Yet they also face obstacles in access to the market, technology, and knowledge and expertise, and in availability of entrepreneurial skills⁶ In addition, in some parts of the world (for example the Middle East and North Africa) women encounter restrictions to property ownership, legal or inheritance rights, and access to banking systems, or cannot even obtain an identity card without permission from a man⁷ These gendered standards not only influence the level of women’s entrepreneurial engagement, but also their possibility to benefit from economic activities as customers or as a workforce.⁸

Women often become entrepreneurs by necessity rather than choice, due to their exclusion from the formal labour market or reasons related to poverty.⁹ As a result, women are mostly involved in the informal economy¹⁰ and running microenterprises, having lower returns and fewer employees than their male counterparts. In addition, there is a persistent global discrepancy in male-female employment, in male-female leadership positions, and there is still a strong gender pay gap.

Such disparities between men and women entrepreneurs are less apparent when looking at social entrepreneurship. While males are generally more likely to start a social venture than females, the social entrepreneurship gender gap appears to be not as wide as with traditional commercial entrepreneurship.¹¹ For instance, according to the Global Entrepreneurship Monitor (GEM, 2011), there are four women social entrepreneurs for every five men.¹² A study conducted by the TSRC found that women are more inclined to get involved in ventures with a social mission and that – unlike in ‘regular’ businesses – social ventures employed around twice as many women as men. This raises the question whether male-female differences and the challenges they involve do not apply in the case of social enterprises.

According to Michelle Bachelet, the 2012 UN Women’s Executive Director and now the president of Chile, “women are natural social entrepreneurs”.¹³ They are more inclined to think of those around them, or to ‘think more socially’. Yet, arguing that women are natural social entrepreneurs actually affirms gendered stereotypes, which often portray men as more independent and profit-oriented, while women are more sociable and relationship-oriented.¹⁴ This stigmatization can be found throughout literature and studies conducted on women and their engagement in social enterprises. Based on its review of studies on female involvement in SEs, the TSRC argues that this stereotypical position is omnipresent, portraying women as motivated not by commercial considerations but more by a desire to act as what they describe as ‘mothers of the community’.¹⁵ Simon Teasdale, senior lecturer in social business at the Yunus Centre for Social Business and Health, proposes that this might be partially explained by women being attracted or compelled to undertake entrepreneurial activity in less profit-oriented settings.¹⁶

Benefits of women running businesses socially

However, there is a wide belief that much can be gained when women enter the market of social enterprises.¹⁷ Generally speaking, and as the World Bank has already argued, “Investing in women is smart economics”.¹⁸ According to the Bank, including women in the economic equation, either as entrepreneurs or as beneficiaries of economic policies, speeds up development and the process of overcoming poverty. This reflects their engagement in ‘regular’ business practices, but presumably also applies to those involved in the social industry. A Social Venture Network (SVN) study in the United States revealed that it makes business sense to support women in social enterprises. The network reports that women-led SEs generated an average of 15% more revenue than their male-led counterparts. The TSRC finds more moderate results in the UK, showing that social enterprises with women-dominated boards are more dependent on (public) grants and have a higher proportion of income from trading with the general public than with other ‘regular’ businesses.

Overall, there is still a lack of evidence on the effects of female *social* entrepreneurs. Little attention is given to how this ‘social change industry’ is linked with gender relations, and whether women and men hold contrasting positions in the organizational

structures. What is evident is that women working in the third, or non-profit, sector are less likely to face gender inequality than those working in the private sector, as the TSRC studies show. And what has been argued consistently is that supporting female entrepreneurship 'pays off'. The more women are economically engaged, the more economies will prosper. For instance, in the US the estimated direct impact on GDP is an increase of 5% when female employment is raised to male levels.¹⁹ Furthermore, the International Finance Corporation argues that economically-empowered women are major catalysts for development, as they usually re-invest their money for social purposes, such as a child's education. Therefore, the conclusion that is often drawn is that women involved in social ventures have a strong socioeconomic development impact.

However, more women running social enterprises does not necessarily boost women's empowerment or contribute to gender equality. Specific disruptive strategies are required to tackle issues influenced by gender bias.

Using a gender lens to influence social relations

For social enterprises to become more influential and increase their impact as change agents, they need to be aware of the different layers behind local problems and become part of a broader system.²⁰ This means looking at the whole social enterprise approach through a gender lens. If socially inclusive growth is the goal, it would be rash to neglect the impact that gender-biased policies and normative standards have on the economic potential of communities and societies at large. Think of disparities in asset ownership, where women are constrained by law or custom in owning land, or women's seclusion from the public arena in certain cultures, which could hamper their mobility and their access to information about prices, rules and rights to basic services.²¹

A gender-sensitive approach to social entrepreneurship requires looking at people (men and women) and how they relate to the enterprise, its product, and the associated value chain. It is important to realize that, when gender issues are discussed, they refer to the meaning society gives to the roles of men and women that result in certain power relations and dynamics. In practice, such an approach means looking at the differences between opportunities for men and women to start social enterprises, as discussed above. It is also means looking at social enterprises that are offering solutions to specific issues rooted in gendered structures, or at enterprises that incorporate gender-sensitive approaches along their value chains.

The advocacy organization Women Deliver has drafted a [list](#) of 25 social enterprises that specifically 'deliver for girls and women'. An example of a programme actively seeking to support SEs with a gender mission is [WomenChangeMakers](#). It specifically reaches out to social entrepreneurs that address women's access to education and healthcare, and economic and political participation. Such initiatives demonstrate the added social value of using a gender approach to running a SE as a woman, or to the women-oriented objectives of social ventures.

Studies have also been conducted into the impact of changing value chain conditions to benefit female economic empowerment. The Corporate Social Responsibility Initiative at Harvard University's John F. Kennedy School of Government, for example, has published a series of reports on the roles companies can play in expanding economic opportunity, including a study on Coca-Cola's women-oriented '5by20' initiative.²²

5by20 initiative

An enterprise actively addressing conditions along the value chain is the Coca-Cola Company, which launched the 5by20 initiative to empower 5 million female entrepreneurs along its own value chain by 2020.

Coca-Cola's sustainability group analyzed the company's value chain to see how it contributed to economic development in the markets where it operated. It found that women are key players throughout its value chain – for example, they own farms, run small shops, and scavenge bottles for collection. And Coca-Cola found that if these women had the skills to run their businesses better, both Coca-Cola and the women's communities could benefit.

In participation with Harvard's Kennedy School of Government and the International Finance Corporation the following major obstacles for female entrepreneurs were discovered in many of the Coca-Cola markets:

- Lack of business skills, including merchandising, accounting and employee management;
- Lack of access to finance, including credit and insurance, due in large part to the fact they often did not own the means of production;

- Lack of peers and mentors who inspired them to see what was possible and aim to create a business beyond the subsistence level.

For more information on the 5by20 initiative, please visit <http://www.coca-colacompany.com>.

The research objective of the John F. Kennedy School of Government touches upon an essential issue, namely, what are the incentives for enterprises (even if they are already social in nature) to consider gender biases? A typical economic cost-benefit analysis shows the long-term benefits for economic growth once women enter the market. As there are additional barricades to cross, social enterprises would have the organizational structure and social purpose necessary for lifting some of the constraints that accompany female economic participation, either as entrepreneurs, clients, or as part of the value chain.²³ However, due to the low rate of consideration given to women's role and gender in this sector, the evidence supporting such assumptions is still to be explored.

Policy attention

When women's role and the relevance of gender are studied in the field of 'regular' entrepreneurship, it is often of a general nature – addressing the economic participation of women – and therefore leads to general recommendations. These studies focus on structural issues, such as the consequences of patriarchal societies and capitalist structures.²⁴ However, a new stream of literature and programmes is emerging which focuses more on the short term than on structural imperfections that cannot be readily solved. This new trend looks at innovative strategies for women's empowerment, and it sees a role specifically for social enterprises and how they can influence gendered patterns in society.²⁵ Nevertheless, gender-oriented policy instruments focus mainly on increasing the revenue of women enterprises rather than on addressing the underlying gender bias that determines growth and development, or supporting women in their ambitions as social entrepreneurs.

Specific development strategies can be developed to address female social entrepreneurs, as can be learned from the development programme introduced in India (see box). There, a legion of female social entrepreneurs is trained and supported in an attempt to create a ripple effect that spreads the SE spirit across the country. In other cases, women's economic empowerment is fostered through a combination of increased access to capital, networks and new markets, high-quality business skills and development training, and access to broader services that offset gender-specific constraints.²⁶ In addition, greater attention is being given to mentorship and training activities through intermediaries to increase the skill level and knowledge of potential entrepreneurs. Such supportive activities can empower women as workers and entrepreneurs, and create business engagements that are compatible with local (patriarchal) social norms.

Supporting female SEs in India

The Indian government has introduced the Young Women Social Entrepreneurship Development programme, which is a development strategy specifically aimed at training women to start innovative social enterprises that touch upon socioeconomic issues hampering women's participation in the formal economy. It is a joint effort of the British Council and its partner Diageo. The programme sets out to identify women working in social enterprises and organizations that support women, and train them to become 'master trainers'. In their turn, these master trainers are expected to provide social enterprise training to approximately 1,000 young women in India.

The programme is expected to create a ripple effect and disseminate social enterprise expertise to women in communities across India. The development strategy is in line with emerging international interest for women's economic empowerment. In recent years we have seen international commitments such as the Beijing Platform for Action, the Convention of the Elimination of All Forms of Discrimination against Women and a series of International Labour Organization (ILO) conventions on gender equality.

The Guardian published an article on their 'Social Enterprise Network Partner Zone' that highlights this Indian SE programme. [The Guardian's web page](#) offers insights and documentation on social entrepreneurship developments in the UK and beyond.

An increasing number of nonprofits, public entities and businesses are turning *social* in their ambitions and organizational structure. In their endeavours, it will be crucial not to lose sight of many of the gendered constraints that influence the impact of these activities. Women need to be included in formal economic processes to strengthen national economic development and alleviate gendered constraints to economic success. If enterprises turn social with a gender lens, ongoing efforts to support women in socioeconomic efforts might just get women one step closer to an inclusive economy.

Photo credit main picture: World Bank Photo Collection

Footnotes

- 1. Kleinrichert, Denise (2012) *Gender Issues in Entrepreneurship in C. Luetge (ed.), Handbook of the Philosophical Foundations of Business Ethics*. Springer Science + Business Media B.V.
- 2. Teasdale, Simon et al (2011) notes that feminist researchers have argued that the hierarchical organizational structures inherent in many conventional businesses have historically been constructed to serve the interests of powerful men. Further reading: Teasdale (2011) 'Exploring gender and social entrepreneurship: women's leadership, employment and participation in the third sector and social enterprises.' *Voluntary Sector Review* 02/2011; 2(1): 57-76
- 3. Vossenbergh, Saskia (2013) *Women Entrepreneurship Promotion in Developing Countries: What explains the gender gap in entrepreneurship and how to close it?* Working Paper No. 2013/08, March 2013, Maastricht School of Management.
- 4. Humbert, Anne (2012) *Women as Social Entrepreneurs*. Working Paper No. 72, Third Sector Research Centre.
- 5. 2013Kleinrichert in Luetge, 2013: 1155
- 6. Kleinrichert in Luetge (2013) *Handbook of the Philosophical Foundations of Business Ethics*. Springer Science and Business Media B.V. 2013: 1163, and Vossenbergh (2013)
- 7. Aguirre, DeAnne (2012) '[Empowering the Third Billion.](#)' *Women and the World of Work in 2012*, Booz & Company.
- 8. According to the Global Report on Women and Entrepreneurship ([Global Entrepreneurship Monitor \(GEM\), 2012](#)), more than 126 million women entrepreneurs were starting or running new businesses in 67 economies in 2012. An estimated 48 million female entrepreneurs and 64 million female established business owners currently employ one or more people in their businesses. GEM reports that the number of women-owned businesses continues to grow at twice the rate of all US firms, and they are increasing in economic clout. Between 1991 and 1996 the number of self-employed women in, for example, Canada grew by 44% (compared to 20% for men). In 2004, the average level of female total entrepreneurial activity (TEA) rate across the 34 countries studied by the Global Entrepreneurship Monitor varied from 39.1% in Peru to 1.2% in Japan ([GEM, 2004](#)).
- 9. Ayala Pines and others find that the percent of women entrepreneurs is higher in countries where the general income per capita is small and where women have no other option for making a living (such as Ecuador, with around 16% male versus 15% female ratio of the population between 18 and 64) and lower in countries where the general income per capita is high (such as Norway, with a 12% male versus 4% female ratio). Available [here](#).
- 10. "The informal sector is the primary source of employment for sala-ried women, in the form of self-employment (selling directly to consumer), contract labour (producing for another organization regularly), casual labour (working on and off for other organizations) or contributing family members. The most preva-lent forms of work are as street vendors or home-based producers (i.e. without leaving the confines of a home for production)." From Ramani, Shyama et al. (2013) 'Women in the Informal Economy: Experiments in Governance from Emerging Countries.' United Nations University. Available [here](#).
- 11. Kelly, Donna et al (2010) *Global Entrepreneurship Monitor Report 2010: 2*. Babson and Universidad del Desarrollo
- 12. Simon Teasdale from the Third Sector Research Centre presents these findings in his online presentation "Women's participation in social ventures", which can be found [here](#).
- 13. View [the statement by Michelle Bachelet](#).
- 14. Eisenclas, Susana A. 2013, 'Gender roles and expectations: any changes online?' *Sage Open* Oct 2013, 3(4)
- 15. Humbert, Anne (2012)
- 16. Teasdale, Simon et al. (2011) More work by Teasdale can be found [here](#). [All these details about Teasdale should strictly speaking be in the note 1 (first reference) with the shortened version in the later notes [this one and note 12]]

- 17. [Forbes' Impact 30](#), for example, presented a list of the top thirty social entrepreneurs, or “people who make a difference”, which identified nine inspiring female social entrepreneurs in 2013.
- 18. The World Bank President Robert B. Zoellick argues, “gender and women’s empowerment are at the core of what we need to do in development. It is not just a women’s issue. Gender equality is smart economics.” For more information on the World Bank Group’s approach to Gender Equality as Smart Economics, refer to the publication on the topic [here](#).
- 19. DeAnne Aguirre (2012).
- 20. Evert Jan Quak (2013) ‘Social Enterprises: Catalysts of Economic Growth.’ *The Broker*, October.
- 21. For more information on key issues on gender and development, refer to the World Bank dedicated [webpage](#).
- 22. The report of John F. Kennedy’s School of Government’s study can be found [here](#). More information on the 5by20 initiative and the motivation and aim of the Coca-Cola Company can be found on their dedicated [website](#).
- 23. Saskia Vossenbergh (2013). This article describes in detail the reasons for the persistent gender gap in entrepreneurship and the best ways to promote women’s entrepreneurship. Available [here](#).
- 24. “Many international commitments support women’s economic empowerment, including the Beijing Platform for Action, the Convention on the Elimination of All Forms of Discrimination against Women and a series of International Labour Organization conventions on gender equality. UN Women supports women’s economic empowerment in line with these, and with the growing body of evidence that shows that gender equality significantly contributes to advancing economies and sustainable development.” (UN Women website, accessed 2 January 2014). [See more](#).
- 25. Ramani, Shyama et al. (2013) ‘Women in the Informal Economy: Experiments in Governance from Emerging Countries.’ United Nations University. Available [here](#).
- 26. From the publication, *Gender at Work*, Emerging Messages: A companion report to the World Development Report on Jobs, [World Bank Report No 81851](#).