

## Chapter 12

# Motivations and Challenges of Female Entrepreneurship in Developed and Developing Economies

**Harish C. Chandan**  
Argosy University, USA

### ABSTRACT

*Globally, women entrepreneurs manage micro enterprises, social enterprises, small-to-medium enterprises (SMEs) and knowledge-based businesses. The entrepreneurship rates for women vary globally and, in general, are smaller than those for men. Both the Individual-centric approach and country-specific approach is necessary since women in different countries operate in a specific socioeconomic context (Singh, 2012; Pathak et al., 2013). For increasing the entrepreneurial rates of women businesses in a country, one has to consider the individual, psychological, socioeconomic and political context including education, mentoring, financial support, networking, and social, cultural and religious norms (GEM, 2014). An egalitarian social paradigm is proposed which removes social, cultural and religious constraints for women and counts on men to share equally in the household and family care activities. The motivations and challenges, of women entrepreneurs have to be understood in the context of the gender role and the duality of modernization vs. tradition (Belwal, 2014).*

### INTRODUCTION

According to the Global Entrepreneurship monitor (GEM) study in 67 countries, there are 126 million women entrepreneurs in the world. In most countries, entrepreneurship levels for women are lower than that for males except in Panama, Thailand, Ghana, Ecuador, Nigeria and Uganda.

The female entrepreneurship rates differ among developed and developing economies, and even for economies at the similar stages of economic development. For example, in Zambia, 40 percent of women are engaged in entrepreneurial activity whereas only 1% of women in Pakistan are entrepreneurs (GEM, 2014; Niethammer et al. 2007). The entrepreneurial rates in different countries

DOI: 10.4018/978-1-4666-8798-1.ch012

are influenced by the social status of the women in the specific cultural and religious context. To explain the variation, one has to look at both the Individual-centric approach and country-specific approach since individuals operate in a specific context (Singh, 2012). Female entrepreneurship is a reflection of the societal context where the business is located (Pathak, Goltz and Buche, 2013).

Historically, women entrepreneurs have gravitated towards consumer, retail and service sectors, and avoided capital-intensive manufacturing sector (OECD, 2001; 2004; 2012). In developing economies in sub-Saharan Africa, 37 percent of women entrepreneurs start businesses out of necessity, as it's the only way they can earn a living (Kelley et al., 2011). However, women entrepreneurs are active in all the sectors including the necessity-driven, efficiency-driven and innovation-driven sectors of the economy globally but are under-represented in the science and knowledge-based businesses that deal more with intangible assets like information and knowledge (Wiklund et al., 2003). Women may be unsure of their ability to identify, assess and act on an opportunity in a high-technology sector. Knowledge-based female entrepreneurship is more prevalent in the developed or knowledge economies like U.S.A., Canada and Western Europe. Even in the developed countries, where women often are more highly educated than men, women are less likely than men to think that they can be successful in starting a new innovation-driven business. In addition, the female entrepreneurs appear to show reluctance to expand their businesses or to enter new and less tested markets. There are fewer women than men starting a new business and running mature businesses due to individual, social, cultural and institutional factors. The individual factors that limit entrepreneurial success includes lack of education and training, self-doubt, fear of failure and a desire to seek approval from others (Bruin et al., 2006). In developed economies, women may have more years of education but it may not relate to self-perceived confidence in

their entrepreneurial capabilities. The social and cultural factors that inhibit female entrepreneurship include male-dominated social structure that leads to household and childcare responsibilities delegated mostly to women (Brush et al., 2012). The restrictions for women in some religions and implied deference to men in other religions are not conducive to entrepreneurial success. The institutional factors include access to financing, relative lack of role models and social networking for women entrepreneurs and patriarchal laws in many countries (GEM Women's Report, 2012). There is a widespread assumption that women start businesses with a motivation to combine family responsibilities with work commitments. Another assumption is that women have only moderate aspirations for the growth of their business, and prefer stability and independence to growth (GEM, 2014).

This chapter reviews the nature of female entrepreneurship in developed and developing economies, which is influenced by the women's social status in society. The role of individual, social, psychological, cultural, religious, economic, institutional and political factors in different countries is discussed. A gender-specific framework for female entrepreneurship that includes market opportunity, money availability, financial management, gender-role constraints, and institutional factors is reviewed. A forward-looking, egalitarian social paradigm is proposed where household and family care is shared equally by both genders and the social, cultural, religious and institutional constraints for women are removed. The motivations, challenges and critical success factors for women entrepreneurs in various business sectors including micro-entrepreneurship, social enterprises, small-to-medium enterprises (SME's), and knowledge-based enterprises in developing and developed economies are reviewed. For knowledge-based businesses, the role of human capital, social capital, motivations, strategies, business skills, growth orientations, attitudes towards risks, gender differences in perspectives

25 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/motivations-and-challenges-of-female-entrepreneurship-in-developed-and-developing-economies/139882](http://www.igi-global.com/chapter/motivations-and-challenges-of-female-entrepreneurship-in-developed-and-developing-economies/139882)

## Related Content

---

### How the Balanced Scorecard Helps Improve Business Performance and Gain Sustainable Competitive Advantage

Jorge Gomes and Mário Romão (2017). *International Journal of E-Entrepreneurship and Innovation* (pp. 44-61).

[www.irma-international.org/article/how-the-balanced-scorecard-helps-improve-business-performance-and-gain-sustainable-competitive-advantage/207736](http://www.irma-international.org/article/how-the-balanced-scorecard-helps-improve-business-performance-and-gain-sustainable-competitive-advantage/207736)

### Pushing the Right Buttons?: A Critical Exploration into the Effects of Social Media as an Innovative E-Entrepreneurship Method of Recruitment for Enterprises

Anthony Lewis, Brychan Thomas and Gwenllian Marged Sanders (2013). *International Journal of E-Entrepreneurship and Innovation* (pp. 16-37).

[www.irma-international.org/article/pushing-the-right-buttons/100359](http://www.irma-international.org/article/pushing-the-right-buttons/100359)

### Paraphernalias of Entrepreneurship – A Contemplating Outlook

K. Madhu Kishore Raghunath, Chandra Sekhar Patro and K. Sirisha (2019). *International Journal of E-Entrepreneurship and Innovation* (pp. 47-62).

[www.irma-international.org/article/paraphernalias-of-entrepreneurship--a-contemplating-outlook/218282](http://www.irma-international.org/article/paraphernalias-of-entrepreneurship--a-contemplating-outlook/218282)

### Visualization and Simulation for the Analysis of Business Intelligence Products

Milena Janakova (2013). *Modern Entrepreneurship and E-Business Innovations* (pp. 186-197).

[www.irma-international.org/chapter/visualization-simulation-analysis-business-intelligence/74041](http://www.irma-international.org/chapter/visualization-simulation-analysis-business-intelligence/74041)

### Lean Thinking and the Innovation Process

Hilal Hurriyet and Dilupa Nakandala (2016). *Handbook of Research on Driving Competitive Advantage through Sustainable, Lean, and Disruptive Innovation* (pp. 39-58).

[www.irma-international.org/chapter/lean-thinking-and-the-innovation-process/150715](http://www.irma-international.org/chapter/lean-thinking-and-the-innovation-process/150715)