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Women Entrepreneurship: A Theoretical and Policy-Oriented Perspective on Inclusive Economic Development

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Abstract

The growing importance of women entrepreneurship in the academic, policy, and development discourse is linked to its high contribution to economic growth, creation of employment, and inclusion within the society. Theoretically speaking, the female entrepreneurship overlaps with several different frameworks, such as the theory of human capital, feminist economics, and institutional theory, which can all be used to interpret gender-based entrepreneurship participation. Although, there is an increased focus on policies and encouragement on the topic of women entrepreneurs, women entrepreneurs are still facing systemic obstacles in access to finance, education, markets, and institutional support. The article is based on the theoretical and policy-grounded perspective to investigate women entrepreneurship as a tool of inclusive and sustainable development. The current paper relies on developed theories and policy literature to analyse the structural factors influencing the entrepreneurial activity of women and determine how the public policy, the institutional structure, and the process of governance could facilitate or inhibit the development of women-led businesses. The article also emphasizes the necessity of gender responsive entrepreneurial ecosystems and coordinated policy interventions covering both economic as well as the socio-cultural aspects. This article, by combination of theoretical knowledge and policy implications, adds to the knowledge about women entrepreneurship as a not a personal economic action, but a developmental and institutional phenomenon.

Keywords: Women entrepreneurship, feminist economics, public policy, institutional theory, inclusive development

1. Introduction

Entrepreneurship is well established as a key aspect of economic growth, innovation as well as job creation (Kritikos, 2024). It is in this wider context that the area of women entrepreneurship has developed as a separate and more important area of scholarly research and policy intervention. Women entrepreneurs play a significant role in diversifying the economy, reducing poverty, and transforming the society especially in the developing and emerging economies. However, the role of women in entrepreneurship is still unequal and structurally limited compared to that of men, and it demonstrates even more deep-rooted gender inequalities within economic, social and institutional structures.

Theoretically, women entrepreneurship undermines the conventional economic theories that tend to assume that both genders are gender neutral in the marketplace. According to feminist economists, these models fail to acknowledge the gendered allocation of resources, unpaid labour as well as power relations that determine the economic opportunities of women (Elson, 1995). That is why, in order to obtain a complete picture of their entrepreneurial activities it is necessary to refer to the socio-institutional environment where women are operating.

The women entrepreneurship issue has become especially popular among policy-makers within the last twenty years, in a way that there has been a growing interest in the promotion of women-owned businesses as a means of inclusive growth and sustainable developmentprograme by governments and international organisations. These programs aimed at microfinance, skills training, and digital empowerment, have tried to increase the entrepreneurship potential of women. However, the impact of policies has been varied with a tendency falling short in the overall implementation and lack of focus on structural gender limitation.

Based on this information, the current article takes a theoretical and policy-focused perspective to consider women entrepreneurship. It seeks to (a) explore women entrepreneurship through already existing economic and social theories, (b) survey major policy frameworks that impact on the women entrepreneurial participation, and (c) connect strategic ways of enhancing gender-sensitive entrepreneurship policies.

2. Conceptualising Women Entrepreneurship: Theoretical Foundations

2.1 Human Capital Theory and Women Entrepreneurship

The human capital theory assumes that education, skills, and experience make a person more productive and economical (Becker, 1964). When applied to the field of entrepreneurship, the theory implies that people who possess higher degrees of human capital have more chances of recognizing opportunities and running businesses successfully. But, gender inequalities in education, training and job experience have substantial influence on the entrepreneurial paths of women.

Empirical research findings suggest that women business owners usually have similar educational backgrounds as men but they lack exposure to industry-related experience and management training because of labour market segmentation (Brush et al., 2009). As a result, the enterprises with low capital-low growth are often dominated by women, which solidifies economic marginalisation trends.

2.2 Feminist Economics Perspective

The power relations, unpaid care efforts and institutional biases are the foregrounded aspects of women entrepreneurship to be analysed using feminist economics (Nelson, 1995). This point of view disproves the idea that market effort is independent of social norms and emphasizes the role of gendered expectations in entrepreneurial decisions.

The female entrepreneurs usually misrepresent their business activities with their domestic and care/charitable duties without payment that limits their time, movement and ability to take risks. According to the feminist scholar, the policy frameworks should focus on these structural limitations instead of on the individual skill shortage (Folbre, 2001).

2.3 Institutional Theory

The institutional theory highlights the importance of formal organizations (laws, regulations, policies) and informal establishments (norms, values, cultural practices) in economic behaviour (North, 1990). Institutional contexts are especially critical to women entrepreneurship because gender norms and legal regulations have a direct influence on the availability of resources and marketing activities to women.

Women entrepreneurs are disadvantaged by the system in cases where property rights, inheritance and financial systems are biased against women. The institutional theory therefore highlights the relevance of regulatory reforms and cultural change when it comes to encouraging women entrepreneurship.

3. Women Entrepreneurship and Economic Development

Women entrepreneurship can be said to have various ways of contribution to the economic growth, among them being creation of employment, income and formation of social capital. Feminine businesses tend to be deeply rooted in local communities and form significant part of the community building and unity.

In the perspective of macroeconomics, when women become more entrepreneurs, labour force utilisation and productivity will improve. Research indicates that gender disparities in economic participation could be narrowed down to appreciate national income by high levels (Klasen&Lamanna, 2009). In addition, the women entrepreneurs tend to use more profits in health, education and family welfare to create internal development returns.

The quality and sustainability of enterprises still determine the developmental impact of women entrepreneurship. Entrepreneurship where opportunities are realized will be better paid than those where there is a necessity between women in low-income environments as there are few employment options.

4. Policy Frameworks Supporting Women Entrepreneurship

4.1 Financial Inclusion Policies

The company aims at protecting and conserving the wealth of investors by recruiting highly qualified staff and providing quality services to its customers.Women entrepreneurship has been facing one of the biggest challenges on access to finance. Yet, even with the growth of microfinance programs women entrepreneurs still encounter obstacles in obtaining formal credit because they do not have collaterals, credit history, and gender discrimination in lending practices (Demirguc-Kunt et al., 2015).

Policy interventions have been targeting to encourage inclusive financial systems by way of credit guarantee schemes, female-oriented banking products, and online financial services. However, there is a logical belief that there is no single problem that financial access can solve without the interventions in training and market access.

4.2 Entrepreneurship Education and Skill Development

The policies on entrepreneurship education focus on empowering women in terms of managerial, financial, and technological skills. Women entrepreneur training programmes have been shown to positively influence business practices and confidence, but typically have small influences on profitability (McKenzie & Woodruff, 2014).

The effectiveness of the policies will be enhanced with the context-specific training initiatives involved in training, mentoring and networking programs. Flexible models of delivery and gender sensitive pedagogy are especially useful in dealing with time constraints of women.

4.3 Institutional and Legal Reforms

Laws and regulations are important in developing the entrepreneurial activities of women. Implementing policies that manage property rights, laws regarding inheritance, labour laws as well as business registration procedures can play a critical role in reducing barriers to women entry into the business.

The agenda of international development is now more focused on gender-responsive government, acknowledging that the institutional changes should be made to support institutional regulations as well as informal regulations that restrict the economic agency of women.

5. Challenges in Policy Implementation

Regardless of the progress in the policies, there are still some issues in order to translate the women entrepreneurship efforts into the sustainable results. There is also a tendency to have fragmentation on ministries, lack of monitoring mechanisms and poor coordination of the stakeholders which tends to undermine the policy effectiveness.

Furthermore, most policies are based on the concept of a one-size-fits-all model, which does not consider intersectional differences and disparities in terms of class, education, and regional differences. Policies can often be left out rural, migrant, and informal-sector women entrepreneurs.

The tendency to reduce women entrepreneurship to poverty alleviation strategy instead of being a source of innovation and growth is also a significant factor. This kind of framing has the potential of perpetuating stereotype and narrowing the size and ambition of women-led businesses.

6. Policy Recommendations

Based on these theoretical and policy related analysis, the following recommendations can be presented from the side of present enquiry,

1. Implement an economic, social and institutional based policy framework on gender responsive entrepreneurship.
2. Empower financial ecosystems by lending without collaterals, credit guarantees and digital financial inclusion specially to consider reliable women entrepreneurs.
3. Make an investment in entrepreneurship education that integrates skill building with mentoring, networking, and entry to the market.
4. Enhance institutional changes on legal and cultural obstacles to the economic participation of women.
5. Improve policy coordination and review in order to co-ordinate and account across women entrepreneurship efforts.

7. Conclusion

Women entrepreneurship is an important crossroads of economic development, gender equality as well as institutional reform. Theoretical and policy-based insight can help to understand that, not only individual potential predetermines women in entrepreneurial achievements but also some structural and institutional factors play a significant role. As much as policy initiatives have been strengthened around the world, they must be effective by focusing on universal gender inequalities and enhancing inclusive entrepreneurial ecosystems. To enable women entrepreneurship, there should be a long-term political will, gender-responsive governance and an integrated policy that should be the focal point to consider women entrepreneurs as the key drivers of economic change.

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