WOMEN’S entrepreneurship has hit a media tipping point. The question is whether it’s just a passing media fad that will soon ebb, or a real, fundamental economic force that’s reshaping the world.

I think it’s safe to say that it’s the latter. Women-owned entities in the formal sector represent approximately 37% of enterprises globally — a market worthy of attention by businesses and policymakers alike.

The recent Global Entrepreneurship Monitor (GEM) Women’s Report found 126 million women starting or running businesses globally, and 98 million operating established businesses (defined as over three and a half years old). That’s 224 million women affecting the global economy — and this survey counts only 67 of the 188 countries recognized.

These entrepreneurs span the spectrum of micro to high growth — from supporting life to creating wealth. They include hair salon owners, high-tech visionaries and everything in between, all making critical economic contributions.

Consider three aspects of this issue:

**Reinvestment:** In emerging markets, women reinvest a staggering 90 cents of every additional dollar they earn in “human resources” — that is, their family’s education, health and nutrition (compared, by the way, with 30 to 40 cents for men). Thought of women’s increased income and assets as a gender dividend driving family, community and national well-being.

**Job creation:** Beyond their own incomes, 112 million of the GEM-surveyed entrepreneurs employ one or more people. Twelve million expect to employ up to six people in the next five years. That’s 72 million jobs. In countries such as Kenya, these so-called “SMEs” (small and medium-sized enterprises) are responsible for 80% of all employment. And in the United States, more than half of the 9.72 million new jobs to be created in the SME sector by 2018 will be created by women-owned SMEs.

**Innovation:** When defining innovation as “offering products that are new to some or all...
customers” in some regions — including the United States and developed Europe — women entrepreneurs generally have higher levels of innovation than their male counterparts.

Collectively, women entrepreneurs look different from their male counterparts. Their lower employment numbers and growth aspirations have historically led to questions of how to increase or otherwise “fix” them. But different doesn’t mean deficient — or underperforming. For instance, recent Dow Jones research on venture-backed companies in the United States found that the successful ones had twice the number of women on the founding team. On the other end of the growth spectrum, an analysis of a dataset of 350 microfinance institutions across 70 countries indicated that lending to more women was associated with lower write-offs and lower portfolio-at-risk. Similarly, I recently met with Sanergy and Copia Global, Kenyan social enterprises using franchise models. They both found that women entrepreneurs tend to be more successful because of their trusted status in the community. Controlling for firm characteristics, research suggests that women-owned firms outperform those owned by their male counterparts.

Yet, women’s entrepreneurship still lags that of men in all but seven countries in the world. If women’s labor participation rate were closer to that of men, it would contribute $1 trillion to GDP in emerging economies — women-led businesses are key to this growth opportunity.

Perceptions of opportunity and capability are strongly linked to entrepreneurial activity. In the United States and developed Europe, women are 18% less likely than men to perceive that they have the capability to start a business. In every economy in the GEM study, women have even lower perceptions of their capabilities, highlighting the enormous opportunity for creating an enabling environment that would boost entrepreneurial activity rates.

Access to healthcare, education, land rights and affordable child care are foundational to this environment. Just as critical are role models and mentors. At Bank of America, we have partnerships with Vital Voices and the Cherie Blair Foundation for Women — both global forces in the training and mentoring of emerging women leaders — to help women achieve their full economic potential. Programs such as the Center for Women’s Entrepreneurial Leadership are innovating in the academic space.

But, as participants in these programs regularly articulate, they are insufficient without access to capital and markets. Women who have benefited from education and mentoring are experiencing “capital punishment.” That is, they tend to have difficulty gaining...
access to needed capital. For this reason, I was thrilled to join the International Finance Corporation (IFC) in Tokyo this spring for the launch of the first global women’s bond, which issued in October and will see $250 million invested through banks into women-led SMEs. The IFC estimates that enterprises with at least one woman founder are collectively looking for $1 trillion to grow their businesses.

Smart companies see that women — including the billion women entering the economy as employees and entrepreneurs — will dictate their business success. The Coca-Cola Company expects five million women entrepreneurs to be part of its global supply chain by 2020. Brazilian bank Itaú considers the 50% of Brazilian entrepreneurs that are women as a core market, and other members of the Global Banking Alliance for Women think similarly. And all firms should realize that in the war for talent, women increasingly see entrepreneurship as a compelling alternative if their career path appears stunted.

Entrepreneurial activity creates growth and prosperity — and solutions for social problems. And today’s trends show that women will be a driving force of entrepreneurial growth in the future.  

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