

POSITION PAPER

COMMITTEE-UNCSW, COUNTRY- IRAN

AGENDA- EMPOWERING WOMEN THROUGH ENTREPRENEURSHIP

Current women's economic empowerment interventions are not enough to overcome all obstacles facing female entrepreneurs. The emerging evidence from psychology and experimental economics on agency, mindset, and leadership show that for successful interventions to be transformative, they need to move beyond basic access to financial and human capital and also tackle central psychological, social, and skills constraints on women entrepreneurs. Emerging evidence from recent studies on different capital-based, training-based, and gender-based interventions, using randomized control trials, present promising interventions to support women

An experimental study in Uganda found that providing financial capital (i.e., subsidized microcredit coupled with Start and Improve Your Business training[1] module), while effective for men, does not have any impact on female-owned enterprise profits.[2] Similarly, a randomized control trial on Tanzania's Business Women Connect[3] program found that while the mobile savings program substantially increased savings, it did not have an effect on female-owned enterprise profits or sales even when combined with hard business skills, such as business management, basic profitability concepts, and record-keeping. Both studies, however, show that loans paired with business trainings as well as improved access to mobile savings accounts paired with business trainings had a positive impact on male-owned microenterprise profits or sales. Thus, a successful women's economic empowerment intervention needs more than only access to financial capital and hard business skills.

On the other hand, a randomized field experiment on Nicaragua's Small Business of the Family Economy[4] program found that business trainings significantly increased self-employed men and women's real income—with a higher impact for women. This impact could be due to the nature of the training's program itself; the program not only provided production techniques, business organization, and administrative skills but also had talks about creation of business plans, networking, establishment of virtual stores, and access to new markets components.[5]

More importantly, men and women entrepreneurs face inherently different constraints including psychological and cultural factors. Female entrepreneurs are often lacking in access to financial and human capital,[6] which impedes business growth; have different mindset constraints, such as risk-aversion; and have not caught up in soft skills, such as leadership. In addition, women have culturally-imposed constraints that psychologically and physically impede their independence, aspiration, and priorities. Thus, the success of female entrepreneurs depends on their personal traits and entrepreneurial skills, and how supportive institutions and stakeholders address or work around these major constraints.

To truly empower women, policymakers need to address these constraints. Andrea Cornwall[7]—a leading anthropologist from the University of Sussex—proposes two elements of change: First, consciousness needs to be shifted—overturning internalized constraints and aspirational barriers that

keep women in situations of subordination—and second, cultural beliefs about gender and power must be challenged.

SHIFT IN CONSCIOUSNESS AND MINDSET

In comparison to men, many disadvantaged female microentrepreneurs suffer from mindset constraints. For instance, a study on Tanzania's PRIDE training program[8] shows that women are more risk-averse than men are. A lab experiment, after financial capital and basic business training intervention, found that women still engage in fewer competitive scenarios than men do. This type of mindset inhibits profits and overall improvement of business performance. The lab experiment looking at mindset constraints found that, with the same intervention (which taught soft skills around entrepreneurial characters such as long-term view and orientation in business, self-confidence, and managing people), men, not constrained in this way, saw a significant increase in sales.

Some business training programs, specifically set out to shift mindsets, found a positive impact on female entrepreneurs. For instance, a personal-initiative training program in Togo,[9] run by World Bank's Gender Innovation Lab, offered psychology-based "mindset" training for both male and female business owners. The soft skills included self-starting behaviors, innovation, identifying and exploiting new opportunities, goal setting, planning, and feedback cycles, and overcoming obstacles. The training program found business performance improvements for both male and female enterprises, and interestingly, the main effect of the training on women seemed to be an increase in women's personal initiative. In addition, the effect on women's soft skills post-training held constant regardless of education level[10] (with slight differentiations along training background).

Labor market studies also find that mindset interventions prove effective by either instilling aspirations or shifting perceptions of labor market opportunities (whether in formal employment or self-employment). A study in Ethiopia[11] showed that a one-hour video to rural farmers showing successful peers was effective in shifting future-oriented behaviors. Another study in India[12] that provided information to rural women on job opportunities for them in the outsourcing industry, led to more education, lower desired fertility, and higher likelihood of entering the job market

CHALLENGING GENDER IDENTITIES

Another pivotal component to any intervention seeking to make a transformative change is challenging gender identity roles. In Tanzania's PRIDE study cited above, for instance, women report spending on average 10 hours less in their businesses per week than men. The component of owner's time is a critically binding constraint, notably for enterprises with fewer employees.[13] Women also report having lesser say in important household and business decisions and diverting business resources to household expenditures, due to either external pressures[14] or lack of self-control.[15] A randomized control trial experiment in Kenya found that expanding access to savings accounts increased the probability of saving for self-employed women working as market vendors, and increased their productive investment and private expenditures, implying significant barriers to savings and investment.[16] Another gender component inhibiting women is the crowding-out effect, meaning

women are stopped from expanding their businesses because capital grant led to a reduction of external financial support from their spouses.[17]

Business training interventions emphasizing the need to challenge or work around gender identities, in addition to soft skills and shifting mindsets, have found a small but positive shift in perspective. Liberia's Economic Empowerment of Adolescent Girls training program[18] included hard and technical skills such as office computer skills and accommodated the special needs of female entrepreneurs—safe locations and free childcare. Studied through a randomized control trial, the training program was found to increase earnings of female entrepreneurs and positively affect female self-confidence and self-assessed entrepreneurial ability.

THANK YOU