WOMEN, BUSINESS AND THE LAW

THE WORLD BANK
Development Economics • Global Indicators

Closing the Gender Gap in Entrepreneurship: Overcoming Challenges in Law and Practice for Female Entrepreneurs

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Motivation

Unlocking the Untapped Potential of Female Entrepreneurship

- One in six women globally reported an intention to start a business, compared to one in five men
  (GEM 2023)

- On average, women entrepreneurs are outnumbered by men in many parts of the world, often by a wide margin

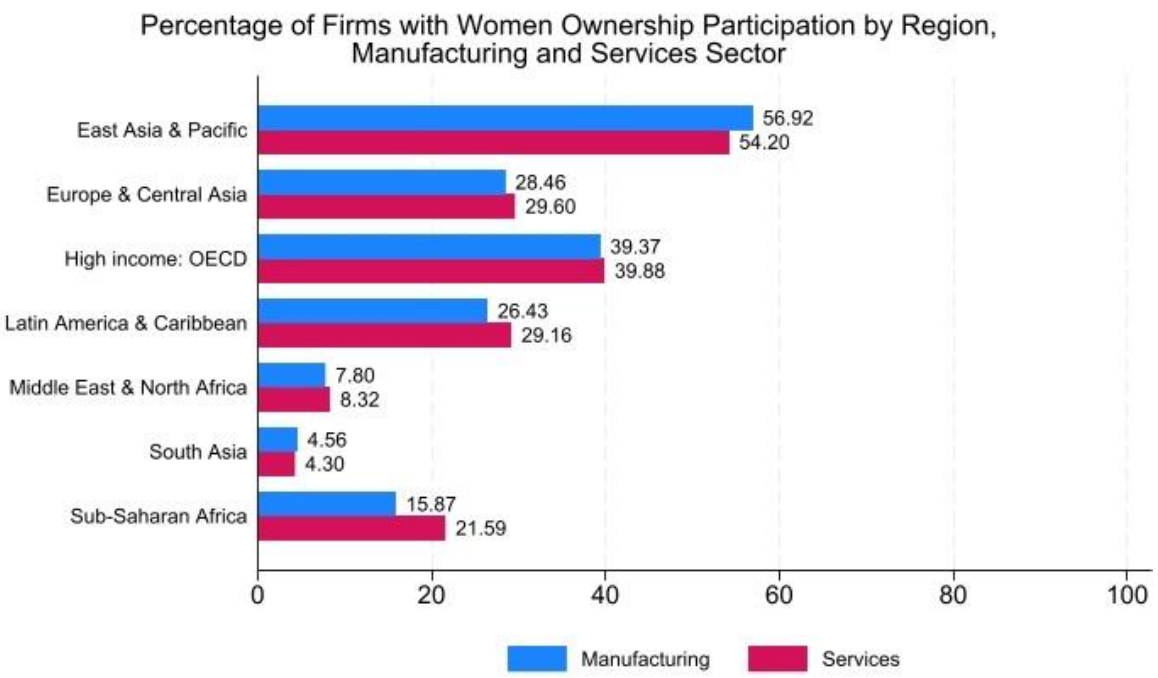
  (GEM 2023; OECD/EC 2023; Parker 2009)

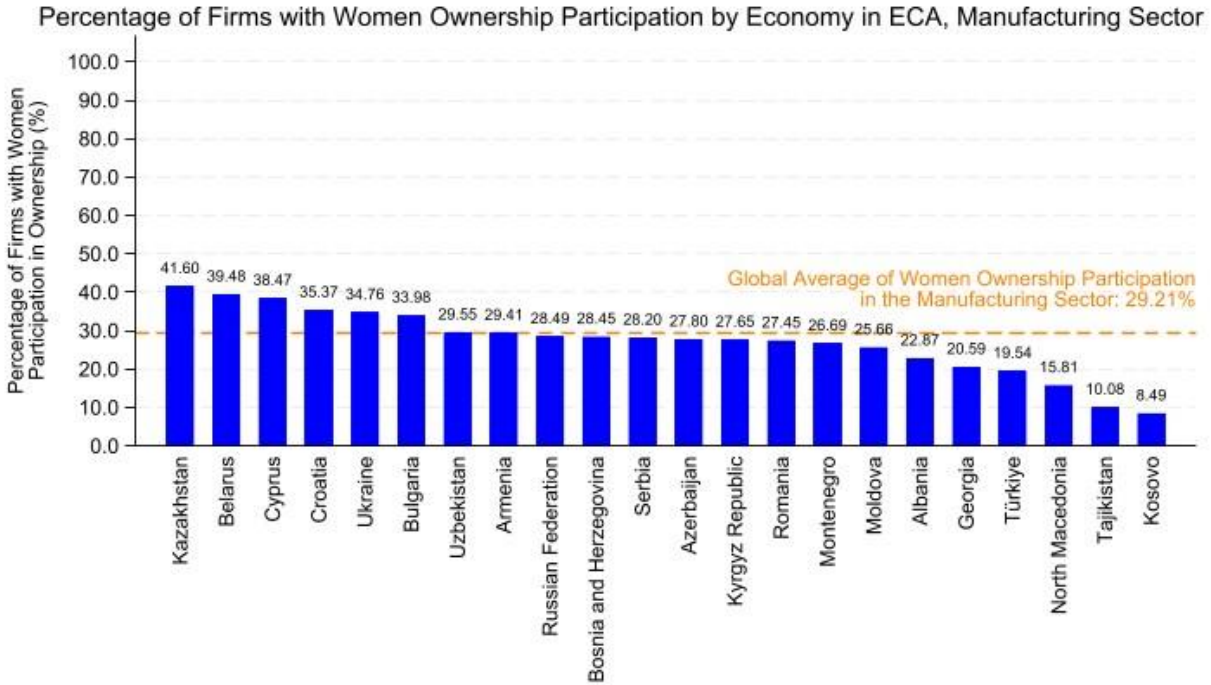
- Persistent disparities between men and women in both the likelihood of becoming entrepreneurs and the success rates of their businesses in terms of profits or sales
  (e.g., Allison et al. 2023; Chiplunkar and Goldberg 2024; Campos et al. 2019; Fairlie and Robb 2009; Fang et al. 2022; Jayachandran 2021; Islam et al. 2020; Klapper and Parker 2011)

- **$2.5 – 5 trillion** could be added to global GDP if women started businesses at the same rate as men
  (Boston Consulting Group 2019)

Motivation

Female entrepreneurs are still underrepresented in business





Note: The data presented in this graph draws on the World Bank's Enterprise Surveys Data (recent as of March 3, 2025). The specific data point analyzed is the presence of female ownership within firms, as indicated by the survey question, "Amongst the owners of the firm, are there any females?"

Paper Overview

Purpose

- Comprehensive and structured literature review of existing barriers for female entrepreneurs and solutions that “work”
- Series of stylized facts how overcoming existing barriers can improve women’s entrepreneurship and labor market outcomes highlighting findings for the ECA region.

Research Question

- What are the barriers for female entrepreneurs?
- What works for female entrepreneurs?
- What are effective legal and policy instruments to support female entrepreneurs?

Approach

- Explore the link between legal environments and women’s economic activity:
  - female labor force participation
  - female entrepreneurship

Barriers for Female Entrepreneurs

Institutional and Enabling Factors

- Barriers related to autonomy of female entrepreneurs, enforcement of property rights, or sectoral restrictions
- Broader legal constraints and restrictions placed on women to take up any job or start a business
- Limited access to business opportunities

What works: Legal reforms that guarantee equal rights, remove sectoral restrictions, and strengthen property and contractual rights.

Financial Factors

- Women face demand and supply-side constraints
- Women face greater challenges than men when raising capital from venture capitalists or business angels

What works: Legal non-discrimination provisions along with women-focused VC initiatives and grants (in some contexts)

Human Capital Factors

- Lack of skills, knowledge and confidence can prevent women from starting or scaling a business

What works: Business training, especially when bundled with mentorship; Accelerator programs

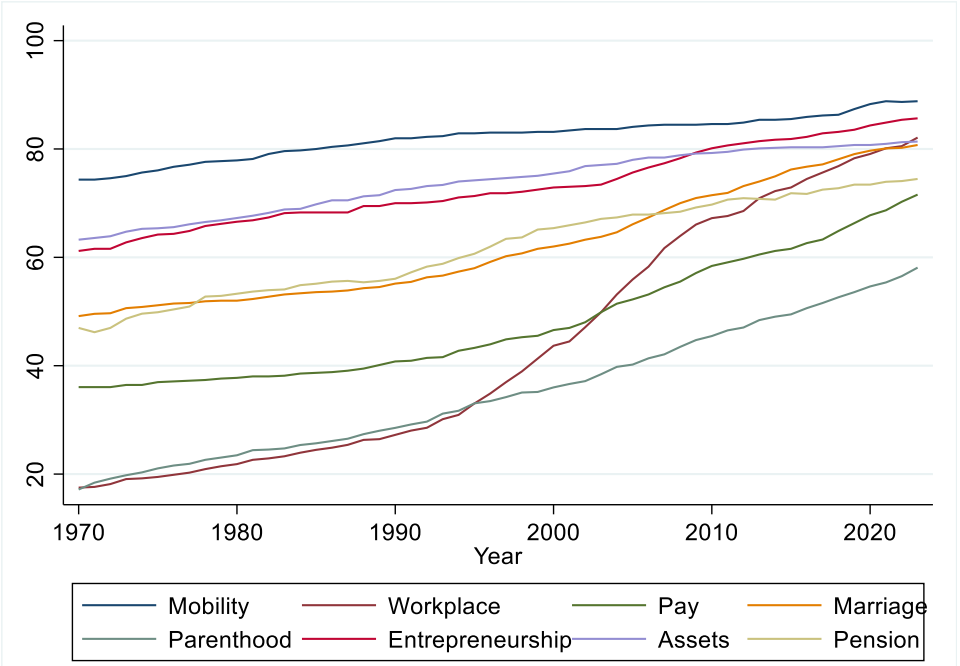
Social and Cultural Factors

- Patriarchic norms contribute to women's economic dependence and career discontinuity
- Scarcity of successful female role models, limited access to entrepreneurial networks and gender stereotypes

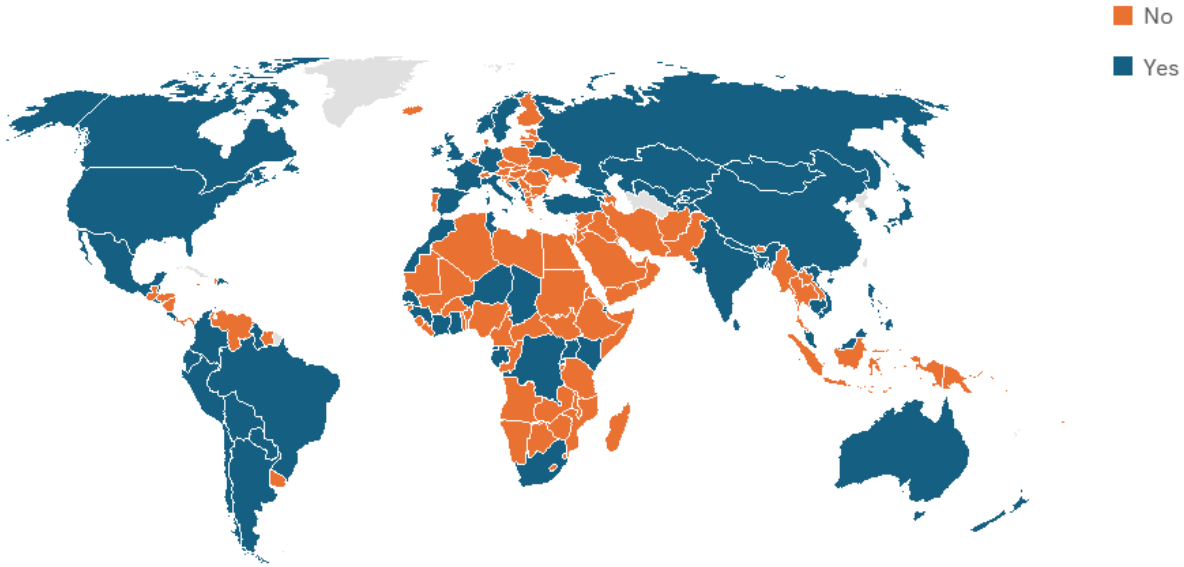
What works: Initiatives that elevate successful women; expanding peer and mentor networks

Descriptives

Average WBL legal indicator scores, 1970–2023



Support programs for female entrepreneurs, 2023



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Estimation

Country-level Model

$$FLFP_e = \alpha_0 + \beta\, WBL_{e,t-3} + \gamma\, P_{e,t-3} + \delta_e + \theta_e + \upsilon_{e,t}$$

- *FLFP* denotes female labor force participation in the non-agricultural sector in economy e
- *WBL* represents the Women, Business and the Law Index drawing and its compositive 8 indicators of Economy e at time t-3
- P_e is economy's GDP per capita at time t-3
- δ is country-fixed and θ is year-fixed effects to control for time- and country-invariant characteristics
- $\upsilon_{e,t}$ is the error term

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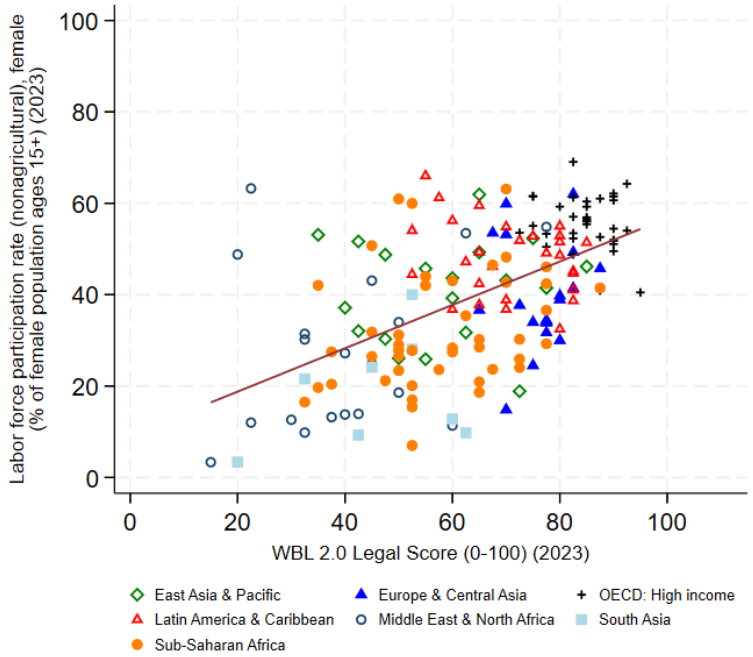
Results: Removing Legal Barriers and FLFP

Gender equitable laws are associated with higher female labor force participation



	Female Labor Force Participation
WBL Index	0.111***
	(0.0286)
GDP Per Capita	0.497
	(0.413)
Constant	-4.377**
	(2.169)
Observations	5,606
Number of countries	174
Cluster	Country
Country dummies	Yes
Year dummies	Yes
Adjusted R2	0.964

Results: Removing Legal Barriers and FLFP

DV: Female Labor Force Participation

	(1) WBL	(2) Mobility	(3) Workplace	(4) Pay	(5) Marriage	(6) Parenthood	(7) Entrepreneurship	(8) Assets	(9) Pension
WBL INDICATOR	0.111***	0.0451**	0.0289***	0.0244***	0.0487***	0.0382***	0.0320**	0.0251	0.00357
	(0.0286)	(0.0216)	(0.00895)	(0.00947)	(0.0165)	(0.0147)	(0.0160)	(0.0285)	(0.0110)
GDP Per Capita	0.497	0.572	0.523	4.106	0.530	0.494	0.548	0.576	0.548
	(0.413)	(0.431)	(0.410)	(4.006)	(0.420)	(0.396)	(0.426)	(0.433)	(0.431)
Constant	-4.377**	-4.352*	-2.852	-2.157	-3.061	-2.591	-5.126**	-3.949	-3.067
	(2.169)	(2.244)	(2.103)	(2.189)	(2.159)	(2.038)	(2.596)	(2.450)	(2.221)
Observations	5,606	5,606	5,606	5,606	5,606	5,606	5,606	5,606	5,606
Number of countries	174	174	174	174	174	174	174	174	174
Cluster	Country	Country	Country	Country	Country	Country	Country	Country	Country
Country dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Adjusted R2	0.964	0.963	0.964	0.963	0.963	0.963	0.963	0.963	0.962

This table reports the coefficients and standard errors (in brackets). All models are ordinary least squares regressions at the country level. All models have variance robust to heteroscedasticity and clustered at the country level. *, **, *** denote statistical significance at the 10%, 5%, 1% level respectively.

Estimation: Removing Legal Barriers and WEA

Firm-Level Model

$$WEA_{ie} = \alpha_0 + \beta\, WBL_{e,t-3} + \gamma Control_{ie} + \delta P_{e,t-3} + \eta_s + \delta_r + \theta_j + \upsilon_{e,t}$$

- ***WEA:*** Women's economic activity for firm i in economy e denoting whether among the owners of a firm there are any females
- ***WBL:*** Women, Business and the Law Index and its compositive 8 indicators of Economy e at time t-3
- **Control**: Control variables at the firm-economy level
- $\boldsymbol{P}$: economy's GDP per capita at time t-3
- η is sector-fixed effects
- δ is regional-fixed
- θ is year-fixed effects
- υ is the error term

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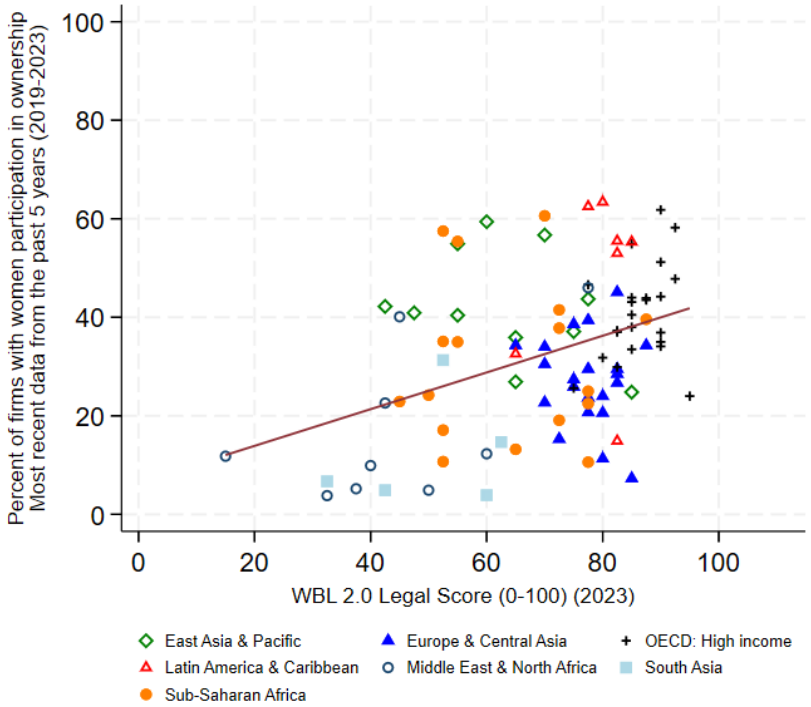
Results: Removing Legal Barriers and WEA

Gender equitable laws are associated with more firms with women participation in ownership



	Female Owner Present Y/N
Legal Gender Equality	0.00517** (0.00215)
Formal Training	0.176*** (0.0582)
Size of firm (log)	-0.0362* (0.0209)
Years of operation of firm (log)	0.139*** (0.0462)
GDP p.c.	-0.193*** (0.0322)
Female Population (% of toral)	-0.00629 (0.0127)
Constant	0.0249 (0.911)
Number of Observations	186,729
Sector Fixed Effects	YES
Year Fixed Effects	YES
Region Fixed Effects	YES
Pseudo R-Sq	0.134

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Results: Removing Legal Barriers and WEA

Implications

- Distance between the lowest performer and the highest performer on the WBL index is 74 points.
- Closing the gender gap to reach the frontier (score of 100) would carry substantial implications for women's economic participation.
- If Uzbekistan removed all existing barriers captured by the WBL index and achieved a perfect score, model estimates suggest that the probability of a firm having a female owner would increase by 16.25 percentage points.

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Conclusion

- **Barriers are multifaceted:** Female entrepreneurs face overlapping challenges, including legal restrictions, limited financial access, human capital gaps, and social norms, requiring comprehensive, multi-pronged interventions.

- **Legal reforms matter**: Gender-equal laws across the board are associated with higher rates of female labor force participation in the non-agricultural sector and greater entrepreneurial activity.

- **Evidence-based solutions exist:** Programs that combine legal reform with business training, mentorship, financial access, and targeted support have shown promise across regions and income levels.

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Thank you!

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Appendix IV

Indicator	Legal frameworks index	Supportive frameworks index	Expert opinions index
Safety	Laws addressing child marriage, sexual harassment, domestic violence, and femicide	Action plans, services for survivors, special procedures, monitoring and implementing agencies, and budget allocations	Observations on women's freedom from gender-based violence
Mobility	Constraints to a woman's agency and freedom of movement and new questions on conferring citizenship to children and spouses	Identification and passport application processes as well as gender-sensitive public transportation policies and plans	Observations on women's freedom of movement in practice
Workplace	Protections against discrimination based on gender, adding protections in recruitment and flexible work arrangements	Guidelines published by the government on nondiscrimination and flexible work arrangements	Observations on women's opportunities to enter and remain in the workforce in practice
Pay	Mandates of equal remuneration for women and men for work of equal value and women's work at night, in industrial jobs, and in jobs deemed dangerous	Transparency measures and enforcement mechanisms and the availability of statistical data on women's employment in different industries	Observations on equal remuneration for work of equal value and women's and men's equal access to high-paying jobs in practice
Marriage	Constraints related to marriage and divorce because equal rights in marriage and divorce are critical to a woman's agency, financial security, and health	Fast-track processes in family disputes, specialized family courts, and legal aid in family law disputes	Observations on women's and men's equal rights during marriage and divorce in practice
Parenthood	The availability of paid maternity and paternity leave, whether the cost is covered by the government, and whether dismissal of pregnant workers is prohibited	The ease of application and incentives for fathers' leave and availability of data on women's unpaid care work	Observations on access to maternity and paternity leave in practice
Childcare	Laws that regulate the availability, affordability, and quality of childcare services	Financial support applications, databases of providers, and quality reports	Observations on access to affordable and quality childcare services in practice
Entrepreneurship	Constraints to a woman's ability to start and run a business, gender-sensitive criteria in public procurement, and quotas for women on public corporate boards	The availability of statistical data on women's business activities, government-led strategies and programs on women's entrepreneurship, and entrepreneurs' access to financial services	Observations on women's opportunities to start and run a business and women's and men's equal access to credit in practice
Assets	Women's rights to immovable assets, through property rights and inheritance, including land rights	Policies supporting women in registering land, together with awareness campaigns and the availability of statistical data on women's property ownership	Observations on women's and men's equal enjoyment of the rights to immovable property in practice
Pension	Differences in retirement ages and whether the law allows for pension care credits to compensate for a woman's career interruptions	Incentives to increase women's retirement benefits and dedicated procedures to challenge benefit decisions	Observations on women's and men's equal enjoyment of pension benefits in practice

Source: Women, Business and the Law team.

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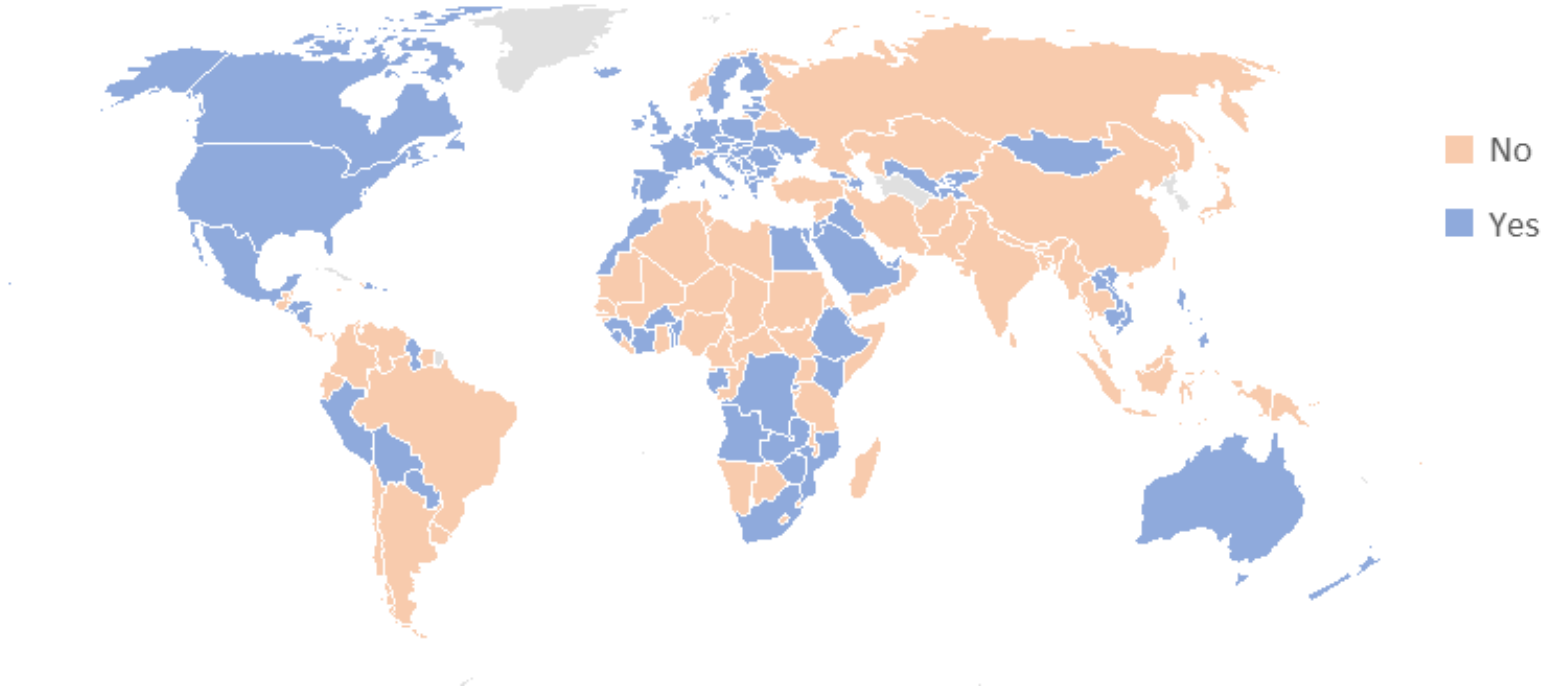
Legal Barriers

Legal Provision in Non-discrimination in Access to Credit



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