

United Nations
Division for the Advancement of Women
Expert Consultation on the 2009 World Survey on the Role of Women in Development:
“Women’s control over economic resources and access to financial resources, including
microfinance”
Bangkok, Thailand
12-14 November, 2008

WOMEN’S ECONOMIC EMPOWERMENT

Larissa M. Kapitsa*

Division for the Advancement of Women
Department of Economic and Social Affairs
United Nations, New York
Fax: (212) 963-3463
daw@un.org
<http://www.un.org/womenwatch/daw>

* *The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations.*

Such a vision of empowerment seems logical in terms of the nature of power. Power is a complex and multifaceted phenomenon and its acquisition may necessitate a holistic multidisciplinary approach and long-term efforts to assist power-deprived groups to gain essential expertise, skills and knowledge and/or to change institutional settings (the formal and informal contexts, within which individuals and/or groups have to operate) in order to modify the established distribution of power and its primary sources (for example, land, financial and other tangible and intangible assets). Moreover, as the process of gaining skills, developing consciousness and making decisions takes place within the structural constraints of institutions and discursive practices, the removal of the social barriers constraining the access of power-deprived social groups to power and resources requires organized collective action. This action has to be carried out simultaneously at all the levels and in all domains of social relations (see graph below).

II. Women's economic empowerment

There is disagreement among scholars on the role of economic resources (particularly, material assets) in empowering of women. Some view economic resources as a source of power, and therefore advocate for measures that could affect the distribution of assets within the family, community and/or society at large, with the aim to improving women's social status and their capability to generate wealth. Some others see material assets only as an empowering condition. The latter approach does not call for a redistribution of assets but rather stresses the importance of access to resources. Both approaches make a valuable contribution to the understanding of empowerment, albeit from different perspectives. In the market economy, the tangible assets represent one of the key sources of power and are an important determinant of future returns (for example, income). They ensure the access of an asset owner to other societal resources, such as high quality education, decent work, access to mass media, funds for establishing organizations and financing public campaigns and, in the long run, impact on political processes by shaping public opinion. The ownership of tangible assets allows for mobilization of additional financial resources (if necessary) in capital markets, both inside and outside the country of residence, for starting up businesses and/or expanding existing businesses.

Persistent gender-specific economic differentials, including in the entrepreneurial process, in all Member States, imply that there are some basic factors, which in and of themselves or through their interplay, are responsible for consistent reproduction of these gender-specific patterns. According to the findings of the report prepared at the request of the United Kingdom Small Business Service "Women's Business Ownership: Recent Research and Policy Developpce [pd{dca37 access f

III. Gender-specific economic differentials in the United Nations Economic Commission for Europe (UNECE) region

Recent studies on women's economic participation and entrepreneurship in the UNECE region reveal that, despite all the efforts to achieve gender equality in economic area, gender-specific patterns in employment and entrepreneurial activities persist. According to the Statistical Office of the European Union (EUROSTAT), the employment rate of men exceeds that of women in most European countries, although the actual share of women in employment significantly varies: from 80.5 per cent and 73 per cent, respectively, in Iceland and Denmark, to 35 per cent and 24 per cent, respectively, in Malta and Turkey.⁷ The employment rate of both women and men is lower, on the average, in the new European Union (EU) member-states in Central and Eastern Europe than in the rest of the EU. Among the Commonwealth of Independent States (CIS) member-states, the employment rate of both sexes is the highest in the Russian Federation, which is comparable to that of Denmark.

Sectoral and occupation segregation of women is far from being eliminated. The same is true with regard to the gender wage gap. In 2005, around 36 per cent of women in the EU were employed in just six of the 130 standard occupational categories. In contrast, the top six occupations for men accounted for only 25 per cent of men in employment. In most of the EU member-states average gross hourly earning of women are 15 per cent less than those of men on average. In only three countries, - Belgium, Malta and Slovenia, was the wage gap smaller – 9 per cent. In Germany, Estonia, Cyprus, Slovakia, Finland and the U.K. the difference was more than 20 per cent.

Men continue to dominate in self-employment and entrepreneurial activities. Over 70 per cent of self-employed women did not have employees, while for men this figure was 10 percentage points less.

The gender entrepreneurial gap had narrowed in only six of 16 EU member-states; in 11 member-states it has widened. Women tend to be concentrated in a few industries. In the EU-25 membership, 25 per cent of self-employed women work in retail, for example, and another 16 per cent in financial and business services. Their businesses are smaller than those of men and have lower returns compared to male businesses.

The above brief review does not imply that there was no notable progress. Investment in women's human capital and some interventions, such as institutional changes, advocacy, and targeted policies, have positively impacted on the situation of women, opening up new opportunities. These advances are, however, not enough to ensure gender parity.

Some recent studies on entrepreneurship in Europe highlighted important aspects which play a role in gender differences in entrepreneurial activities and outcomes. These include the following:

⁷ The Statistical Office of the European Union (EUROSTAT) (2008). The life of women and men in Europe. Statistical portrait, 2008 edition, Luxembourg.

- Women experience difficulties in accessing funds not because of discrimination but mainly because of the lack of personal assets. No direct discrimination of women in access to bank loans was found.
- Continuing gender pay gaps, occupational segregation and unequal employment opportunities restrict the financial resources available to women for initiating own-businesses.
- Under-capitalization of women-owned businesses at the start-up stage constrains their future growth and development.
- There is limited use of venture and equity capital within women-owned enterprises.
- There are gender differences in use of finance. Female-owned businesses tend to operate in sectors that require less finance and are usually less developed and smaller in size than those owned by men.

These aspects are attributed to structural dissimilarities (business size, age and sector) between enterprises owned by women and men, supply-side discrimination, and demand-side risk and debt aversion.

- Although there was an increase in women's newly established businesses in all countries of the UNECE region, the share of women-owned businesses in the overall business development in most European and CIS countries remained static. It is assumed that such a difference may be due to a much higher exit rate of women-owned enterprises compared with men-owned enterprises.
- Significant work-life balance challenges experienced by women business-owners have a negative impact on their businesses. In order to accommodate both domestic responsibilities and waged work, more women than men tend to start their businesses within their homes rather than establish separate premises. This could undermine the legitimacy of women-owned businesses in the eyes of, for example, creditors.
- Childcare responsibilities may also impinge on women-owned businesses. Many self-employed women with children tend to organize their work around childcare responsibilities. This limits the time and effort invested in business and may undermine the credibility and viability of their businesses.
- The presence of dependent children acts as a constraint on women's entrepreneurial activities and the development of their businesses, as unnecessary financial risk are avoided. Women with family responsibilities have a propensity to avoid extending commitments and using family finances.
- As women do not constitute a homogenous group, their experience of gender-related constraints varies significantly. Differences across, as well as within, countries in entrepreneurial activities of women evidence the importance of their cultural and socio-economic backgrounds.

- Women are less inclined to use ICT in their businesses than men. Apart from the economic considerations, women's lack of computer skills and their low awareness of potential benefits such technologies could bring to their businesses are important factors contributing to the gender digital divide in the area of entrepreneurship.

IV. Evaluation and measuring of women's empowerment

Since the 1995 Fourth World Conference on Women in Beijing, some progress has been achieved in promoting the adoption of sex-disaggregated approaches in measuring the most basic socio-economic indicators for, for example, demographic situations, labour, poverty, educational attainment, health and, recently, access to and usage of ICT. Attempts to capture changes in the economic situation of women resulted in the development of a number of composite gender-related indicators, including in particular the United Nations Development Programme (UNDP) *Gender Development Index* (GDI) and *Gender Empowerment Measure* (GEM).

The GDI is a derivative of another UNDP indicator - Human Development Index (HDI). The GDI measures achievement in same basic capabilities as the HDI, but takes note of inequality in achievement between women and men. The methodology used to calculate GDI imposes a penalty for gender inequality by adjusting HDI downwards. Therefore, when the achievement levels of both women and men in a country

socioeconomic conditions, the disparity between their
socioeconomic conditions, the disparity between their
socioeconomic conditions, the disparity between their
socioeconomic conditions, the disparity between their
socioeconomic conditions, the disparity between their

The GGG index focuses on outcome and not on means (or input) variables. Although the index rewards countries that reach the point of gender parity, it remains neutral with regard to cases where women surpass men in some key variable

Table 1. African Women's Progress Scoreboard⁹

Two additional methodologies/indicators are important to mention. These are presented in the following publications:

- The World Bank "Measuring Empowerment in Practice: Structuring Analysis and Framing Indicators",¹⁰ and
- OECD Development Center. "Measuring Gender (In)Equality: Introducing the Gender, Institutions, and Development Data-Base (CID)".¹¹

The World Bank approach appears to be the most comprehensive of all the available approaches to evaluating and measuring empowerment (see table 2). In the view of the Bank, empowerment is "enhancing an individual's or group's capacities to make choices and transform those choice into desired actions and outcomes."¹² It is based on the following principle: empowered individuals and groups "possess the capacity to make effective choices;... to translate their choices into desired actions and outcomes".¹³ This capacity, however, is restricted and/or shaped primarily by two sets of factors: agency and opportunity structure. Agency is seen as an "ability" to envisage options and make a choice. "Opportunity structure is defined as the formal and informal contexts within which actors operate."¹⁴ As a result of the interplay between these factors (see graph below), different degrees of empowerment arise along individual and social lines (gender, age, ethnicity, class, etc).¹⁵ The World Bank further specifies possible forms of endowment: passive access, active participation, influence and control.



The World Bank proposes to measure "agency" by using asset endowments (which can be psychological, informational, organizational, material, and financial) as an indicator by using a mixed-methods approach. A similar approach is used in gathering information and measuring

¹⁰ Alsop, Ruth and Nina Heinsohn (2005). Measuring Empowerment in Practice: Structuring Analysis and Framing Indicators. World Bank Policy Research Working Paper 3510, February 2005, Washington DC.

¹¹ Jütting, Johannes P., Christian Morrisson, Jeff Dayt

“opportunity structure”, as this requires a comprehensive analysis of institutions and their impact.¹⁶

Measurement of assets and institutions provide intermediate indicators for measuring empowerment. Direct measuring of empowerment is made by assessing: 1) whether the opportunity for making a choice exists (*existence of choice*); 2) whether a person or group actually makes such a choice, (*use of choice*) and 3) whether the choice made resulted in the desired outcome (*achievement of choice outcomes*).¹⁷ The analysis of the institutional system and its operations should be conducted in all contexts (domains) and at all levels (see Summary of the Analytical Framework below.).

In conceptual terms, the OECD approach to gender inequality is similar to that of the World Bank. This is reflected in the structure of its data-base on gender inequality, which is currently in the process of development. As with the World Bank, the OECD considers that the role of institutions in shaping and reproducing gender inequalities is crucial. OECD therefore collects data on the following categories: 1) Family Code; 2) Physical Integrity; 3) Civil Liberties and 4) Ownership Rights. This data base will be broadened by the addition of two more categories of variables: i) The Image of Women in the Media, and ii) Women’s and Men’s Patterns of Time Use.¹⁸

V. The availability of gender statistics

Despite some progress in this area, there are still substantial gaps in the availability of official gender statistics. Many experts have expressed concerns on the lack of statistics on emerging gender equality issues and on the issues that disproportionately or exclusively affect women. Gender statistics are not routinely available on such key areas as: poverty, access to employment opportunities, including hiring and promotion; and access to and control over economic assets. For example, sex-disaggregated statistics on entrepreneurial activities (such as enterprise ownership, type and size of enterprises, number of employees, assets, performance, and survival rate) is available on an occasional basis in only a few countries through Governmental surveys (mainly in some European countries – Denmark, Finland, and :hde01 Tcnfrg0008 Tc TdTJ data

Table 2. Summary of the Analytical Framework of the World Bank.

DOMAIN	CONTRIBUTORY	LEVEL
	Opportunity Structure (OS) ²	Empowerment (EO) ³
Politics	A	
Service Delivery	A	
	Market	Credit
		Labor
		Goods
	Society	Family
	Community	

Evaluating and measuring female economic activity in the informal sector remains a challenge for both statisticians and researchers. In some countries, almost 50 per cent of formal GDP is generated in the informal sector. Women are overrepresented in this sector in many countries. Gender-specific household work load distribution should also be included in assessment of women’s economic empowerment. Developing appropriate methodologies and indicators for capturing women’s participation in informal economic activities is crucial for an increased understanding of their contribution to income generation.

VI. Some suggestions for the World Survey

Regarding the concept of women’s empowerment

An evaluation and measurement exercise should

c) *The empowerment process* – developing/advancing capabilities and building up/improving capacities. Input variables - activities aiming to change the institutional set-up, and the distribution of sources of power, including those which affect individual and/or group agency.

Regarding new indicators

The notion of “entrepreneurial capital” is worth investigating. As an indicator, it could be employed for monitoring and evaluating female entrepreneurship and for identifying the bottlenecks or barriers to women’s empowerment. As mentioned above, it is crucial to continue efforts on designing methodologies for measurement of non-observed economy.¹⁹

Special attention should be given to migrant workers. In many countries, they are mainly employed in the informal sector and often occupy the bottom rungs of the informal sector “ladder”, increasingly in entrepreneurial activities in the informal sector. The impact of migration on women’s economic situation and empowerment is not fully investigated. More comprehensive data on migrant workers, disaggregated by sex, is therefore needed.

On the critical issue of ICT

yet completed, some of the ideas and methods tested in trial cases could be considered in the World Survey.

Regarding policies/programmes for economic empowerment of women in the United Nations Economic Commission Europe region

The United Nations Economic Commission Europe region is extremely heterogeneous, and women's economic empowerment varies in terms of form and degree. It is therefore difficult to suggest common policies and approaches. Moreover, in countries in transition, the transformation of institutions is not yet complete. It is characterized by a tension between traditional institutions (in Central Asian countries and the autonomous republics of Russia, for example) and emerging modern market institutions. All these developments - taking place against the backdrop of economic decline, impoverishment, and asset redistribution - have complicated and, in some instances, worsened gender relations.

In many countries, disempowerment of women has actually taken place. There is enormous resistance – both open and hidden - to any targeted effort to provide support for female empowerment, including by some influential women in power structures. Female entrepreneurship in most of the CIS member-states, for example, is heavily dominated by micro enterprises and sole proprietors. Women-owned or women-led enterprises exist predominantly in three forms: micro enterprises (mostly in retail, home-based crafts or cottage industry) developed as survival strategies; enterprises inherited from the socialist past; and newly established enterprises of mixed origin, not all of which are the result of true entrepreneurship and some of which include illegal activities and/or money-laundering. Nonetheless, some of these types of initiatives could be usefully incorporated into policies and programmes aiming to enhance women's economic empowerment.