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Empowering the Third Billion

Women and the world of work in 2012

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Foreword

This report sheds some much-needed light on the impact that hundreds of millions of women around the world are beginning to have as they enter the global economy — and the steps that government and business leaders can take to give them a stronger voice in their lives and in their societies.

I am convinced that giving women the chance to become financially independent and make the most of their talents is the key to higher living standards and stronger economies. This is more true today than ever before. With the global economy still struggling through a slow and spotty recovery, it is in everyone's interest to help women make the most of their potential.

I set up my foundation for women to address this need for support, which not only leads to a better quality of life for the women themselves, but also brings benefits to their families, communities, and economies as a whole. In the past year, we have directly reached some 6,000 women across Africa, Asia, and the Middle East, helping them develop their skills, build their confidence, and increase their income.

I've met some of these women, and their stories are extremely inspirational. You cannot help but be moved when you see for yourself the sheer appetite for learning among businesswomen in a fragile economy such as Lebanon, or when you meet motivated, energetic female entrepreneurs in Tanzania and hear how they are driving their country's economic growth despite the prejudices they face or the difficulty in getting business loans.

However, despite the admirable efforts of these women — and millions like them in rich and poor countries around the world — they need supportive systems to succeed. Governments and corporations will need to step in with smarter policies that can remove social, cultural, and professional constraints on women and foster greater economic opportunities. The kind of quantitative research in the Third Billion Index is a crucial part of that process. It can help government and private-sector leaders see what works best and identify specific policies and countries as models.

Through the work of my own foundation, it is evident that financial independence can give women more control over their own lives and the lives of their children. Economic security gives women more influence in tackling injustice and discrimination in their communities and wider society. In sum, no real social progress is possible without the economic progress of the Third Billion.

Cherie Blair
Founder & Patron
Cherie Blair Foundation for Women

Executive summary

Nearly 1 billion women around the world could enter the global economy during the coming decade. They are poised to play a significant role in countries around the world — as significant as that of the billion-plus populations of India and China. Yet this Third Billion has not received sufficient attention from governments, business leaders, or other key decision makers in many countries.

There is compelling evidence that women can be powerful drivers of economic growth. Our own estimates indicate that raising female employment to male levels could have a direct impact on GDP of 5 percent in the United States, 9 percent in Japan, 12 percent in the United Arab Emirates, and 34 percent in Egypt; but, greater involvement from women has an impact beyond what their numbers would suggest. For example, women are more likely than men to invest a large proportion of their household income in the education of their children. As those children grow up, their improved status becomes a positive social and economic factor in their society. Thus, even small increases in the opportunities available to women, and some release of the cultural and political constraints that hold them back, can lead to dramatic economic and social benefits.

In that context, a critical question of the 21st century becomes: What can governments, companies, investors, and NGOs do to ensure that the Third Billion realizes its potential? One of the factors that makes the Third Billion so powerful — its global reach — also makes that question difficult to answer. Any answer must start with an assessment of the specific constraints faced by Third Billion constituents in a given region.

To begin understanding the levers available to decision makers, we developed the Third Billion Index, a means of ranking countries in terms of how effectively they are empowering women as economic agents in the marketplace. The index itself is a composite of established data drawn from the World Economic Forum and the Economist Intelligence Unit, among other sources. Our composite index is unique, however, in that we have chosen to focus on women's economic and professional empowerment.

The Third Billion Index groups the indicators of women's economic standing into two clusters. The first is "inputs," meaning steps that governments and the private sector can take to improve the economic position of women. These inputs include laws and policies regarding minimum schooling, employment policies during and after childbirth, and access to credit.

The index also considers "outputs," meaning the observable aspects (social, political, and economic) of women's participation in the national economy. These include the ratio of pay between women and men as well as the proportion of women among technical workers, senior business leaders, and employees. A combination of the input and output factors for a country determines its overall index ranking.

The results of the index lead to several striking conclusions. First, there is a clear correlation between the front-end processes and policies regarding women's economic opportunities (inputs) and the actual success of women in national economies (outputs). We discovered this by clustering 128 countries into five broad categories based on their index rankings. The countries with a strong set of inputs, labeled "on the path to success," universally also have strong outputs. These are typically developed economies such as Australia, Canada, Finland, France, Germany, and Norway.

We identified four other clusters of countries. Just behind the top-performing countries are those that are "taking the right steps." They have implemented a slate of input policies and are just beginning to see their efforts pay off. These countries, which include Malaysia, Tunisia, and Venezuela, vary widely in other political and social dimensions; however, they have all moved onto the path of empowering women.

We also defined a small number of countries as "forging their own path." They are seeing modest output results, but have not yet established a strong foundation of inputs. These countries include Botswana, Cambodia, and China. In the future, the countries in these two groups are likely to be among the most dynamic in terms of economically empowering women.

The next group of countries, labeled "average," includes those that have taken modest steps to improve inputs to women's economic progress and have seen commensurate output results. These countries, which include Colombia, Serbia, and Thailand, will need to invest more on the input side to move onto the "path to success."

Finally, there are countries that have not yet systematically approached the problem at all. They have correspondingly worse performance. These are said to be "at the starting gate" and include countries such as Indonesia, Laos, and Nigeria. This category accounts for the largest number of the 128 countries, suggesting an immense economic opportunity in many parts of the world.

Perhaps the most significant finding from the Third Billion Index is the impact of women on broader "outcomes." We defined "outcomes" as broader indications of well-being, including per capita GDP, literacy rates, access to education, and infant mortality. These transcend gender-related effects and represent improvements to society at large.

The data shows a very strong correlation between index scores and beneficial outcomes. Such a relationship indicates that positive steps intended to economically empower women not only contribute to the immediate goals of mobilizing the female workforce, but also lead to broader gains for all citizens in such areas as economic prosperity, health, early childhood development, security, and freedom.

This is a crucial conclusion. The idea has been a consistent theme in the literature of women's issues, but it is typically argued with anecdotal rather than quantitative evidence. Our findings give compelling numerical evidence of a correlation between women's economic participation and a country's general economic growth and well-being. They strongly suggest that the economic advancement of women doesn't just empower women but also leads to greater overall prosperity.

In short, even when setting aside legislative measures to improve women's quality of life, or setting standards for the number of high-level positions held by women, government leaders have several precise levers they can pull to economically empower their female citizens. For example, they can foster more forms of financial credit or take steps to improve women's literacy. Countries that pull these levers are producing results.

The report includes in-depth profiles of 10 countries that have a range of geographies and are at varying stages of economic development, which Strategy& compiled in conjunction with local experts in the private sector, academia, and government within each nation.

- Argentina (35th — "On the Path to Success")

- Brazil (46th — "On the Path to Success")

- China (58th — "Forging Their Own Path")

- Germany (8th — “On the Path to Success”)
- India (115th — “At the Starting Gate”)
- Italy (33rd — “On the Path to Success”)
- Japan (43rd — “Taking the Right Steps”)
- South Africa (36th — “On the Path to Success”)
- Tanzania (85th — “At the Starting Gate”)
- United States (30th — “On the Path to Success”)

In addition, we profiled three countries from the Middle East and North Africa (MENA) region: Egypt (108th), Saudi Arabia (123rd), and the United Arab Emirates (109th), which are all “at the starting gate.” In focusing on this region, we wanted to highlight the remarkable socioeconomic transitions currently under way, and to show that women represent a crucial part of those changes.

At a recent conference on women’s issues held by the Organisation for Economic Co-operation and Development (OECD), the organization’s secretary-general, Angel Gurria, summed up the challenge: “Women are the most underutilized economic asset in the world’s economy.”[1] Only by correcting this situation through sweeping national, regional, and global institutional changes, and ensuring that women everywhere have the opportunity to become active economic agents, can we create stable prosperity, healthy societies, and a hopeful future.

"Women are the most underutilized economic asset in the world's economy."

— Angel Gurria,
Secretary-General, OECD

I. The origin of the index

Women are poised to play a significant role in the global economy in the coming decade — as significant as that of the billion-plus populations of India and China — yet this Third Billion has not yet received sufficient attention in many countries from governments, business leaders, or other key decision makers. This represents a missed opportunity; as Melanne Verveer, U.S. ambassador-at-large for global women's issues, put it at a recent Organisation for Economic Co-operation and Development (OECD) conference, "The benefits of women's economic participation are well documented."[1] However, to more effectively leverage the contribution of women and empower them economically — as employees, producers, and business owners — governments will need a better understanding of the levers they can pull.

Several global organizations already track statistics related to women's issues, and publish their own nation-by-nation rankings. In creating the Third Billion Index, our aim is to focus specifically on women in the world of work. The index isolates the factors that facilitate women's entry into the workforce — either as employees or as entrepreneurs — and determines specific drivers that can improve their access and advancement.

We recognize, of course, that certain foundational needs must be met if women are to succeed as professionals, entrepreneurs, and employees. These include access to healthcare, political participation, and legal status equal to that of men. In focusing on women's economic and professional empowerment, our intent is not to discount the importance of these other issues, or to overlook the fact that all aspects of women's empowerment are intertwined. Rather, we look to the future, to the day when women worldwide can take such rights for granted. And we hope to raise a discussion about how to help women become active economic agents who can contribute to their national economy, create better lives for their family, and empower themselves.

The Third Billion Index is a composite of indicators of women's potential for economic participation, drawn from a spectrum of criteria. All were taken from existing data compiled by the World Economic Forum or the

Economist Intelligence Unit; both organizations have done tremendous work in this field, and we are indebted to their research efforts. The Methodology section of this report (*see page 16*) provides a detailed technical explanation of the components of the index.

A more general explanation is needed, however, to understand the index and its implications for helping women succeed. The index divides all the indicators of women's economic standing into two separate clusters. The first is "inputs." These are measures that a government (or, in some cases, other entities, such as businesses and nongovernmental organizations) can improve to affect the economic position of women. Such factors reflect the direct impact of laws and policies regarding minimum schooling, employment policies during and after childbirth, access to credit, and others. We grouped these inputs into three composite elements:

- Women's level of preparation for joining the workforce

- The country's access-to-work policies

- Entrepreneurial support

Next we looked at a set of "outputs." These are observable aspects of women's participation in the national economy. They reflect, over the long term, the social, political, and economic environment that is influenced by the inputs. Our list of outputs includes such indicators as the ratio of pay between women and men, and the number of women among technical workers, senior business leaders, and employees. As with inputs, these were made up of individual data sets for each parameter, which we bundled into three composite elements:

- Inclusion in the workforce

- The degree of advancement in the national economy

- Equal pay for equal work in practice

Broadly, a country's overall index ranking is derived from combining its input and output factors.

Methodology

Strategy& developed the Third Billion Index to evaluate and describe how countries increase the participation and effectiveness of women in the labor force. We began with 152 countries, for which we analyzed currently available data from the Economist Intelligence Unit reports on women's economic opportunity (2010 and 2012) and the World Economic Forum "Global Gender Gap Reports" (2010 and 2012). We removed the countries that were missing more than half of the data points in these reports, leaving us with a set of 128 countries.

For each, we considered two main categories of data — inputs and outputs — and measured the relationship between those categories (*see Exhibit 1, next page*).

Note: Sources are indicated in parentheses: EIU for the Economist Intelligence Unit reports, WEF for the World Economic Forum reports.

Inputs

Inputs are the measures that a government (or, in some cases, another entity such as a company or NGO) can aim to improve in order to increase the economic contribution and empowerment of women. In the Third Billion Index, these consist of three principal composites — preparation, access-to-work policy, and entrepreneurial support — each of which incorporates several subordinate data points. Specifically:

Preparation

- Ratio of female to male literacy rate (WEF)
- Overall literacy rate for women, by percentage (EIU)
- Ratio of female to male enrollment in secondary education (WEF)
- Level of primary and secondary education among women, in number of years completed (EIU)
- Ratio of female to male enrollment in tertiary education (WEF)
- Mean years of schooling (EIU)
- Level of tertiary education among women, in number of years completed (EIU)

Access-to-work policy

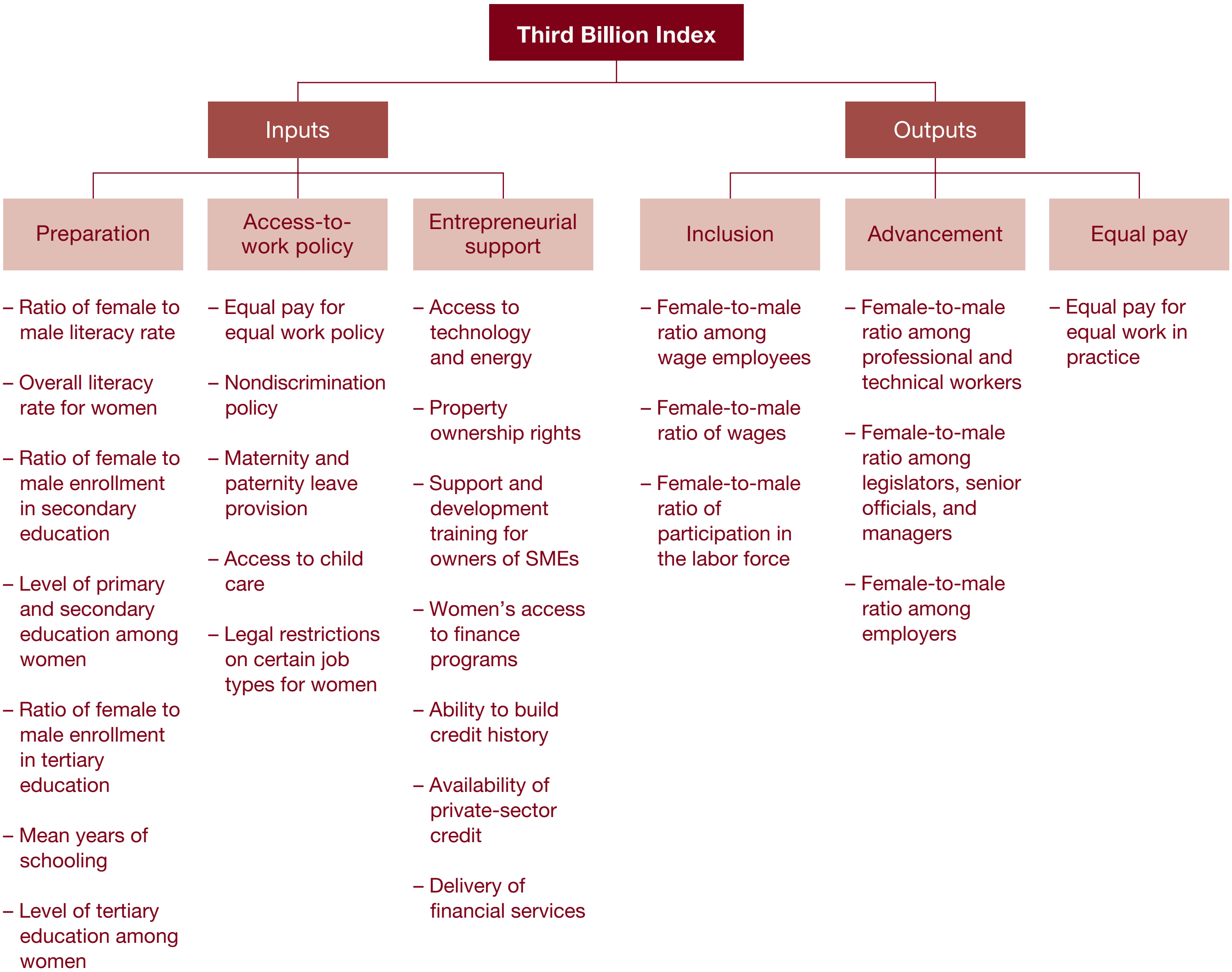
- Equal pay for equal work policy (EIU)
- Nondiscrimination policy (EIU)
- Maternity and paternity leave provision (EIU)
- Access to child care (EIU)
- Legal restrictions on certain job types for women (EIU)

Entrepreneurial support

- Access to technology and energy (EIU)
- Property ownership rights (EIU)
- Support and development training for owners of small and medium-sized enterprises (EIU)
- Women's access to finance programs (EIU)
- Ability to build credit history (EIU)
- Availability of private-sector credit (EIU)
- Delivery of financial services (EIU)

Continued

Exhibit 1
Components of the Strategy& Third Billion Index



Source: Strategy&

Outputs

Outputs are the observable indicators of women's progress in the world of work. As with inputs, we grouped outputs into three composite indices — inclusion, advancement, and equal pay — each of which also includes subordinate data. Specifically:

Inclusion

- Female-to-male ratio among wage employees (WEF)
- Female-to-male ratio of wages (WEF)
- Female-to-male ratio of participation in the labor force (WEF)

Advancement

- Female-to-male ratio among professional and technical workers (WEF)
- Female-to-male ratio among legislators, senior officials, and managers (WEF)
- Female-to-male ratio among employers (EIU)

Equal pay

- Equal pay for equal work in practice (according to the International Labour Organization's Equal Remuneration Convention) (EIU)

We combined the two scores — total inputs and total outputs — to determine each country's Third Billion Index score. We also statistically adjusted the results so that the mean score for the group of 128 countries was 50 and the standard deviation was 10, to facilitate comparisons between countries. (Thus, a country that received 70 in a particular category is two standard deviations better than average.) The resulting score for each nation is an indication of how actively it is taking steps to economically empower women, and whether those steps are generating quantifiable results.

For this index, almost half of the measures are ratios of female-to-male raw statistics, rather than absolute levels. We opted to use these ratios because they are a better measure of women's progress; the absolute levels are more indicative of historical or geographic socioeconomic advantages at a country level.

The input and output factors all consist of multiple variables, with the exception of equal pay, which has only one. That parameter is a scale with 12 levels of performance, but the 128 countries in our study all fell into just seven levels. As a result, many of the countries received the same equal pay score, and eight of them — Australia, Canada, Finland, Germany, the Netherlands, Norway, Spain, and Sweden — achieved the highest ranking in this category.

An overview of the findings

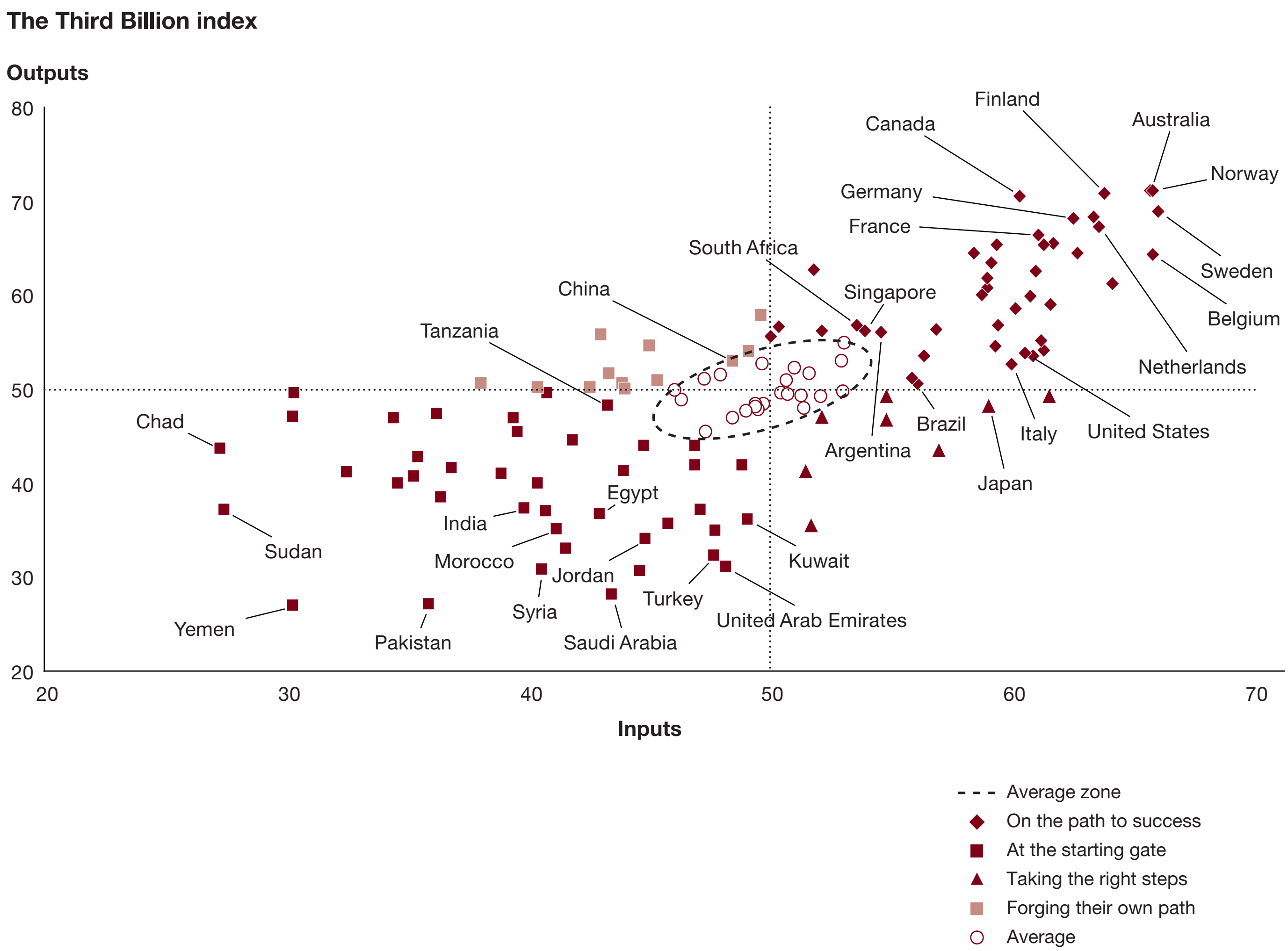
The findings of the index lead to several striking conclusions about government practices and women's economic progress. First, there is a clear correlation between the front-end processes and policies regarding women's economic opportunities (inputs) and the actual success of women in their national economies (outputs). In other words, setting aside all external factors — such as access to healthcare, political participation, and legal status — government leaders have levers they can pull to economically empower their female citizens, and countries that do so are producing results.

To facilitate comparisons and provide a clearer view of the impact of better inputs, we clustered countries into five broad categories based on their index rankings (*see Exhibit 2, next page*). These clusters group countries at similar points in their journey of empowering women, and thus provide a graphical representation of the causal relationship in the index. Overall, the countries that have a strong set of inputs also have strong outputs (and outcomes). These we define as "On the Path to Success," and they are typically developed economies, such as Australia, Canada, Finland, France, Germany, and Norway.

Countries that have not yet systematically approached the problem have correspondingly worse performance (these are clustered under the category "At the Starting Gate"). These countries also have more of a scattered and nonlinear relationship between inputs and outputs — in other words, there are many ways to get it wrong, and they are not far enough along in their efforts to see a clear correlation. They can clearly learn from and apply the best practices of more forward-thinking countries regarding specific policies and practices to economically empower women, and how best to implement those policies.

We also identified two other key clusters. First are countries we identified as "Taking the Right Steps": They have implemented a slate of input policies and should see their efforts pay off over time. In other societal matters, such as innovation and education — in which governments take steps to foster change — it can take a generation for these efforts to create measurable outputs. Finally, we defined a small

Exhibit 2
Five country clusters, based on performance in economically empowering women



Source: Third Billion Index (Strategy&); data from World Economic Forum and Economist Intelligence Unit number of countries as "Forging Their Own Path." They are seeing modest output results, but have not yet established a strong foundation of inputs. Looking forward, the countries in these two groups are likely to be the most dynamic in terms of economically empowering women. We are curious to see if the countries we classified as "Taking the Right Steps" will show corresponding improvements in outputs, and if the countries we classified as "Forging Their Own Path" can sustain their current high outputs without strong foundations in place.

Finally, there are countries labeled "Average." These countries have taken modest steps to improve and have seen commensurate output results, but they will likely need to invest more on the input side to move into the "On the Path to Success" cluster.

Perhaps the most significant finding from the index is the impact on "outcomes," or broader indications of well-being, such as per capita GDP, literacy rates, access to education, and infant mortality. These are independent of the input and output factors. They indicate, however, that improving the economic lot of women in a country can generate benefits that transcend traditional gender boundaries and improve society at large.

Our initial hypothesis was that strong index scores would correlate to strong performance among these outcomes. The data supports this thesis; the correlation between index scores and independent outcomes is strong. Such a relationship indicates that positive steps intended to economically empower women not only contribute to the immediate goals of mobilizing the female workforce, but also lead to broader gains for all citizens, such as economic prosperity and improvements in health, early childhood development, security, and freedom.

This is perhaps the most noteworthy conclusion of our research — the economic advancement of women doesn't just empower women but also leads to greater overall prosperity. The idea has been a consistent theme in the literature of women's issues, but it is typically argued with anecdotal rather than quantitative results. As Caroline Anstey, managing director of the World Bank, put it, "Gender equality is good in and of itself, and it is smart economics. But the first one of these alone never seems to convince anyone."[2] The findings of the research related to this index give strong numerical evidence of a correlative relationship between women's economic participation and general economic growth. They strongly suggest that economically empowering women is the key to greater societal gains.

The threshold to the middle class

There are many reasons that countries around the world have failed to realize the economic potential of women. Our analysis of data from the International Labour Organization (ILO) — a United Nations agency that tracks global workforce statistics — groups these reasons broadly into two deficiencies: Women are either (1) not prepared or (2) not enabled to join the workforce.

The first attribute — "prepared" — refers to having received a sufficient education, usually defined as the completion of secondary school. Opportunities for basic education and literacy are prerequisites to women's economic empowerment. As women progress through rising education levels, they develop a sense of empowerment that allows them to make more decisions and participate in the labor market. The ILO measures preparedness, or the lack of it, through a combination of factors, including enrollment rates in primary, secondary, and tertiary education; literacy rates; and mean years of schooling.

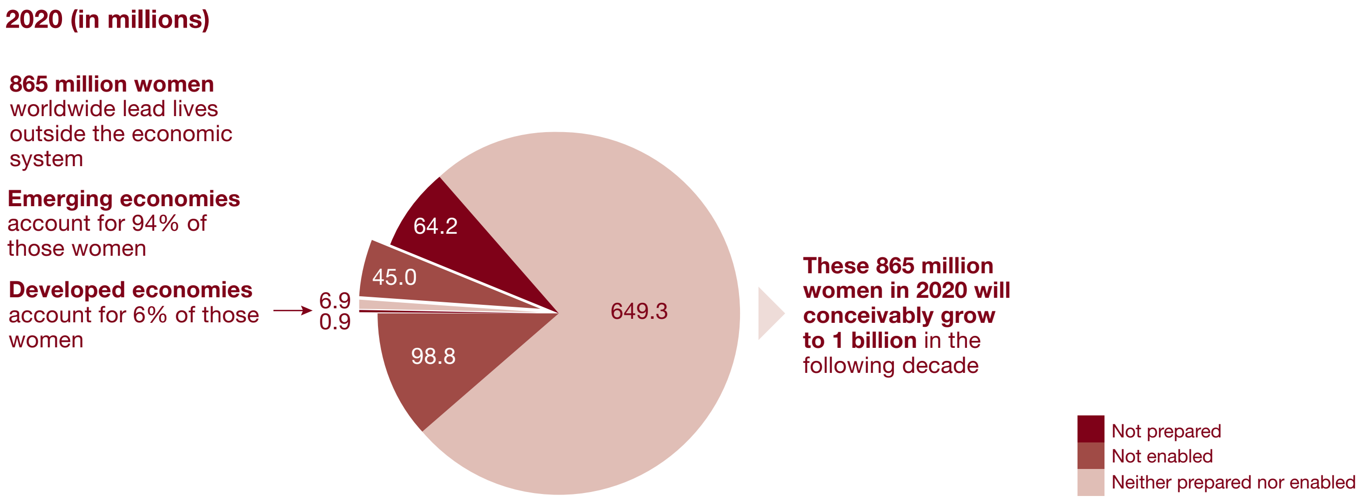
The second category — "enabled" — refers to having sufficient social and political support to engage with the labor market. This support spans family, logistical, legal, and financial dimensions. It can be measured by equal opportunity employment policies regarding fair pay and nondiscriminatory work environments, among other indicators.

The specific characteristics of these two major constraints vary widely, according to local social, cultural, and economic conditions. But all countries have one thing in common. As they take steps to alleviate these constraints through increased migration to cities, the expansion of education opportunities, changes in local laws and cultural norms, and investments in infrastructure that support greater workforce participation, the Third Billion will advance into the middle class in accelerating numbers.

We reached our conclusion that there are 1 billion women with the potential to contribute more fully to their national economies by combining the estimated number of "not prepared" and "not enabled" women between the ages of 20 and 65 in 2020, using data from the ILO (*see Exhibit 3, next page*). The result was 865 million women. Most of these women — about 812 million — live in emerging and developing nations. (Some might argue that the women of China and India should not be included, since their populations refer to the first and second billion emerging economic participants, and women around the world make up the Third Billion. Even omitting those women, however, the number of women meeting our criteria would still exceed 500 million by 2020. Counting those still younger than 20 and newborn female children, the number could easily expand to a billion within the following generation.)

No matter how the numbers are counted, 1 billion or more women are clearly about to participate more fully in the mainstream global economy. This represents a significant force in such regions as Latin America, Asia, the Pacific Rim, the Middle East, eastern and central Europe, and Africa.

Exhibit 3
The women of the Third Billion



Source: Strategy&

Quantifying the economic contribution of women

One can determine the relationship between economic activity (GDP) and employment for a given country by using the following equation:

Per capita GDP = labor productivity x amount of work produced per person x employment rate x age factor

Hence, positive changes in labor productivity, hours worked, employment rate, and demographics all positively affect GDP. A more scientific form of the equation looks like this:

Per capita GDP =
GDP/H x H/E x E/WAP x WAP/P

where:

GDP/H = GDP/hour worked (labor productivity)

H/E = hour worked/employment (annual average in working hour per employed person)

E/WAP = employment/working-age population (15–64) (employment rate)

WAP/P = working-age population/ population ("youth dividend")

A 2007 publication by Goldman Sachs calculated the impact that greater female participation in the workforce can have on a national economy.[3] That paper assumes that raising female employment to the male employment level in a country would boost the overall employment rate by a measurable amount — ([male rate-to-overall rate]/ overall rate) — and per capita GDP by a similar amount.

We believe that, at least in the medium term (through 2020), in calculating the economic contribution of new women in the workforce, we need to account for two additional factors:

1. Countries will likely experience a temporary drop in labor productivity, as many women will enter the workforce with limited work experience and lesser qualifications. (Although women have recently closed the education gap in many countries around the world, the average woman is still today less educated than the average man.)

2. Countries will experience a drop in average hours worked across the overall population, as many of the women entering and staying in the workforce will choose to work part-time. Interruptions in employment to take care of family members (young and old) also affect the average hours worked by an employed person.

For the first factor, we can use the productivity drag, or the gap in productivity between incumbents and new entrants. In general, the productivity drag eliminates 30 percent to 40 percent of the potential gain for each incremental entrant in the workforce (or a net increase of 0.6 percent to 0.7 percent per 1 percent increase in employment). Applying this to the second formula above corresponds to an initial dampening factor of 70 percent to the gross increase in GDP estimate.

For the second factor, we assume that a third of all entrants to the workforce will work part-time, at an average of 60 percent of full-time hours. This results in a second dampening factor of 87 percent, which should be applied to the gross increase in GDP from women entering the workforce.

The initial calculation (gross impact) and the two additional dampening factors (net impact) lead to the following conservative estimates for the incremental impact on GDP from increasing female employment rates:

Country	Gross impact on GDP	Net impact on GDP
Argentina	19%	12%
Brazil	15%	9%
China	8%	5%
Denmark	4%	3%
Egypt	56%	34%
France	7%	4%
Germany	7%	4%
India	45%	27%
Italy	19%	11%
Japan	15%	9%
South Africa	17%	10%
Spain	10%	6%
Sweden	3%	2%
Tanzania	3%	2%
United Arab Emirates	19%	12%
United Kingdom	8%	5%
United States	8%	5%

Note: This table does not include Saudi Arabia, as the GDP from natural resources overshadows GDP driven by human capital activities in the country, making it very difficult to determine credible estimates.

"Gender equality is good in and of itself, and it is smart economics. But the first one of these alone never seems to convince anyone."

— Caroline Anstey,
Managing Director,
World Bank

II. Common challenges around the globe

The Third Billion is not a homogeneous demographic bloc. Its members represent a multitude of nationalities, ethnicities, and religions. They live in cities, in small towns, in villages, and on farms. They are young and old, married and single, experienced and inexperienced. Finally, they are products of the places where they live, with the constraints and opportunities unique to those regions, countries, states, and cities. And as such, they require an array of customized solutions to help them reach their potential.

Yet despite those geographic differences, several intertwined themes repeatedly cropped up as we conducted this global research project. All should be top priorities for governments, companies, and civil societies that hope to economically empower women.

The care economy

Around the world, women are the primary caregivers for children, the elderly, and the sick. It is a fact so obvious that it hardly seems to bear mentioning, and yet so fundamental to any discussion of women's roles that it cannot be emphasized enough. Women in OECD countries spend about 2.4 hours more than men on unpaid work (including care work) each day.[1] In less developed countries, unpaid work also includes household chores that compensate for a lack of infrastructure, such as getting water and finding fuel. One study found that if care work were assigned a monetary value, it would constitute between 10 and 39 percent of GDP.[2]

Countries must walk a fine line in determining how to address this issue. Such care work is clearly a burden that falls largely upon women, and thus is a barrier to women's economic development. If companies and governments want to see women reach their maximum economic potential, these organizations must play a role in helping to provide care. This conclusion is borne out by data: OECD countries that have the highest public spending as a percentage of GDP on child care and education services for children under age 5 have higher employment among mothers with young children.[3]

At the same time, however, care work — particularly child care — is crucial to the future development of national economies because it helps create a new generation of healthy, educated citizens. Governments must guard against shifting care work into low-quality jobs that are often filled by women.[4]

Although specific solutions will vary by country, several elements are critical to any approach to care work. These include widespread, affordable care for children, the elderly, and the sick; cultural changes aimed at dividing care work more equitably between men and women; and private-sector recognition of the importance of care work for all employees, along with accommodations to allow for a healthy work–life balance.

Enabling women for the future

In every country in the world, women require investments in their future — financial, educational, and cultural. None of these elements can stand alone. Allocating capital for investment in women's businesses is fruitless if women do not have the education to run a business successfully, or the cultural perception that they can compete economically with men. Investments in education will only lead to frustration if there are no financial investments in jobs for cohorts of newly educated women, or if cultural restrictions prohibit girls from attending school. And cultural messages of empowerment ring hollow if women are not educated enough to take their place in rapidly advancing societies, or if there is no place in the economy for them to make their mark.

The measures necessary to create change in each of these areas will vary according to a country's level of economic development. In emerging economies, the focus will most likely be on:

- According women equal rights in terms of inheritance, property ownership, family law, and economic independence, while encouraging girls and women to believe in themselves and pursue their ambitions

- Achieving gender parity in primary and secondary schools, as well as providing vocational training

- Helping women shift from low-paying, vulnerable jobs with little security — such as unpaid family work, casual agricultural labor, much assembly-line work in urban factories and workshops, and most domestic service[5] — to more permanent work with a positive career path

In advanced economies, women's empowerment will more likely emphasize:

- Continuing to advance support for women's family responsibilities, such as maternity leave and access to child care
- Ensuring that the parity achieved in education is reflected in employment, through nondiscrimination policies
- Encouraging educated women who have already entered the workforce in large numbers to insist on their right to advancement and to challenge remaining gender bias

In both advanced and emerging economies, women's empowerment will require investing in female entrepreneurs at all funding levels. The emphasis may be different depending on a country's state of economic maturity — e.g., advanced countries may emphasize access to technology and energy, whereas emerging markets may focus on factors such as support and training for small business owners — but this need for investment applies worldwide.

Moving beyond micro

The advent of microfinance (the use of small loans to foster self-reliant small businesses in a community setting, where borrowers typically lack access to banking and related services) has empowered millions of women in recent decades, and the stories of these women's accomplishments are truly inspiring. However, this success has led to a danger that women's businesses will become too closely associated with microfinance, causing lenders, incubators, and even the entrepreneurs themselves to limit women to small businesses when their ideas and market potential may merit something bigger. This misperception also represents a missed opportunity for economies in urgent need of businesses that can create new jobs.

If women-owned businesses are to achieve greater growth, countries must make sure that women have the right to own and inherit property, which is often a requirement for raising capital. Lenders can consider creative solutions in countries where women do not have these rights, such as cash-flow loans based on income rather than assets, or sophisticated psychological profiles that can predict a borrower's odds of repaying her loan.

Women, for their part, need to break out of the service sector, where women-owned businesses in many countries are clustered. They must learn to manage risk so that they are comfortable starting their business from a larger capital base, and pursue private equity or venture capital when it is merited. And they should find or form supportive networks that can offer mentorship, counseling, and access to information.

Access to data

In all areas of women's economic empowerment, there is a need for detailed, frequently updated, and gender-disaggregated data — so interested parties can better understand the issues that women face and more effectively frame solutions. This includes data on access to capital, property rights, and small and medium-sized enterprise (SME) ownership, among other issues.

For instance, governments can conduct surveys about household work and use of women's time to get more accurate information on women's contribution to the formal and informal economies, including the care economy, and formulate policy accordingly.[6] (The term *informal economy* refers to very small local businesses, often in the service sector, that are not registered, often do not pay taxes, and use only cash. As a result, these businesses usually do not show up in national economic statistics and do not factor into employment policy, social security, or other labor issues.)

In the entrepreneurial landscape, the information available — with the exception of a few publications such as the Global Entrepreneurship Monitor — tends to be national, rather than regional or global, and it is often based on qualitative data and case studies, with an emphasis on developed markets. Reports generally focus on startup rates, obstacles, and characteristics of business owners, excluding issues such as survival rates and use of financial instruments.[7] A better understanding of not just how women-owned companies start but how they grow and flourish would offer valuable lessons for other entrepreneurs.

The need for partnerships

Women's empowerment, which has traditionally been the domain of governments and NGOs, is drawing increased attention from the private sector as leaders realize that women's full participation in the world of work is not merely a social good but an economic necessity. This issue is complex enough that actors from all spheres are required to address it. The key to success in these partnerships will be allowing each entity to focus on its strengths.

Governments have an important role to play in policy, which is critical in eliminating discrimination and ensuring that women have equal rights. Governments are responsible for educating women so that they are prepared for the workforce, they can offer various forms of support to help women manage their family responsibilities, and they can play a vital role in growing women-owned businesses by offering access to government contracts. Finally, governments can have an influence outside their borders by giving greater emphasis to gender equality in their aid programs.[8]

NGOs have long-standing experience with women's issues in various communities, and can offer important insights into both the big picture and the details of local circumstances. They provide critical funding, training, mentoring, networks, and advocacy, consistently putting gender parity on the agendas of both government and the private sector.

As employers, investors, and consumers, private-sector companies have a number of roles to play in empowering women. By hiring women in developing markets, they can facilitate women's independence and increase their stature in society. They can bolster their own talent base by creating opportunities worldwide for women to move into senior positions. They can support female entrepreneurs by setting goals for more diverse supply chains. And they can leverage their power as investors by promoting gender equity in the workplace; providing financing for women-owned businesses; and developing jobs, products, and services that benefit women.[9]

Conclusion

Addressing the needs of the Third Billion, and proposing solutions, is a compelling prospect. Ultimately, the Third Billion consists of individual women around the world — each with her own personality, needs, obstacles, hopes, and desires. Yet the global economy does not have the luxury of addressing this crucial group in a leisurely fashion, one woman at a time. Sweeping institutional changes at the national, regional, and global levels can help women everywhere reach their full economic potential and make the contributions necessary to keep the global economy moving forward. "When it comes to the enormous challenge of our time — to systematically and relentlessly pursue more economic opportunity in our lands — we don't have a person to waste, and we certainly don't have a gender to waste," said Hillary Rodham Clinton, U.S. secretary of state, at the Asia-Pacific Economic Cooperation conference in September 2011.[10] Certainly, these changes will benefit an individual tobacco farmer in Tanzania, social media entrepreneur in China, graphic designer in the United Arab Emirates, or middle manager in Germany. But the real benefit will be to the community around her, the national economy she is supporting, and the world at large.

Third Billion Index rankings

Exhibit 4
Third Billion Index rankings of 128 countries*

Country	Third Billion Index score	Third Billion Index rank
Australia	70.6	1
Norway	70.6	2
Sweden	69.5	3
Finland	69.3	4
New Zealand	67.7	5
Netherlands	67.2	6
Canada	67.2	7
Germany	**67.1**	**8**
Belgium	66.8	9
France	65.3	10
Denmark	65.2	11
Lithuania	65.2	12
United Kingdom	64.9	13
Iceland	64.2	14
Spain	63.8	15
Hungary	63.1	16
Switzerland	62.8	17
Ireland	62.6	18
Latvia	61.6	19
Portugal	61.5	20
Austria	61.5	21
Estonia	61.0	22
Luxembourg	60.5	23
Poland	60.5	24
Slovenia	59.1	25
Israel	59.1	26
Bulgaria	58.7	27

* In-depth profiles shaded and in bold

Source: Strategy&

Country	Third Billion Index score	Third Billion Index rank
Moldova	58.1	28
Slovak Republic	58.1	29
United States	**58.0**	**30**
Greece	57.8	31
Hong Kong, China	57.4	32
Italy	**57.1**	**33**
Czech Republic	56.0	34
Argentina	**56.0**	**35**
South Africa	**55.8**	**36**
Singapore	55.6	37
Uruguay	55.6	38
Ukraine	54.7	39
Panama	54.4	40
Russian Federation	54.2	41
Mexico	54.2	42
Japan	**54.1**	**43**
Romania	53.9	44
Mongolia	53.9	45
Brazil	**53.7**	**46**
Croatia	53.7	47
Thailand	53.3	48
Kazakhstan	53.1	49
Korea, Rep.	52.4	50
Macedonia, FYR	52.3	51
Serbia	51.8	52
Belarus	51.8	53
Philippines	51.7	54
Albania	51.6	55
Namibia	51.3	56
Mauritius	50.9	57
China	**50.9**	**58**
Armenia	50.8	59
Costa Rica	50.3	60
Chile	50.3	61

Country	Third Billion Index score	Third Billion Index rank
Georgia	50.1	62
Colombia	50.0	63
Botswana	49.8	64
Ecuador	49.7	65
Montenegro	49.6	66
Venezuela	49.6	67
Kyrgyz Republic	49.3	68
Uzbekistan	49.1	69
Bosnia and Herzegovina	49.0	70
Honduras	48.8	71
Paraguay	48.6	72
Dominican Republic	48.5	73
Peru	48.2	74
Vietnam	47.9	75
Tajikistan	47.7	76
El Salvador	47.4	77
Bolivia	47.3	78
Ghana	47.2	79
Cambodia	47.0	80
Tonga	46.7	81
Malaysia	46.0	82
Nicaragua	46.0	83
Vanuatu	46.0	84
Tanzania	**45.3**	**85**
Kenya	44.9	86
Fiji	44.8	87
Turkmenistan	44.7	88
Uganda	44.6	89
Indonesia	43.7	90
Azerbaijan	43.7	91
Madagascar	43.6	92
Tunisia	42.9	93
Laos	42.4	94
Samoa	42.4	95

Country	Third Billion Index score	Third Billion Index rank
Sri Lanka	41.8	96
Kuwait	41.7	97
Malawi	41.6	98
Lebanon	41.3	99
Benin	40.8	100
Bahrain	40.3	101
Algeria	39.7	102
Solomon Islands	39.6	103
Timor Leste	39.1	104
Turkey	38.9	105
Cameroon	38.8	106
Papua New Guinea	38.8	107
Egypt	**38.6**	**108**
United Arab Emirates	**38.4**	**109**
Jordan	38.2	110
Zambia	38.0	111
Burkina Faso	37.9	112
Bangladesh	37.5	113
Ethiopia	37.4	114
India	**37.3**	**115**
Morocco	36.8	116
Togo	36.6	117
Oman	36.2	118
Senegal	36.0	119
Nigeria	35.9	120
Iran	35.8	121
Côte d’Ivoire	35.3	122
Saudi Arabia	**34.2**	**123**
Syria	34.0	124
Chad	33.8	125
Sudan	30.3	126
Pakistan	29.4	127
Yemen	26.1	128

Third Billion Index rankings

Exhibit 5
Country performance by inputs*

Country	Preparation	Preparation rank	Access-to-work policy	Access-to-work policy rank	Entrepreneurial support	Entrepreneurial support rank	Inputs	Inputs rank
Albania	52.3	72	55.4	39	50.7	63	53.1	48
Algeria	44.2	101	52.7	55	43.0	93	45.8	87
Argentina	**58.3**	**12**	**53.4**	**51**	**50.0**	**68**	**54.6**	**43**
Armenia	54.1	51	55.1	41	42.8	95	50.7	60
Australia	60.7	3	69.1	6	62.9	6	65.7	4
Austria	54.7	45	65.7	9	61.4	15	61.6	12
Azerbaijan	50.9	79	42.7	95	41.7	102	44.8	91
Bahrain	53.5	57	35.7	118	52.8	52	47.7	78
Bangladesh	39.4	110	44.8	81	41.8	100	40.7	106
Belarus	56.1	32	45.7	77	49.8	70	51.0	58
Belgium	56.2	31	71.1	3	66.3	1	65.9	2
Benin	25.6	126	51.8	58	38.9	111	36.2	117
Bolivia	49.9	86	45.7	78	44.4	87	46.4	85
Bosnia and Herzegovina	53.5	58	40.2	109	54.2	44	49.8	64
Botswana	52.3	74	36.9	116	46.0	84	45.1	89
Brazil	**53.4**	**59**	**58.5**	**29**	**54.7**	**42**	**56.1**	**38**
Bulgaria	54.3	49	66.2	8	60.8	20	61.3	15
Burkina Faso	27.2	124	48.7	69	37.8	115	35.5	119
Cambodia	40.2	108	54.0	47	41.2	103	43.9	95
Cameroon	40.6	106	42.1	97	38.1	114	38.9	113
Canada	57.2	19	59.8	26	60.6	21	60.3	22
Chad	20.4	128	44.0	89	28.0	128	27.3	128
Chile	54.4	47	62.1	19	52.9	50	57.0	34
China	**48.9**	**91**	**47.5**	**74**	**49.4**	**71**	**48.5**	**74**
Colombia	52.6	69	44.2	88	53.5	47	50.5	61

Country	Preparation	Preparation rank	Access-to-work policy	Access-to-work policy rank	Entrepre-neurial support	Entrepre-neurial support rank	Inputs	Inputs rank
Costa Rica	53.0	63	47.8	73	52.1	54	51.3	57
Côte d'Ivoire	28.8	123	41.0	103	35.2	119	32.5	123
Croatia	54.7	46	52.8	54	58.4	29	56.1	37
Czech Republic	58.1	15	59.8	25	62.8	7	61.5	13
Denmark	59.2	5	72.0	1	51.3	57	61.7	11
Dominican Republic	54.3	50	45.1	80	48.5	73	49.5	67
Ecuador	50.8	81	44.6	83	48.5	72	48.0	77
Egypt	**42.1**	**103**	**42.8**	**94**	**46.5**	**80**	**43.0**	**100**
El Salvador	49.0	90	45.4	79	51.1	60	48.5	75
Estonia	59.0	8	57.4	33	57.2	35	59.0	31
Ethiopia	24.6	127	41.8	98	33.1	125	30.3	126
Fiji	52.9	65	49.2	67	44.6	86	48.9	73
Finland	57.6	17	72.0	1	58.7	28	63.8	6
France	56.9	23	57.7	32	64.8	4	61.1	17
Georgia	54.0	52	54.9	43	43.3	92	50.7	59
Germany	**57.0**	**21**	**61.8**	**21**	**65.0**	**3**	**62.6**	**10**
Ghana	41.5	104	48.9	68	42.8	96	43.4	97
Greece	55.5	36	59.6	27	60.1	24	59.3	27
Honduras	52.5	70	43.5	92	51.4	56	49.4	68
Hong Kong, China	53.7	55	57.8	31	57.3	34	56.9	35
Hungary	56.3	29	61.0	22	62.3	9	61.0	18
Iceland	61.3	2	65.3	10	61.4	16	64.2	5
India	**36.0**	**115**	**43.7**	**91**	**44.2**	**89**	**39.9**	**110**
Indonesia	48.4	92	46.0	75	47.1	77	46.9	84
Iran	45.7	94	37.5	114	43.7	90	41.6	103
Ireland	58.3	13	55.5	38	60.1	23	59.1	28
Israel	56.5	26	60.7	23	58.3	30	59.4	25
Italy	**57.1**	**20**	**56.5**	**36**	**62.7**	**8**	**60.0**	**24**
Japan	**55.0**	**40**	**57.1**	**34**	**62.0**	**12**	**59.0**	**29**
Jordan	51.4	78	32.2	127	50.7	64	44.9	90
Kazakhstan	54.8	43	44.3	87	49.8	69	50.0	63

Country	Preparation	Preparation rank	Access-to-work policy	Access-to-work policy rank	Entrepre-neurial support	Entrepre-neurial support rank	Inputs	Inputs rank
Kenya	45.2	97	54.8	44	42.9	94	46.9	83
Korea, Rep.	54.9	41	50.7	62	56.9	36	54.9	40
Kuwait	52.6	67	40.6	106	53.0	49	49.1	71
Kyrgyz Republic	53.2	60	34.3	121	41.9	99	43.0	99
Laos	38.8	112	44.5	84	39.3	110	39.4	112
Latvia	59.0	7	53.2	53	60.9	19	59.0	30
Lebanon	52.4	71	38.6	111	50.0	67	47.2	82
Lithuania	58.4	11	64.7	12	61.2	18	62.7	9
Luxembourg	53.7	54	63.8	14	56.8	37	58.8	32
Macedonia, FYR	51.8	77	56.7	35	54.9	41	54.8	41
Madagascar	44.1	102	40.6	105	33.4	123	38.1	114
Malawi	39.9	109	44.5	86	38.6	112	39.6	111
Malaysia	52.6	68	40.4	107	59.4	26	51.5	55
Mauritius	50.7	82	54.7	45	57.8	33	54.8	42
Mexico	52.0	75	58.3	30	51.1	61	54.0	44
Moldova	53.2	61	55.0	42	46.9	79	51.8	52
Mongolia	55.7	34	48.1	72	46.4	82	50.3	62
Montenegro	55.5	37	41.1	102	55.7	38	51.5	56
Morocco	36.1	114	37.4	115	53.1	48	41.2	104
Namibia	52.8	66	49.8	65	46.4	81	49.7	65
Netherlands	57.4	18	68.1	7	61.7	14	63.6	7
New Zealand	61.7	1	63.9	13	60.1	22	63.4	8
Nicaragua	49.5	88	51.1	60	42.6	97	47.4	80
Nigeria	34.3	117	33.1	125	41.7	101	34.6	121
Norway	60.2	4	70.8	4	62.1	11	65.8	3
Oman	45.0	99	38.8	110	51.3	58	44.7	92
Pakistan	31.7	122	41.8	99	40.2	106	35.9	118
Panama	55.1	39	49.6	66	52.8	51	53.1	47
Papua New Guinea	31.8	120	33.8	122	32.6	126	30.3	124
Paraguay	52.3	73	50.0	64	45.9	85	49.4	69
Peru	49.5	87	52.2	56	46.0	83	49.0	72
Philippines	53.6	56	53.7	50	40.5	105	49.2	70

Country	Preparation	Preparation rank	Access-to-work policy	Access-to-work policy rank	Entrepre-neurial support	Entrepre-neurial support rank	Inputs	Inputs rank
Poland	56.7	25	62.7	15	58.2	31	60.2	23
Portugal	54.8	44	62.3	17	62.2	10	60.7	20
Romania	55.9	33	59.2	28	50.9	62	55.9	39
Russian Federation	54.4	48	41.1	101	52.1	53	49.6	66
Samoa	53.0	62	33.3	124	40.0	108	41.9	102
Saudi Arabia	**50.5**	**83**	**33.4**	**123**	**46.9**	**78**	**43.5**	**96**
Senegal	31.7	121	40.9	104	42.3	98	36.4	116
Serbia	55.5	35	42.3	96	55.0	40	51.6	54
Singapore	53.9	53	43.3	93	62.0	13	53.9	45
Slovak Republic	57.6	16	62.3	18	59.5	25	60.9	19
Slovenia	59.1	6	61.9	20	59.0	27	61.2	16
Solomon Islands	41.1	105	33.0	126	33.8	122	34.5	122
South Africa	**50.9**	**80**	**53.7**	**49**	**55.2**	**39**	**53.6**	**46**
Spain	57.0	22	64.9	11	53.9	45	59.4	26
Sri Lanka	49.4	89	40.3	108	43.4	91	44.0	94
Sudan	33.9	119	25.0	128	30.2	127	27.4	127
Sweden	58.2	14	69.6	5	65.9	2	66.0	1
Switzerland	54.8	42	60.4	24	57.8	32	58.5	33
Syria	44.6	100	35.1	120	44.3	88	40.6	107
Tajikistan	47.4	93	52.0	57	40.7	104	46.1	86
Tanzania	**39.3**	**111**	**56.5**	**37**	**38.4**	**113**	**43.3**	**98**
Thailand	51.9	76	51.3	59	54.6	43	53.0	49
Timor Leste	35.9	116	53.3	52	37.3	116	40.4	109
Togo	34.2	118	43.8	90	34.2	121	35.3	120
Tonga	56.4	28	35.5	119	40.0	107	44.0	93
Tunisia	50.1	85	53.8	48	51.1	59	51.7	53
Turkey	45.3	96	48.3	71	50.6	65	47.7	79
Turkmenistan	50.1	84	37.8	113	35.5	118	40.4	108
Uganda	40.6	107	50.1	63	35.9	117	40.8	105
Ukraine	56.2	30	48.7	70	50.0	66	52.2	50
United Arab Emirates	**55.4**	**38**	**36.2**	**117**	**51.6**	**55**	**48.2**	**76**

Country	Preparation	Preparation rank	Access-to-work policy	Access-to-work policy rank	Entrepreneurial support	Entrepreneurial support rank	Inputs	Inputs rank
United Kingdom	56.9	24	62.5	16	61.3	17	61.3	14
United States	**58.8**	**9**	**55.2**	**40**	**63.6**	**5**	**60.5**	**21**
Uruguay	58.4	10	54.2	46	53.8	46	56.4	36
Uzbekistan	53.0	64	41.4	100	47.2	76	47.3	81
Vanuatu	45.7	95	44.7	82	39.9	109	42.6	101
Venezuela	56.5	27	51.0	61	47.7	75	52.1	51
Vietnam	45.2	98	44.5	85	48.0	74	45.4	88
Yemen	26.1	125	37.8	112	35.1	120	30.3	125
Zambia	37.0	113	46.0	76	33.2	124	36.8	115

* In-depth profiles shaded and in bold

Source: Strategy&

Third Billion Index rankings

Exhibit 6
Country performance by outputs*

Country	Advance-ment	Advance-ment rank	Inclusion	Inclusion rank	Pay	Pay rank**	Outputs	Outputs rank
Albania	51.4	74	50.6	74	47.8	42	49.8	66
Algeria	34.2	121	33.1	114	47.8	42	35.7	116
Argentina	**53.4**	**55**	**50.9**	**71**	**59.4**	**19**	**56.1**	**33**
Armenia	50.0	83	54.4	49	47.8	42	50.8	57
Australia	62.0	8	59.3	21	76.9	1	71.2	1
Austria	53.0	65	51.7	67	65.2	16	59.0	24
Azerbaijan	43.2	99	50.7	73	42.0	65	43.9	94
Bahrain	35.4	117	36.7	112	42.0	65	35.0	119
Bangladesh	33.2	122	43.3	97	42.0	65	36.9	113
Belarus	55.7	40	58.8	24	42.0	65	52.2	50
Belgium	53.4	56	57.4	37	71.0	9	64.3	15
Benin	34.9	118	46.9	89	59.4	19	47.3	84
Bolivia	48.8	86	50.6	75	47.8	42	48.8	75
Bosnia and Herzegovina	52.6	69	52.7	61	42.0	65	48.4	76
Botswana	63.4	6	57.6	34	42.0	65	54.6	39
Brazil	**57.3**	**29**	**53.7**	**55**	**42.0**	**65**	**50.6**	**58**
Bulgaria	60.1	18	59.5	18	42.0	65	54.2	40
Burkina Faso	34.3	120	49.7	79	47.8	42	42.8	98
Cambodia	53.6	52	57.0	39	42.0	65	50.6	59
Cameroon	44.0	96	43.0	99	42.0	65	40.9	105
Canada	58.7	24	60.7	13	76.9	1	70.5	4
Chad	38.9	106	47.7	85	47.8	42	43.7	96
Chile	50.2	81	43.4	96	42.0	65	43.5	97
China	**51.2**	**77**	**58.5**	**26**	**47.8**	**42**	**53.0**	**46**
Colombia	57.1	32	51.5	68	42.0	65	49.6	67
Costa Rica	50.2	82	44.1	94	53.6	27	49.3	72

Country	Advance-ment	Advance-ment rank	Inclusion	Inclusion rank	Pay	Pay rank**	Outputs	Outputs rank
Côte d'Ivoire	49.2	84	38.6	109	42.0	65	41.1	104
Croatia	52.9	68	57.6	33	42.0	65	50.6	60
Czech Republic	53.2	61	54.2	50	42.0	65	49.3	73
Denmark	50.6	79	62.9	7	71.0	9	65.6	10
Dominican Republic	53.2	59	50.8	72	42.0	65	47.8	82
Ecuador	54.4	46	45.6	93	53.6	27	51.5	53
Egypt	**35.4**	**116**	**27.8**	**122**	**53.6**	**27**	**36.7**	**114**
El Salvador	52.3	70	43.2	98	47.8	42	47.0	87
Estonia	61.0	15	61.4	10	53.6	27	60.8	21
Ethiopia	43.8	97	57.7	30	42.0	65	47.1	85
Fiji	51.1	78	38.6	108	42.0	65	41.8	100
Finland	55.5	43	64.5	2	76.9	1	70.9	3
France	57.4	28	58.6	25	71.0	9	66.4	9
Georgia	58.4	25	49.9	78	42.0	65	49.4	70
Germany	**56.2**	**36**	**57.4**	**38**	**76.9**	**1**	**68.1**	**7**
Ghana	58.0	27	55.5	45	42.0	65	51.7	51
Greece	51.2	76	49.4	81	59.4	19	54.6	38
Honduras	61.6	11	38.1	110	47.8	42	48.4	77
Hong Kong, China	48.4	87	62.5	8	53.6	27	56.4	30
Hungary	60.0	19	60.0	16	59.4	19	62.5	18
Iceland	57.2	31	59.5	20	59.4	19	61.2	20
India	**31.9**	**125**	**32.5**	**115**	**53.6**	**27**	**37.3**	**110**
Indonesia	46.7	90	42.7	102	42.0	65	41.9	99
Iran	35.8	115	31.6	117	42.0	65	33.0	121
Ireland	53.0	63	55.7	43	71.0	9	63.4	16
Israel	52.9	66	59.6	17	53.6	27	56.9	27
Italy	**53.2**	**60**	**49.4**	**80**	**53.6**	**27**	**52.7**	**48**
Japan	**43.0**	**100**	**48.3**	**83**	**53.6**	**27**	**48.3**	**78**
Jordan	36.5	112	27.1	123	47.8	42	34.0	120
Kazakhstan	62.9	7	60.2	15	42.0	65	55.6	35
Kenya	42.0	102	51.7	66	42.0	65	43.9	95
Korea, Rep.	43.4	98	50.4	77	53.6	27	49.3	71

Country	Advancement	Advancement rank	Inclusion	Inclusion rank	Pay	Pay rank**	Outputs	Outputs rank
Kuwait	37.6	109	37.3	111	42.0	65	36.1	115
Kyrgyz Republic	59.3	22	51.2	70	53.6	27	55.8	34
Laos	47.2	89	54.2	51	42.0	65	46.9	88
Latvia	63.9	5	61.3	11	53.6	27	61.9	19
Lebanon	39.3	105	31.9	116	47.8	42	37.2	112
Lithuania	62.0	9	63.0	6	59.4	19	64.5	13
Luxembourg	53.8	50	53.3	56	65.2	16	60.0	22
Macedonia, FYR	53.5	54	47.4	87	47.8	42	49.2	74
Madagascar	51.4	75	58.8	23	42.0	65	50.5	61
Malawi	38.3	107	52.2	63	47.8	42	45.4	92
Malaysia	45.3	94	42.8	100	42.0	65	41.4	102
Mauritius	46.1	92	41.9	105	53.6	27	46.8	90
Mexico	49.0	85	42.2	103	65.2	16	53.5	45
Moldova	69.2	1	64.8	1	47.8	42	62.7	17
Mongolia	61.2	13	64.2	3	42.0	65	56.6	29
Montenegro	52.9	67	51.3	69	42.0	65	47.9	81
Morocco	37.5	110	28.7	121	47.8	42	35.1	118
Namibia	61.1	14	55.1	48	42.0	65	52.7	49
Netherlands	51.9	72	59.3	22	76.9	1	67.3	8
New Zealand	60.5	17	60.2	14	71.0	9	68.3	6
Nicaragua	56.8	33	42.0	104	42.0	65	45.5	91
Nigeria	40.4	104	44.1	95	42.0	65	40.0	107
Norway	56.4	35	64.2	4	76.9	1	71.1	2
Oman	34.9	119	27.1	124	42.0	65	30.7	125
Pakistan	28.9	127	24.0	127	42.0	65	27.1	127
Panama	59.5	20	48.7	82	53.6	27	54.8	37
Papua New Guinea	44.0	95	63.1	5	42.0	65	49.5	69
Paraguay	54.3	47	50.5	76	42.0	65	48.1	80
Peru	50.3	80	53.1	57	42.0	65	47.7	83
Philippines	65.0	4	48.0	84	47.8	42	53.9	41
Poland	61.7	10	55.6	44	53.6	27	58.6	25
Portugal	56.1	37	57.5	35	59.4	19	60.0	23
Romania	55.1	44	56.9	40	42.0	65	51.1	54

Country	Advance-ment	Advance-ment rank	Inclusion	Inclusion rank	Pay	Pay rank**	Outputs	Outputs rank
Russian Federation	68.3	2	60.8	12	42.0	65	57.9	26
Samoa	54.3	48	41.9	106	42.0	65	44.5	93
Saudi Arabia	**31.8**	**126**	**24.0**	**128**	**42.0**	**65**	**28.2**	**126**
Senegal	33.2	123	47.0	88	42.0	65	38.5	109
Serbia	59.5	21	54.0	53	42.0	65	51.6	52
Singapore	52.2	71	52.1	65	59.4	19	56.2	32
Slovak Republic	55.9	38	55.4	47	47.8	42	53.6	44
Slovenia	57.3	30	58.0	27	47.8	42	55.2	36
Solomon Islands	54.2	49	47.6	86	42.0	65	46.8	89
South Africa	**66.9**	**3**	**53.0**	**58**	**47.8**	**42**	**56.8**	**28**
Spain	54.9	45	52.2	64	76.9	1	65.4	11
Sri Lanka	45.3	93	42.7	101	42.0	65	41.3	103
Sudan	42.0	103	36.0	113	42.0	65	37.2	111
Sweden	53.0	64	62.1	9	76.9	1	68.9	5
Switzerland	53.3	58	57.9	28	71.0	9	64.5	14
Syria	37.2	111	25.3	126	42.0	65	30.8	124
Tajikistan	53.4	57	55.5	46	42.0	65	49.9	65
Tanzania	**48.0**	**88**	**56.4**	**42**	**42.0**	**65**	**48.2**	**79**
Thailand	53.1	62	56.5	41	47.8	42	52.9	47
Timor Leste	37.9	108	46.3	91	42.0	65	40.0	108
Togo	46.1	91	40.5	107	42.0	65	40.7	106
Tonga	56.7	34	52.8	59	42.0	65	50.0	64
Tunisia	36.1	114	31.0	118	47.8	42	35.5	117
Turkey	36.1	113	29.9	120	42.0	65	32.3	122
Turkmenistan	55.5	42	54.1	52	42.0	65	50.1	63
Uganda	55.6	41	52.6	62	42.0	65	49.5	68
Ukraine	60.6	16	57.5	36	47.8	42	56.2	31
United Arab Emirates	**32.2**	**124**	**30.4**	**119**	**42.0**	**65**	**31.1**	**123**
United Kingdom	53.7	51	59.5	19	71.0	9	65.4	12
United States	**61.2**	**12**	**57.6**	**32**	**42.0**	**65**	**53.8**	**42**
Uruguay	58.9	23	52.8	60	47.8	42	53.6	43

Country	Advance-ment	Advance-ment rank	Inclusion	Inclusion rank	Pay	Pay rank**	Outputs	Outputs rank
Uzbekistan	58.2	26	53.8	54	42.0	65	51.0	55
Vanuatu	51.8	73	57.7	31	42.0	65	50.2	62
Venezuela	55.7	39	46.8	90	42.0	65	47.1	86
Vietnam	53.6	53	57.8	29	42.0	65	50.9	56
Yemen	27.1	128	25.4	125	42.0	65	26.9	128
Zambia	42.9	101	45.6	92	42.0	65	41.6	101

* In-depth profiles shaded and in bold

** Eight countries received the highest ranking in this category: Australia, Canada, Finland, Germany, the Netherlands, Norway, Spain, and Sweden.

Source: Strategy&

"When it comes to the enormous challenge of our time — to systematically and relentlessly pursue more economic opportunity in our lands — we don't have a person to waste, and we certainly don't have a gender to waste."

— Hillary Rodham Clinton, U.S. Secretary of State

III. Country profiles

Argentina

Index results

Preparation	58.3 (12)
Access-to-work policy	53.4 (51)
Entrepreneurial support	50.0 (68)
Total input score	**54.6 (43)**
Advancement	53.4 (55)
Inclusion	50.9 (71)
Equal pay	59.4 (19)
Total output score	**56.1 (33)**
Third Billion Index score	**56.0 (35)**

Country cluster: "On the Path to Success"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

In December 2007, Argentina elected its first female president, Cristina Fernandez de Kirchner. Fernandez de Kirchner and her female colleagues, who account for 24 percent of the national parliament — the highest proportion in the world[1] — are prominent reminders that Argentina's women are advancing in the public sphere. The visibility of female politicians sends a powerful message of hope to Argentina's 20 million women, who make up nearly 40 percent of the workforce[2] and who continue to chafe, in varying degrees, against the obstacles created by gender and economic discrimination.

Argentina was one of the first Latin American countries to enact legislation regulating working conditions for women and children. Moreover, its education system is a significant bright spot — more girls complete secondary and tertiary education than boys, which is reflected in the country's high preparation ranking (12th overall). However, the implementation of broader reform measures still has a long way to go. Although Argentina's female employment rate has increased, women in the country hold a disproportionate number of lower-paying jobs, particularly in minimally skilled service roles.[3] At lower levels of the socioeconomic pyramid, Argentine women have insufficient access to affordable, quality social services, such as affordable child care, healthcare, and education, particularly in rural areas. Moreover, income disparity is prevalent. Although more Argentine women than men hold university degrees, and women have higher rates of schooling, they only earn roughly 95 percent of the amount that men do for the same jobs. For the overall labor market, women make only 64 percent of what men with the same level of education earn.[4]

Cultural norms also contribute to women's challenges, both at home and in the workplace. A household survey carried out by the National Institute of Statistics and Censuses (INDEC) revealed that seven out of 10 men living in Buenos Aires do not participate in domestic work, including caring for children or the elderly.[5] The traditional model of the man as breadwinner and the woman as homemaker both reflects and propagates long-held perceptions of gender roles and "machismo" in the workplace. When women are expected to shoulder the burden of domestic responsibilities, that burden — consciously or unconsciously — becomes a liability in the eyes of employers. Such a perception only limits women's chances of attaining high-level corporate positions.

Those attempting to start their own businesses — often in the informal service sector — have difficulty obtaining bank loans, an issue that affects women in both rural and urban settings. NGOs are attempting to fill this gap by offering small loans, but microfinance is still in its infancy in Argentina, having only been regulated in 2006. Only companies with long operating histories can qualify for lines of credit or overdraft privileges. Financing and seed investors are few and far between; small business loans are extremely unusual. Women, who are more likely to be in the small and medium-sized enterprise (SME) sector, face even greater obstacles to accessing capital, and tend to rely on private sources of financing.[6]

Credit is not the only challenge. Argentina's legal and regulatory business environment is notoriously complex, as evidenced by the country's ranking of 113 on the World Bank's Doing Business index for 2012. In general, would-be entrepreneurs face a bleak and unsupportive business landscape of labyrinthine and unpredictable regulations, rampant inflation, and pervasive corruption. Indeed, in Argentine Spanish, the word for businessman, *empresario,* was long synonymous with criminal; the word for entrepreneur, *emprendedor,* did not enter the lexicon until recently.

If Argentina is to economically empower its women — and by extension, its entire society — it must remove obstacles to employment success in the private sector and promote a culture of entrepreneurship.

Increasing participation and advancement in the workforce

First, the government must better enforce existing legislation safeguarding women's rights in the workplace. The Ministry of Labor should strengthen its cross-ministry and cross-sector partnerships in order to ensure compliance with current regulations and ramp up its efforts to prosecute offenders. Next, it should work to educate women about their rights under the law and publicize hotlines that women can call in order to report instances of gender discrimination and sexual harassment in the workplace. Government should partner with civil society to meet the needs of rural women by improving access to social services, healthcare, and education.

In addition, a massive public awareness campaign — similar to the "anti-machismo" print and television campaign currently led by well-known Argentine men — should encourage the public to combat gender discrimination in the workplace, and high-profile executives should openly pledge that their companies will fight sexual harassment and discrimination.[7] The campaign, which should be tailored to the different realities of urban and rural women, should also highlight the economic contributions that women make, and the opportunities that exist for them when they pursue their ambitions.

The Argentine government should implement a second public-service campaign to encourage fathers to participate in child care. Paternity leave should be increased from its current level (five days) to at least one month, and single fathers should be eligible for the same 90-day benefits as women.[8] Access to public day-care facilities should be increased, particularly in rural areas, and the government should monitor these facilities to ensure that they meet high standards for care.

Argentina's Ministry of Labor should create a standardized, government-approved workplace-empowerment program to help companies implement gender-sensitive policies, including task forces to monitor gender discrimination and sexual harassment; anonymous hotlines to report these instances; online and in-house sensitivity training workshops; and parent-friendly working options. Companies that successfully implement the program should receive special accreditation, tax benefits, public acknowledgment, and other incentives. Management and human resources professionals should be trained in its execution, and employees should be encouraged to share anonymous feedback on a site overseen by the Ministry of Labor.

Because the burden of child care falls heavily on the shoulders of Argentine women, the private sector should make a concerted effort to implement flextime, job-sharing, and telecommuting options that promote work–life balance and enable mothers to rejoin the workforce. Companies should offer on-site child-care facilities and rooms for nursing mothers, and promote gender sensitivity through lectures, courses, and brown-bag lunches that focus on combating machismo, including the belief that child-rearing is solely a woman's responsibility. Companies should also partner with universities, business incubators, and social entrepreneurship organizations to offer mentoring and networking opportunities for women.

Boosting entrepreneurship

Argentina's regulatory and business landscape must undergo fundamental shifts in order to nurture and support entrepreneurship — not only for women but for all potential entrepreneurs. To that end, the government should take steps to restore the public's trust in the banking system, after decades of erratic policies and financial crises, and should work to change the perception of businesspeople by discouraging corruption, rewarding honesty, and acknowledging the social and economic power of entrepreneurship. The Ministry of Education, the Ministry of Labor, and other relevant ministries should partner with academia to develop courses on entrepreneurship at all levels of schooling.

Regarding entrepreneurship among women, the government should increase female entrepreneurs' access to low-interest capital and create tax incentives for banks and individuals who grant seed money to startups. Government could also offer incentives for socially and environmentally conscious businesses, in order to promote the "double bottom line," or economic gains that also provide social benefits. NGOs and microfinance organizations can be critical partners in helping government provide improved access to social services for rural women, thereby allowing them to focus on developing their own businesses. Vocational courses, mentoring services, and training resources should be offered across Argentina's rural areas, and both NGOs and lending institutions should be empowered to provide low-interest loans to rural entrepreneurs, including indigenous women, through government loan guarantees.

The private sector should help promote entrepreneurship by encouraging its employees to innovate and to join networks that provide mentoring services to young entrepreneurs. Government should partner with the private sector, civil society, and the media to communicate the impact that entrepreneurs can have on the Argentine economy and society at large, and confer awards on female entrepreneurs. These entities should also establish associations of female entrepreneurs, business incubators designed to catalyze innovation, and business consortiums designed to promote collaboration and networking.

By working to remove the barriers to women's economic empowerment and incubating a culture that fosters entrepreneurship, Argentina can bolster its financial system, strengthen its middle class, and nurture a new generation of women prepared to lead the country toward a more stable and prosperous future.

Brazil

Index results

Preparation	53.4 (59)
Access-to-work policy	58.5 (29)
Entrepreneurial support	54.7 (42)
Total input score	**56.1 (38)**
Advancement	57.3 (29)
Inclusion	53.7 (55)
Equal pay	42.0 (65)
Total output score	**50.6 (58)**
Third Billion Index score	**53.7 (46)**

Country cluster: "On the Path to Success"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

Brazil's exceptional economic performance over the past decade — it is now the world's sixth-largest economy — has lifted millions out of poverty and brought a majority of the country's 200 million citizens into the middle class. Women have benefited from this rising tide of prosperity. Their participation rate in the national labor force is now at an all-time high of more than 60 percent,[1] and a growing number of women are launching their own companies. Women also are much more visible in senior positions, holding 45 percent of managerial jobs and 30 percent of executive positions in 2009.[2]

However, women still encounter a variety of challenges that collectively impede their economic advancement. These include traditional attitudes regarding women's participation in the workplace and difficulty in finding credit. For example, many of Brazil's working women are still concentrated in low-paying, informal occupations with little job security. Around 17 percent of full-time working women, or one in six, are domestic workers employed by middle- and upper-class Brazilians.[3] Women also face wage disparities. For 2007 and 2008, the average gender pay gap was calculated at 38.5 percent, one of the highest in Latin America.[4] And more women (9 percent) are currently unemployed than men (6 percent).

Family responsibilities are a major problem facing working women. The school day in Brazil is very short — only four hours in some areas — and offers few after-school activities; further, attendance is mandatory only until age 14. Day-care facilities for preschool children are extremely scarce and expensive, affordable only to the well-off. About 75 percent of children between 1 month and 4 years old don't attend formal day care. Moreover, with prosperity comes greater longevity, and women are increasingly tasked with caring for elderly parents. One survey found that 69 percent of Brazilian women are caring for aging relatives.[5]

This situation would be intolerable if not for three things: relatives, communities, and women willing to care for other women's children at relatively low wages. Many women, both professionals and low-wage earners, depend on informal family networks of grandmothers, aunts, and other relations to care for their children while they work. Middle- and upper-income women also can hire someone to look after their children, because domestic help is relatively cheap. At lower income levels, however, these costs prevent women who would like to work from joining the labor force; instead, they remain in the low-pay informal service sector.

Despite the country's recent economic progress, millions of women still live in poverty, which leads to a range of other social issues that impact potential employment. For example, poor women have only two to three years of schooling on average; among very poor adults — those earning less than $100 a month — 27 percent are illiterate.

Among rural poor, most women work in nonmonetary activities, usually subsistence agriculture on family farms. Women own as little as 11 percent of the land,[6] typically properties that are smaller than those owned by men. Another problem for poor rural women is isolation, due to insufficient infrastructure investment in recent decades. For all these reasons, most rural women remain dependent on the patriarchal relationships that govern traditional society. Although there is no legal barrier to women taking better-paying jobs, such as driving a bus or a taxi, traditional attitudes deem such occupations inappropriate for women.

Education is one trend that is starting to favor women. As in many other countries, women in Brazil are becoming increasingly educated; at least 60 percent of tertiary degrees go to women.[7] And their career aspirations are running high: One study found that more than 80 percent of women are aiming for a senior job in the workplace.[8] But social expectations of a woman's role inhibit female employees' upward mobility. It is, for example, not generally acceptable for a woman to earn more than her husband. And politeness is more appreciated in a woman than professional ambition. These cultural values are held not just by men, but also by many women.

Along with Brazil's machismo tradition, such attitudes have led to unhappy working conditions for many women. Anecdotal evidence suggests that their ideas are often not taken seriously by male co-workers. They are penalized for taking maternity leave or not given sufficient flexibility for child-care responsibilities, and typically do not receive more senior or prestigious positions in their firms. Indeed, one survey found that gender bias has led some 40 percent of working women to consider quitting — or at least reining in their career expectations.[9] Moreover, women often find that they have to conform to male-oriented leadership styles if they seek to move up the corporate ladder.[10]

Increasing participation and advancement in the workforce

Changing cultural attitudes in a society still dominated by men is a long process that will require leadership from government, the news media, schools, the entertainment industry, and the private sector, as well as from women's organizations. Each can do its part to improve the lives of working women and change societal attitudes through, for example, awards programs, education courses, television shows, and public-service campaigns on the importance of family-friendly work environments.

More fundamentally, if women are to continue joining the workforce, and especially entering the ranks of top-level management, society, companies, and the government must develop solutions to provide the infrastructure for child care and eldercare. To that end, the government should work with the private sector to introduce parental leave, to be taken by either spouse. This would help change societal attitudes about the responsibility for child care. In addition, the government could help working women by offering a tax credit for the 30 percent of all households headed by women.[11] Right now, a single mother with several children pays the same taxes as a household with two working spouses.

In addition, courts can play a helpful role in the way that they handle discrimination cases, such as unfair or illegal wage differentials between men and women, or cases in which women are informally penalized by employers after taking their entitled six months of paid maternity leave. Though laws proscribe job demotion or firing in those situations, violations reportedly occur. Indeed, the job insecurity that can accompany motherhood is one reason that Brazilian women shy away from the private sector and have a strong bias toward public-sector employment.[12]

Mentorship programs are important as well. Although Brazil's expanding economy has led to a significant flow of women into the workforce, private companies have been slow to train and mentor their female staff. These programs for female employees should be more robust and systematic, and should be aimed at giving women promotion opportunities as well as the preparation needed to advance in the private sector. Such programs could go hand in hand with sensitivity training for male employees in order to raise their awareness about the changing gender dynamics of Brazil's workplace. These in-house efforts should rest on a new mind-set that sees women not as accessories but as essential elements of the firm's workforce.

Better vocational training for rural women is also urgently needed. Too often such courses relate to cooking and sewing rather than to technological competence, such as learning how to run a machine or computer. Also, improving rural infrastructure (including sanitation systems, water systems, and health clinics) and expanding the school day would improve the economic condition of poor women.

Crime is another national problem, and although it affects both genders, it is of greater concern to women. More than half of the women polled in one recent survey said they felt unsafe traveling to and from work.[13] If employers had a greater awareness of this concern, and took steps to minimize the dangers, such as by providing escorts to parked cars and a telephone contact to call when one feels threatened, it would go a long way toward making women feel safer as well as engendering loyalty toward and appreciation of their employer.

Finally, the financial sector has a role to play as well. Banks in Brazil are now using innovative ways, such as mobile phones and smart cards, to give poor and low-income families access to banking services, helping them easily and securely save and handle their money. This system also presents an opportunity to extend new models of credit that address the needs of women, both wage earners and entrepreneurs.

Boosting entrepreneurship

Brazil's fast-paced economy in recent years has put more disposable income into the hands of consumers, creating more opportunities for women to start their own businesses. However, these businesses tend to remain small and operate in traditionally female-oriented sectors. It is still rare to see a major firm headed by a woman, and only around 11 percent of Brazilian companies have female CEOs.[14]

Tax incentives for women who start their own business would be a good first step to boost entrepreneurship. Another recommendation is to reduce the bureaucratic requirements and red tape required to start a business. According to the World Bank's Global Competitiveness Index, Brazil consistently underperforms in a ranking of countries based on their ease of doing business, ranking 120th out of 183 countries in 2011, and 126th in 2012. That puts the country below the average ranking of 95 for the region of Latin America and the Caribbean as a whole. The World Bank noted that starting a business in Brazil requires 13 administrative procedures and takes 119 days. Although these requirements apply to everyone, they are particularly daunting for women due to the other demands on their time, specifically child care and household duties. Because of these challenges, many women forgo registering their small enterprises and remain in the informal economy.

Similarly, obtaining financing for entrepreneurial startups is difficult because credit in Brazil is expensive and scarce, carrying some of the highest interest rates in the world. In early 2012 Brazil's average interest rate was 10.5 percent, more than twice that of many other countries and higher even than its BRIC peers of India (8.5 percent) and China (6.6 percent). Even for those who can qualify for a loan and make such high payments, the paperwork required for loans in Brazil is particularly burdensome.

Microfinance, which might ease such paperwork and lower collateral requirements, is not yet as extensive as it should be, and the industry's penetration rate — the number of people below the poverty line who receive a microloan compared with the number of those who potentially need one — is, at 2 percent, lower than in many other Latin American countries.[15] That said, microfinance institutions have been expanding in the last decade, including the state-run Sebrae; CrediAmigo, started in 1997 by Banco do Nordeste do Brasil (BNB); and even programs operated by some major commercial banks. Although some of these institutions declare women's advancement a priority, they could do more to advertise their services to female micro-entrepreneurs and launch programs targeting women with such aspirations.

Another feature of female entrepreneurship and self-employment in Brazil is its high concentration of traditionally female fields, such as cosmetics sales and beauty salons. Women are not present in sufficient numbers in areas such as engineering, computer technology, and IT innovation. High school and university career counselors should encourage female students to explore careers in these promising areas in order to broaden their outlook. Also, business groups, in collaboration with universities and the government, should establish “hubs,” or locations where students of both genders can work together on innovative business projects and then try to attract venture capital, from domestic or foreign sources. These entrepreneurial incubators would help women build their capacities and explore new horizons in the business world. A model for these innovation clusters is “Start-Up Chile,” a program designed to attract foreign investors to Chile, in part by linking them with domestic entrepreneurial talent.

Related to this effort is the need for role models. Spotlighting successful female Brazilian entrepreneurs would not only increase the potential career options for young women, but also help deflect some of the pressures that independent businesswomen face, including patriarchal attitudes that dismiss women’s business acumen and seriousness. These perceptions can be shaped through the media, films, awards programs — such as Sebrae’s “Businesswoman Award” — and the nation’s popular *telenovelas*, or televised soap operas. Finally, if Brazilian girls need additional inspiration to step into a leadership role in society, they can look to Brazil’s first female president, Dilma Rousseff.

Coca-Cola: A top-down decision to empower entrepreneurs

By 2020, 5 million female entrepreneurs in developing markets around the world will have received help in growing their business — and one of the first people they may want to thank will be Muhtar Kent. The chairman and CEO of the Coca-Cola Company offers a powerful example of how an advocate in the C-suite can give critical support and visibility to women's initiatives. In 2007, Kent announced internally that women were the primary buyers of Coca-Cola's products, and that the company needed to better understand their needs in order to connect with them directly. Within the organization, he thought it was important to increase retention and promotion among female talent. Kent formed the Women's Leadership Council to find out why women's careers were stalling out before they reached the most senior leadership positions in the company.

At the same time, Coca-Cola's sustainability group was examining the company's value chain to analyze how it contributed to economic development in the markets where it operated. It found that women were key players throughout Coca-Cola's value chain: owning farms, running small shops, scavenging bottles for collection. If these women had the skills to run their business better, both Coca-Cola and the women's communities would benefit.

And so the company turned the lens outward and applied the same questions it had been developing internally to the Women's Leadership Council — what barriers were women facing, and how could the company overcome them? Coca-Cola participated in a study with Harvard's Kennedy School of Government and the International Finance Corporation[1] that revealed the major obstacles for female entrepreneurs in many of Coca-Cola's markets:

- Lack of business skills, including merchandising, accounting, and employee management
- Lack of access to finance, including credit and insurance, due in large part to the fact they often did not own the means of production
- Lack of peers and mentors who inspired them to see what was possible and aim to create a business beyond the subsistence level

The result was the 5x20 initiative, which aims to empower 5 million female entrepreneurs by 2020. Coca-Cola rolled out education programs in South Africa, India, the Philippines, and Brazil in 2011, building on existing retail and distribution training programs in both emerging and developed markets. By the end of 2011, 130,000 women had already received training. Coca-Cola plans to track these women over the long term to assess the results of the program — both quantitatively, in terms of business metrics, and qualitatively, in the feelings of empowerment among these women. The company will also perform in-depth follow-up with a smaller subset of women in order to continually transform and adapt the program.

Like many other private-sector companies entering this arena, Coca-Cola recognizes the need for collaboration within the "golden triangle" — public sector, private sector, and nonprofit sector — to solve women's most intractable issues and grasp the most significant opportunities. What Coca-Cola brings to the table in this case is access to the women who can make a contribution to their community and their economy, as well as acumen about what these women need in order to become more active economic agents. In Nairobi alone, for instance, the Coca-Cola sales team knows of 20,000 women running businesses. By providing much-needed support for these women, Coca-Cola is strengthening its own value chain and building a foundation for its own success.

China

Index results

Preparation	48.9 (91)
Access-to-work policy	47.5 (74)
Entrepreneurial support	49.4 (71)
Total input score	**48.5 (74)**
Advancement	51.2 (77)
Inclusion	58.5 (26)
Equal pay	47.8 (42)
Total output score	**53.0 (46)**
Third Billion Index score	**50.9 (58)**

Country cluster: "Forging Their Own Path"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

China's women, who make up 49 percent of China's population and 46 percent of its labor force, are advancing at rates nearly as great as the country's overall economic expansion in recent years. Half of the world's self-made female billionaires are in China, and a quarter of the country's entrepreneurs are female.[1] The numbers are also impressive for women who haven't started their own firms: At Chinese companies, 19 percent of women in managerial positions hold the title of CEO.[2]

However, it is critical to remember that there are many Chinas, each with its own distinct challenges and needs. Hong Kong's sleek boardrooms are worlds away from the women of rural China, who often struggle to eke out a living while shouldering heavy domestic responsibilities. In many parts of the country, cultural expectations and socioeconomic factors put significant limits on the economic opportunities for women. If China is to realize its nearly boundless potential, it must remove these obstacles and more effectively empower its women.

Family responsibilities, particularly eldercare, remain a significant burden for women across the economic spectrum. Eldercare is viewed as a woman's *tianzhi*, or heavenly duty, and this duty directly affects how she can approach a career. Some 95 percent of Chinese women have eldercare responsibilities, and 58 percent help support their parents financially.[3] For urban women in the private sector, whose average workweek regularly exceeds 70 hours, eldercare responsibilities can pose a no-win situation. Women may feel pressure to move to a different city, forgo a promotion, or even drop out of the workforce entirely in order to care for their parents and in-laws. Rural women, more and more of whose husbands are moving to urban areas to find work, are left to shoulder double burdens of agricultural work and eldercare.

This issue will only become more acute over time. With 112 million Chinese older than 65, a number that is projected to nearly triple by 2040, the nation faces a daunting demographic challenge. Although the largely unregulated nursing home and assisted-living industry is booming, supply lags demand.

The outsized burden posed by eldercare may contribute to gender discrimination within the workplace. A 2010 survey by Zhaopin.com revealed that 76.4 percent of male managers — and 63.3 percent of female managers — prefer to promote male staff. On average, Chinese women earn 30 percent less than men for similar work. Compounding this disparity, the retirement age for women is currently 50, whereas men typically retire at 60 — a fact that makes men more attractive to employers.[4] In this context, it is perhaps not surprising that many women get stuck in middle-manager positions.

These issues have motivated increasing numbers of Chinese women to consider starting their own business, and thereby have more control over their future. Indeed, due to the nation's rapid economic growth, technological advancement, and lack of red tape in comparison with more developed economies, would-be entrepreneurs have real opportunities to succeed — particularly in high-tech industries. Private business is the fastest-growing sector of China's economy, expanding at an annual rate of 20 percent. Small and medium-sized enterprises (SMEs) are responsible for about 60 percent of the nation's industrial output and employ about 75 percent of the workforce in China's cities and towns.[5] And China is now the world's largest and fastest-growing center of entrepreneurial startups.[6]

Despite this progress, entrepreneurs still face many challenges. The banking system in China typically bases lending criteria for small businesses on collateral, rather than cash flow,[7] which makes it difficult for low-income entrepreneurs to secure financing. In addition, China's recent policies intended to fight inflation have hurt small and medium-sized banks and thus decreased lending to entrepreneurs.

These issues are compounded in rural areas, where entrepreneurs face the additional challenges of limited education and vocational training (issues that civil society is beginning to address) along with minimal infrastructure and a lack of overall resources.

Increasing participation and advancement in the workforce

In order to facilitate women's participation and advancement in the workforce, the Chinese government should relieve the burden of eldercare by broadening access to high-quality, affordable facilities and services, including community centers, and extending its medical care program for the elderly throughout all of China's rural areas. In addition, the government could create public-service campaigns with the goal of changing cultural expectations about eldercare, in order to lighten that burden on women and enable them to devote more time and energy to their careers.

The Ministry of Education should equip girls for success in the global knowledge economy by shifting the nation's education system, which is based on a traditional top-down, rote style of learning, to one that encourages creative thinking and allows graduates to flourish in an environment focused on innovation. Students should be trained to see challenge as opportunity. For example, girls should view male-dominated environments, such as the technology industry, as an opportunity to make their voices heard. All levels of schooling should offer coursework on entrepreneurship and access to networks of mentors. Finally, education curricula should prominently feature gender-sensitive materials that combat discrimination and violence against women and girls.

The private sector can address other issues regarding women in the workforce, by implementing meaningful policies aimed at combating gender discrimination and promoting work–life balance. Specifically, companies should conduct yearly wage reviews to spot instances of wage inequality; establish a human resources committee dedicated to the confidential handling of women's discrimination and harassment complaints; dismiss male employees found guilty of harassment; ensure that managers who pass up female employees for promotions document their reasons for doing so in detail; and encourage female employees to form in-company support networks. The Labor Authority should push back women's retirement age from 50 to the current male retirement age of 60, in an effort to remove any excuse used to favor men for promotions.

Companies should also provide mentorship and coaching programs, and collaborate with female employees on specific policies to smooth the transition back to work after returning from maternity leave. They should implement arrangements such as telecommuting, flextime, and job sharing in an effort to promote work–life balance, and ease the burden posed by eldercare. Emergency eldercare services should be included in company benefits packages, both locally and in partnership with private eldercare companies in an employee's town or village of origin. In addition, companies could provide transportation benefits to women who must travel to care for elderly parents.

Finally, companies should create awareness-raising campaigns to communicate these policies and promote gender sensitivity among employees. As part of these campaigns, companies should take a proactive approach and bring in speakers to present talks on topics such as the link between work–life balance and productivity, the burden posed by eldercare, the need to push back women's retirement age, and the obstacles to advancement in the Chinese workforce.

Boosting entrepreneurship

Government efforts should also focus on increasing entrepreneurship among Chinese women. This assistance can come in the form of economic support for women's entrepreneurial associations — such as grants and tax breaks for women business owners — and these resources should be widely publicized, both online and in community institutions such as employment centers.

Government should build stronger support systems for rural women, who are often left to shoulder heavier burdens as their husbands move to urban areas to find work. Government can help economically empower rural women by institutionalizing farm services, building infrastructure that connects villages, providing access to information about the economy and environment, and offering free vocational training to prepare women for a life outside farming. These training services can be offered in tandem with courses on entrepreneurship and leadership, and should be available to women of all ages.

Among private-sector initiatives, the banking system should be encouraged to base lending criteria for small businesses on cash flow rather than collateral. The private sector should also continue to collaborate with universities and public research institutions, creating incubators for innovation. Government should encourage women to participate in these incubators through financial incentives and public service programs.

If China succeeds in economically empowering its women — those who "hold up half the sky," as the local saying goes — it will become a nation for which the sky is the limit.

Germany

Index results

Preparation	57.0 (21)
Access-to-work policy	61.8 (21)
Entrepreneurial support	65.0 (3)
Total input score	**62.6 (10)**
Advancement	56.2 (36)
Inclusion	57.4 (38)
Equal pay	76.9 (1*)
Total output score	**68.1 (7)**
Third Billion Index score	**67.1 (8)**

Country cluster: "On the Path to Success"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

* Eight countries received the highest ranking in this category: Australia, Canada, Finland, Germany, the Netherlands, Norway, Spain, and Sweden.

Current state and challenges

As a country with a strong, advanced economy and a female head of state, Germany seems as though it should be ideally positioned for women to advance in all spheres. Recent reforms in areas such as child-care infrastructure and parental leave entitlements have given women more freedom to work if they choose. The first tangible results of these efforts are already apparent in terms of labor participation, entrepreneurial activity, and career advancement in the corporate world. Further progress will likely come in time, given that most of the measures and reforms have been implemented only in the past few years.

Female participation in the labor force has grown steadily over the past 15 years and now, at 71 percent (up from 61 percent in 1996), is high compared with that of many other countries. Overall, Germany's labor participation, male as well as female, is significantly above the European average, though it still lags behind some of the country's best-performing neighbors.[1]

Women represent a stable 44 percent share of the employed workforce, defined as standard employment with mandatory social insurance. Their participation is higher in the service sectors (69 percent of total workforce), nonprofit organizations (65 percent), financial services (56 percent), and public administration (53 percent), while their male colleagues dominate the manufacturing industries (female share of employment: 26 percent), utilities (20 percent), and construction (15 percent).

Regarding equal pay, Germany was one of eight countries among the 128 in our study to achieve the highest score. This ranking may surprise many in the country, as Germany is in the midst of a significant debate about income disparity between men and women. However, several caveats are in order. First, unlike other elements of the index, this component consists of a single variable — a country's performance on the International Labour Organization's Equal Remuneration Convention. As a result, all 128 countries are clustered in just seven possible performance levels, and eight countries, including Germany, were ranked at the highest level.

In addition, this component doesn't measure current pay levels — which depend on a wide range of variables — but rather whether the policy elements are in place today to foster greater pay parity between men and women in the future. Germany is clearly not at parity yet. Women still earn less overall than men, as much as 23 percent less, according to the latest statistics.[2] However, the policy measures are in place to correct that over time, to a greater degree here than in many other countries.

Another element is that much of the disparity in salaries comes from structural differences in the types of jobs chosen by women. It is still extremely difficult for German women to rise to the senior-most executive levels at many corporations. As a result, some women with sizable family responsibilities opt for careers and jobs that offer more flexibility. If one factors in differences in job titles and responsibilities, qualifications, and tenure, the pay difference between men and women in Germany is far smaller — as low as 8 percent. By global standards, that is significantly better than the situation in many other countries.

Related to this is the issue of seniority. Women represent 51 percent of university graduates, but they account for just 31 percent of executive positions (i.e., directors and chief executives as well as managers of small enterprises).[3] Among Germany's 500 most important enterprises, women represent 2.4 percent of corporate board members and

10 percent of supervisory board members (mostly as employee representatives rather than shareholder representatives).[4] Women who are in senior roles tend to be in functions such as human resources and legal, rather than in business-critical areas such as finance, sales, or marketing. The country is currently undergoing a controversial debate on potential quotas for female executives in large corporations, as well as in several government ministries.

Corporate culture within many German companies is often a significant obstacle for women. Many companies still put a strong emphasis on face time and have an inherent bias toward linear career paths without breaks. Because Germany has a number of metropolitan areas and decentralized economic centers, rather than a single large commercial center like France or the U.K., a number of jobs and professional roles are structured to require travel between cities, which can prove challenging for women with family responsibilities.

Increasing participation and advancement in the workforce

Perhaps the most critical priority for keeping women in the workforce and supporting them in their careers is addressing the fact that the burden for child care falls most heavily on women.

The struggle to balance the demands of a career path and family responsibilities — primarily child care — has been a significant impediment to professional success for women in Germany. A 2010 government study of 511 male and female executives found that 44 percent of women respondents were childless, compared with 23 percent of men. In addition, 28 percent of women were single, compared with 15 percent of men.[5] These personal trends have implications for the workforce as a whole: Germany has among the lowest birthrates of countries in the Organisation for Economic Co-operation and Development (OECD), at 1.38 (children born to women ages 15 to 49).[6] As the population ages, this issue will become more critical.

In recent years, the country has taken strong steps to address this matter, by investing in the infrastructure for child care. In 2007, just 7 percent of children under age 3 in western Germany were in child care.[7] In 2011, that ratio had risen to more than 20 percent in Germany's western states, and 25.4 percent on average in all of Germany. For younger children, the numbers are higher; almost half (47.2 percent) of 2-year-old children were enrolled in child care in 2011. All German children are now guaranteed a place in a kindergarten starting at age 3, and well over 90 percent do attend kindergartens already. The 2008 reform entails the same guarantee for children who will be 1 year old as of 2013.[8] The law also requires child-care establishments to create full day-care capacity to meet the demand of the younger age groups.

Similar improvements can be seen for children attending school, although there are still significant variances by state: For example, North Rhine–Westphalia, the most populous state, introduced open all-day schooling in 2007.

The government can continue this progress by putting better infrastructure in place, and so far it has taken notable steps. According to the Germany National Reform Programme 2011, the federal government is committed to investing €4 billion (US$4.9 billion) through 2013 in order to create capacity for 35 percent of all children under 3, and contributing an additional €770 million (US$951 million) each year for operating costs.[9]

The government can also enact new policies to improve the situation. It recently started offering a bonus of two months' paid leave after the birth of a child if that leave is taken by the father. This measure has already gotten fathers more involved in child care: About 8.8 percent of children born in 2007, prior to the enactment of this law, had fathers who took parental leave; in 2008, that percentage doubled, to more than 17 percent.[10]

The most urgent measure for companies is to make the cultural changes necessary to create opportunities for women at all levels of the organization, especially the most senior levels, and accommodate women's needs in terms of balancing work and family. This begins at the recruiting stage, when companies must make a more dedicated effort to get the best women on the job track. The European Union enacted antidiscrimination rules that member states have adopted; Germany adopted them in 2006. However, it is unlikely that legislation alone will yield significant cultural change. Instead, companies need to go beyond the legal requirements.

Companies can also partner with high schools and universities to create support networks for young women in areas where they are currently underrepresented, such as science and technology. For example, an initiative of major German business associations and the federal government aims to connect technical businesses with young girls: Every April, technical enterprises, departments, and research centers hold an open house for girls ages 10 and up. For companies, the program has evolved as an important part of their recruiting policy. And the response from German girls has been extremely positive.[11] The model has already been adopted by a number of other countries, including Austria, Belgium, the Czech Republic, Kosovo, Luxembourg, the Netherlands, Poland, Spain, and Switzerland.

Companies should also recruit managers who have established a track record in hiring and managing diverse teams. Taking an analytical approach to justify bringing in balanced teams and developing key performance indicators will also help ensure that women are better represented within the workforce. Unions, which still play a strong role in the German labor market, can advocate effectively for more balanced teams to create opportunities for their female members. Women's networks can also offer forums to allow women to discuss the challenges they face in the workforce.

The availability of work arrangements such as flextime, telecommuting, and part-time hours has been growing strongly among German companies recently. For example, 73 percent of companies offer individually negotiated working time arrangements (up from 56 percent in 2003).[12] An increasing number of German companies use a management concept called the "audit beruf & familie" ("work and family audit"), established by an initiative of the Hertie Foundation in 1998. The audit identifies companies that have established family-oriented human resources policies. The criteria include traditional measures such as flextime and telecommuting, but also management and career-oriented measures like assessment principles, coaching, and active talent management. Many of the largest German companies have been certified according to these criteria, including Deutsche Bank, Daimler, E.On, and BASF. In June 2012, another 371 employers were awarded the audit certificate.[13]

Yet although that progress is notable, flexible work options are nearly always associated with a detour from a high-potential career track. For these measures to be successful, they must be offered at all levels of the organization, and adopted by senior executives in highly visible roles. Jobs must be restructured so that they can be successfully performed part-time. For instance, companies can assign people to fewer projects of greater depth — projects that can be performed within designated time parameters — rather than assigning people to multiple projects that require constant monitoring. Performance evaluations must be restructured to avoid penalizing employees, both men and women, who take advantage of flexible work policies.

In addition, although these measures will keep more women in the job market, they will not necessarily help them break into senior positions. Determining the best way for women to open the door to the C-suite is currently a subject of intense debate in Germany, but it is increasingly clear that this will not happen on its own. The government survey of 511 executives mentioned previously found that 71 percent of the male respondents and 74 percent of the female respondents believed that the number of female executives won't increase by itself, and that supporting measures are needed.[14]

Much of the recent debate has focused on the efficacy of quotas to promote gender parity on boards. European neighbors France, Iceland, Italy, Norway, Spain, and Sweden have already adopted such quotas, and Germany is investigating the possibility; it has made an initial recommendation that each company determine its own quota.[15] However, as of 2011, only Deutsche Telekom had done so, committing that women would make up at least 30 percent of its board and executive employees by 2015. Chancellor Angela Merkel has announced that legal quotas are not yet appropriate and plans to revisit the issue in 2013. The European Commission may issue a regulation mandating quotas as early as the end of 2012; proposals under discussion include increasing female representation in corporate management bodies to 30 percent by 2015 and 40 percent by 2020.[16]

Companies can stay ahead of these looming changes by assessing the female talent pool for their industry and devising realistic targets for women at the board and executive management levels. They can build support for these efforts within risk-averse organizations by adopting a careful approach to communication, avoiding the implication that women's advancement is a zero-sum game that undermines men. For instance, executives in the German government survey were more likely to approve measures (e.g., increasing the number of women in senior management) if they were proposed as advocating for having similar numbers of men and women in executive positions, rather than increasing the number of women in executive positions.[17]

Finally, German companies should take advantage of industry forums to discuss successful approaches to recruiting, retaining, and advancing women.

Boosting entrepreneurship

Small and medium-sized enterprises (SMEs) are major contributors to the German economy, accounting for more than 95 percent of all enterprises and employing more than 60 percent of German workers.[18]

This is another area where Germany's results in our index may seem surprising. Despite relatively low levels of female entrepreneurship, the country still ranked third overall among countries in support for women entrepreneurs. As with the equal pay metric, however, this variable does not indicate absolute performance to date. Rather, it shows the extent of policies in place today that could support entrepeneurship among women going forward.

Compared to many other countries, Germany has an extremely supportive environment, with strong physical infrastructure; public monetary support programs available at the federal, state, and local level; and relatively low bureaucratic requirements for startups. In short, the foundation is in place to foster greater numbers of female-owned startups in the future.

Thus far, women's participation in entrepreneurship in Germany tends to be concentrated at the micro level. Whereas women-owned businesses account for about 10 percent of all businesses with annual revenue under €1 million (US$1.2 million), their representation drops steadily as revenues get larger: Among companies with €1 million to €5 million (US$1.2 million to US$6.2 million) in revenue, only 6.4 percent are owned by women; 3.6 percent of companies with €10 million to €50 million (US$12.3 million to US$61.7 million) in revenue are owned by women; and just 1.5 percent of companies with more than €50 million (US$61.7 million) in revenue are owned by women. Traditionally, women's businesses tend to be concentrated in service sectors, knowledge-oriented services, and the health economy. The female share of startups in the high-tech sector, by contrast, is only around 10 percent.

In recent years, a large number of initiatives have been launched to foster and support female entrepreneurship. Those efforts include private-sector and nonprofit activities but also publicly funded programs at the federal, state, and municipal level. For example, the German agency for female entrepreneurs (Bundesweite Gründerinnenagentur, or BGA) was established in 2004 with the support of three federal ministries. The BGA provides consultation and a networking platform for female entrepreneurs. It operates 16 competence centers, one in each federal state, and it partners with more than 1,700 multipliers to provide support for women who want to start their own business. The agency won the European Commission's "success model for Europe" award in 2009.

As an economic world leader in the 21st century, Germany has laid the foundation for women to advance in all economic spheres. In the past few years, the nation — including government, nonprofit organizations, associations, and the private sector — has started to address the principal obstacles that have prevented women's economic empowerment thus far. This kind of change is difficult and takes time. But for Germany, it will be essential.

India

Index results

Preparation	36.0 (115)
Access-to-work policy	43.7 (91)
Entrepreneurial support	44.2 (89)
Total input score	**39.9 (110)**
Advancement	31.9 (125)
Inclusion	32.5 (115)
Equal pay	53.6 (27)
Total output score	**37.3 (110)**
Third Billion Index score	**37.3 (115)**

Country cluster: "At the Starting Gate"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

In the last few decades, India's booming growth, strong manufacturing capabilities, and respected universities have positioned it as an emerging world leader. With the second-largest population in the world, India generates 14 percent of the global talent pool, among which are the 5.5 million women entering India's workforce each year, all overwhelmingly driven to succeed.[1]

Yet India's women — whether in Mumbai's conference rooms or Kerala's backwaters — must navigate a familiar but daunting set of obstacles and challenges in their search for economic empowerment and professional success. Although the knowledge economy has created enormous opportunities, too many women are still prevented from reaching their full potential by a combination of cultural restrictions, gender discrimination, and lack of resources.

The country has antidiscrimination legislation in place designed to protect women, yet implementation has a long way to go. Each year, approximately 1,000 "honor killings" are perpetrated against Indian women.[2] Along with female feticide and infanticide, acid attacks, rape, and sexual harassment, honor killings are both the symptoms of and catalysts for women's disempowerment. Forty-five percent of women believe that they're treated unfairly at work because of their gender; many others struggle to rejoin the workforce after giving birth. More than 50 percent of women report safety concerns related to commuting. Meanwhile, female entrepreneurs — especially those in rural areas and slums — face obstacles in attracting startup capital, accessing networks, and finding the necessary resources to grow their businesses.

In the economic arena, India is among the countries with the greatest gender disparity. A World Economic Forum survey of Indian employers in 2010 found that women employees held just one in 10 of the senior management positions at responding companies. The government does not have a much better track record. It has several social welfare programs in place that pay their women employees less than the government-mandated minimum wage, and offer no benefits such as retirement pensions or healthcare.[3]

If India is to sustain its rate of growth, it will have to break down these sizable barriers to women's empowerment — both in the private-sector workforce and in the entrepreneurial landscape.

Increasing participation and advancement in the workforce

First and foremost, India must combat dangerous stereotypes, cultural beliefs, and practices regarding women. Eradicating pervasive gender stereotypes in the workplace will never be effective as long as such misperceptions continue to fester in societies, communities, and families. Overcoming these deeply ingrained notions requires a well-crafted strategy that encompasses every sector, along with the support of powerful stakeholders. A good starting point would be for the government to set an example by treating all workers, including those in its social welfare programs, fairly, including paying women at least minimum wage and offering them other benefits commensurate with those of male employees at similar levels of civil service.

In addition, many Indian women do not have sufficient access to healthcare, social services, transportation, and quality education. If India is to succeed in economically empowering its women, it must address these most basic needs. To that end, the Ministry of Education and other government entities should ensure that all girls — regardless of socioeconomic status or ethnic affiliation — have access to high-quality primary and secondary education. Although the nation has placed a good deal of emphasis on developing its tertiary school system, India's manufacturing boom increasingly requires vocational skills as well, and thus far its education system has not kept up with that demand.

The government should also strengthen its transportation infrastructure, enabling women across the subcontinent to safely access employment opportunities. This is especially important in rural areas, which often lack any reliable public transportation options. Where necessary, the government should create or increase the number of female-only train cars, such as those currently offered in Mumbai, which eliminate the "eve-teasing," or sexual harassment, that many women experience while commuting.

In the private sector, companies should establish policies and programs aimed at promoting diversity and inclusivity. These include flexible work schedules; telecommuting and satellite office arrangements; internal job networks that help returning mothers foster work–life balance while still leveraging their skills; nursing stations with on-call doctors; day-care centers with free shuttle bus service; and an online referral system for healthcare and schooling. These policies should be communicated throughout all levels of the company, and both management and human resources personnel should be trained on their implementation.

Boosting entrepreneurship

In addition to workforce initiatives, government should economically empower women by fostering entrepreneurship. This begins with education. The ministry of education should foster the spirit of entrepreneurship across all regions and socioeconomic levels, beginning in primary levels. Schools and community centers should implement activities and courses that facilitate knowledge creation, innovation, and creativity.

In poor and rural areas, schools should offer vocational training at an early age, and should include stories of successful entrepreneurs from disadvantaged backgrounds throughout the curriculum. Even basic math problems offer opportunities for such material. For example, "Sangeeta owns a handloom factory in Kerala that employs four other people. If Sangeeta fires two people and hires seven more, how many employees will she have?"[4] In addition to strong math and science coursework, the Education Ministry should ensure that Indian students across the subcontinent have Internet access.

To build a repository of knowledge, resources, and guidance regarding entrepreneurship, key stakeholders in government, the private sector, and civil society should create a network across India, linking women in rural and urban centers. This cross-sector initiative should provide free business counseling to aspiring entrepreneurs, help them tap into existing resources, and connect them with mentors.

Government should focus on providing easily available credit at preferential interest rates to female entrepreneurs, and publicize the availability of women-focused financial schemes. The Ministry of Labour and Employment and the Ministry of Micro, Small, and Medium Enterprises should reduce the difficulty of formally registering a business, and ensure that all women can take advantage of government programs. Finally, the government should ensure that rural women have access to vocational, artisanal, and cooperative centers that enable them to profit from traditional handicrafts, such as textiles and jewelry, and market their wares to broader markets.

As India continues to emerge as a global leader, removing the obstacles to women's economic empowerment will exponentially increase its power — today, tomorrow, and beyond.

Italy

Index results

Preparation	57.1 (20)
Access-to-work policy	56.5 (36)
Entrepreneurial support	62.7 (8)
Total input score	**60.0 (24)**
Advancement	53.2 (60)
Inclusion	49.4 (80)
Equal pay	53.6 (27)
Total output score	**52.7 (48)**
Third Billion Index score	**57.1 (33)**

Country cluster: "On the Path to Success"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

When it comes to economic empowerment, Italian women face a formidable obstacle: the conviction held by most men (and even many women) that all chores associated with family life — cleaning, cooking, caring for children, caring for elderly parents — are primarily the responsibility of women. This conviction is reinforced in three ways, the first of which is tradition. Women have long performed the vast majority of domestic duties, and men typically refuse to take on a larger share of these responsibilities. One study found that women spend almost five hours a day on housework, while men spend less than 90 minutes.[1] Employers large and small make up the second reinforcer. Believing (accurately) that motherhood and family duties will be a drain on female workers, most companies prefer to hire men. The third reinforcer is the state, whose policies appear aimed at keeping women at home.

The combination of these factors helps explain why Italy's female labor participation rate is the second-lowest in Europe, around 51 percent (compared with an average of 65 percent for the 27 countries of the E.U.).[2] It also explains why so many women burn out and shift to part-time work or leave the workforce altogether before reaching their peak performance years. In 2009, 22.4 percent of women in Italy left work for family reasons. For men, the figure was 2.9 percent.[3]

Two other data points underscore the challenges of women's employment in Italy. First, according to the Italian National Institute of Statistics (ISTAT), young women (between 18 and 29 years old) have a lower unemployment rate than young men (35.4 percent of women, compared with 48.4 percent of men) — but these statistics may paint an inaccurate picture. The country has a relatively high percentage of women who are available to start work immediately but are not actively searching for a job — 16.6 percent, or about four times the European average. In addition, young women experience greater instability in the workplace. Some 35.2 percent of women are on temporary employment contracts, compared with 27.6 percent of men. This is a critical point — women often work under a different set of job conditions than men do.[4]

Disparities also persist between Italy's more industrial north-central region (encompassing Rome, Bologna, and Milan) and its poorer southern region (including Naples and Palermo). In the north, 56 percent of women are employed, but in the south, where there is a much smaller private sector, only 31 percent are in the labor force.[5] The south is also more traditional, meaning women in that part of the country feel the burden of unpaid family care and housework more keenly and have a lower education level than their peers in the north.

Female salaried employees must contend with a range of discriminatory practices that hinder their career advancement. First, during the job-search process, it is not uncommon for job applicants to be asked about their family and marital status, even though this practice is illegal.[6] Women retain their jobs while on maternity leave (which lasts five months nationwide), but this policy has an unintended effect: Many companies, especially small and medium-sized firms, offer young female applicants only temporary contracts because they don't want to have their business disrupted by an employee's leave. Some companies have resorted to the illegal tactic of forcing newly hired women to sign undated voluntary dismissal or resignation letters, which are later retrieved, dated, and used to fire an employee if she is suspected of being pregnant or after she returns from maternity leave.[7]

More generally, employers often see motherhood as a signal that a female employee is not totally committed to her job. Women who do return from maternity leave typically receive little accommodation in balancing work and family responsibilities. Those who ask for some flexibility are often put into a dead-end, low-paying position. What comes next is an offer of severance pay if she voluntarily quits. Frequently, women feel pressure to quit from family members who regard a women's success at running a home as more important than her professional accomplishments.

Pay is another area of inequality. Women are typically paid less than men doing the same job, sometimes 30 percent less,[8] even though Italian women are as well educated as men these days, if not better educated.[9] The gender wage gap more adversely affects professional, educated women because of the strongly unionized labor force in the blue-collar sector, where wages are subject to collective bargaining.

Frazzled and discouraged by trying to balance family and work, many women just give up and resign, often when they are about to become most proficient in their careers. Their departures thin out the pipeline that would normally bring women into senior positions. But there is at least one positive development on the horizon — Italy recently passed a law mandating that women must make up one-third of the board members for publicly listed or state-owned companies by 2015.

The entrepreneurial sector has been a more promising area for Italian women, where they account for about 25 percent of those who are self-employed or who own micro-firms, those with fewer than 10 employees.[10] These women-owned businesses have typically been concentrated in female-oriented fields, such as cosmetics, fashion, tourism, and exercise clubs. In recent years, women have begun expanding into such traditionally male-dominated sectors as construction, public utilities, transportation, and communications. Women can also be found at the helm of larger businesses; however, those tend to be family businesses that were started by male relatives.

The strong streak of entrepreneurship among women is a reflection of Italy's overall economy, which has long been characterized by small enterprises and self-employment. (The country's very strong results in the entrepreneurial support category, eighth overall, reflect this.) Entrepreneurship in Italy also arises from advances in women's education. Almost 70 percent of Italian women ages 25 to 34 had an upper-secondary education in 2004, compared with only 60 percent of men. A desire for having flexible hours in order to better handle the dual responsibilities of work and family is also a prime motivator for women entrepreneurs, cited by 61 percent of those polled in one survey.[11] And for some women, starting their own business is a way to escape the glass ceiling they encounter in the private sector, where discrimination against female employees remains rife.

Getting access to finance and credit has become more difficult for everyone in the past several years, but Italian female entrepreneurs cite it as a major difficulty. One recent study found that women running small businesses were charged higher interest rates than men for overdraft privileges, even though the women had slightly better credit histories than the men.[12] Other difficulties for women include bureaucratic requirements, coming up with original business ideas, their own fear of failure, and male bias.[13]

Increasing participation and advancement in the workforce

Several measures can help address the impediments faced by wage-earning women in Italy. First, the government should stop turning a blind eye to the discrimination, both subtle and explicit, against women in the private sector. For example, the country passed a 2011 law that requires boards of directors of companies listed on the Italian stock exchange to gradually increase their female membership to 20 percent by 2012 and to at least 30 percent by 2015. Companies that fail to meet these quotas face penalties including fines and the loss of their board's legal status. This was an important step because it is likely to have follow-on effects within internal company policies, as more women gain a voice at firms' senior levels.

As another step, the government could make it illegal to ask about a woman's marital or family status during a job interview (and ensure that the law is enforced). Tax breaks could encourage the hiring of women, allowing firms to take deductions for each female employed.

In addition, a greater willingness on the part of the private sector to allow flexible hours and part-time work for employees — especially those with higher education levels — would be a boon to women trying to balance home responsibilities and work. Telework is currently very limited in Italy, but it presents a new, unexplored frontier for women who want to remain in the workforce while attending to family duties. Although women lag men in the use of the Internet by about 10 percent, telework has recently expanded more rapidly among women.[14]

Another important step would be to improve existing career guidance and employment placement services at the regional level so that they have greater gender sensitivity, especially as concerns young women. These government services, which could expand and partner with the private sector, should help women find jobs that allow them to better combine education, work, and child care. Such services could also help middle-aged women with a lower level of education who want to reenter the labor market once their children are grown.

The government and the media, through public-service campaigns, could do more to promote the idea of men taking extended parental leave — which is almost always restricted in practice to women. This would help balance the scale when employers must choose between female and male employees regarding hiring and promotions. It also would help to change societal attitudes toward household duties, and encourage men to take on more of those tasks. Currently, mandatory maternity leave is 150 days, during which mothers receive 80 percent of their wages. Parental leave, which can last up to 300 days with partial payment (around 30 percent) of wages, is also available. There is no paternity leave.[15]

Many of the limitations holding back women's economic empowerment in Italy arise from male (and female) attitudes about a woman's place in the workforce and her role as a homemaker. Changing these attitudes will take time. Laws cannot alter them easily or quickly. The best approach begins in early school years. Teachers can sensitize students to language that promotes stereotypes regarding gender roles. The media and television can also play important parts in displaying different role models for family members.

Finally, women must become more organized and publicly demand changes, especially when it comes to gender discrimination in the workplace. Without their activism, the country will make little progress.

Boosting entrepreneurship

Although women's entrepreneurship is a worthwhile goal, some experts caution that it should not be seen as a panacea for advancing female economic empowerment. The Italian economy is already heavily tilted toward micro, small, and medium-sized businesses. Women who are not ready to be entrepreneurs or who are thinking of entering an already crowded sector of the economy are more likely to fail.

That said, women who have the talent and desire to run their own businesses would benefit from several specific measures. First, financial tools offered by either commercial banks or microfinance organizations could assist women in obtaining credit and loans. Second, simpler regulatory requirements for startups could eliminate much of the bureaucratic burden that all entrepreneurs face. Female entrepreneurs also consistently ask for technical advice and training on how to organize and manage a business.[16] Mentoring programs run by already well established businesswomen and women's advocacy groups could fill this role.

In schools and universities, female students should be encouraged to envision careers as entrepreneurs in fields that have not traditionally seen women-run businesses, including engineering and IT. One way to instill an entrepreneurship culture in young women is to steer them toward business courses at universities and, as part of their instruction, have them participate in mixed-gender teams that dream up entrepreneurial projects and then seek financial backing to build them.

However, the biggest benefit — for both female entrepreneurs and female wage earners — would come from providing better child-care services, which are currently inadequate throughout Italy and far below the average European level. Government-run facilities, at which families pay on a sliding scale, cover only 12.7 percent of the need, which is below the Organisation for Economic Co-operation and Development (OECD) average of 30 percent coverage.[17] Privately run facilities are growing, but they are expensive and accessible only to well-off couples.

The government could incentivize the private child-care market through tax breaks to increase these services. In doing so, it would not only help young mothers stay in the labor force — whether they are wage earners or entrepreneurs — but also provide employment for other women who would find jobs in proliferating child-care facilities.

Another important initiative in this area is to give families below a certain income level a cash benefit that they can use to purchase child-care services. Although these costs would be tax-deductible, this does not give immediate relief, because the deductions apply retroactively to money already spent. Immediate monetary benefits that can be used to cover child-care costs have a strong positive correlation with female participation in the labor market.

School systems could also help young mothers by developing after-school activities in the afternoon or by lengthening the school day, which currently ends at 1 or 2 p.m. in some areas. They also could assist by providing transport to and from school, something the family must now do in the absence of school buses in many areas. Finally, the country should develop some means of support for women who are caring for elderly parents as well as children.

Like other European countries, Italy needs economic growth in order to escape its current doldrums. A major engine of that growth is the untapped potential of Italian women. But that national resource can be utilized only if current constraints on women's economic contributions are lifted.

Dell: Connecting with female entrepreneurs through technology

Dell has a longtime commitment to diversity within the company — working with women's organizations, fostering internal networks, and creating opportunities for women to advance. But it was not until the recent global economic downturn that Dell renewed its focus on women, creating a network that offers support to female entrepreneurs around the world.

When business lagged during the downturn, Dell believed that female entrepreneurs would be a critical segment to jump-start growth. But the company also recognized that in tough economic times, many entrepreneurs were not in a position to make substantial investments in their business. It was, however, the right time for Dell to make an investment in relationships with these customers. The company solicited input from female entrepreneurs on elements that would most help them grow their business, and the upshot of these conversations was the first Dell Women's Entrepreneur Network event, held in Shanghai in 2010. The company held a second event in Rio de Janeiro in 2011 and a third event in Delhi in June 2012.

The purpose of these events is to allow female entrepreneurs to network with and learn from each other, with an emphasis on the ways in which technology can support innovation. In addition to the content of the events, Dell supports female entrepreneurs by working with a number of women-owned businesses to produce the event.

Ultimately, of course, these events build customer loyalty and lead to sales for Dell. But they also genuinely create value for the entrepreneurs who participate. The events are part of an integrated marketing campaign that also includes the network itself, which stays connected on LinkedIn and Twitter between events, and digital content aimed at offering solutions to entrepreneurs.

The program has generated a return over the past two years, and has offered a measurable boost to Dell's brand and its bottom line. By sticking with it, Dell became an excellent example of a company that saw results when it figured out how to help women help themselves.

Japan

Index results

Preparation	55.0 (40)
Access-to-work policy	57.1 (34)
Entrepreneurial support	62.0 (12)
Total input score	**59.0 (29)**
Advancement	43.0 (100)
Inclusion	48.3 (83)
Equal pay	53.6 (27)
Total output score	**48.3 (78)**
Third Billion Index score	**54.1 (43)**

Country cluster: "Taking the Right Steps"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

With the world's highest literacy rate and highest primary and secondary education enrollment rate,[1] Japan clearly has a rich reserve of potential human capital. Yet the country also has an aging, shrinking workforce, and to date it has not effectively leveraged its human capital. To wit: Nearly half of Japanese women quit their jobs after marriage — the highest rate in the industrialized world. In that context, Japan's first order of business is clear. It must create opportunities for women to flourish in the workforce by removing obstacles to their success. In addition, Japan must better support female entrepreneurs. By economically empowering its women, Japan can increase productivity and profitability in the private sector, fueling its growth for generations to come.

In some ways, the country already has a foundation in place for these efforts. The constitution of Japan mandates gender equality, and the country passed equal opportunity laws in 1986. Additional policies have followed, such as the 2001 law on Men and Women's Common Social Participation, which aims to eliminate discrimination against women.

However, these policies have had a limited impact thus far. For example, Japan has a relatively high female workforce participation rate, yet there are very few women in management positions, and the private sector typically hires women for non–career track positions. In addition, salaries for Japanese women are more than 30 percent lower than those of their male colleagues.[2] The Ministry of Health, Labour, and Welfare has reported a dramatic increase in complaints of discrimination in the workplace when women attempt to take child-care leave or when they announce a pregnancy — reflecting the widespread view that Japanese women must choose between their careers and motherhood.

The limited availability of affordable, quality child care places a great strain on women who want to rejoin the workforce after having children; 20,000 children are currently on waiting lists. This strain is compounded by rigid work schedules, a lack of career development opportunities, and the relative absence of concepts like flextime, telecommuting, in-house child care, or job sharing. Of those Japanese women attempting to rejoin the workforce after childbirth, only 43 percent succeed in finding a job. Yet 44 percent of these women are forced to take a pay cut, and many others face shrinking prospects for promotion.[3]

Entrepreneurship is one alternative, offering women the opportunity to control their future, escape the limitations of the private sector, and contribute to the economic well-being of their family and society at large. However, although Japan's Ministry of Economy, Trade, and Industry (METI) has pledged to increase the number of female entrepreneurs, women who hope to launch their own companies face an uphill battle.

Major obstacles include the difficulty of obtaining startup financing and a lack of supportive networks. The country's bankruptcy laws — in which business owners are held personally responsible for their company's debts — present another strong deterrent to would-be entrepreneurs. In addition, there is an enormous social stigma attached to failure, which extends to one's entire family. Indeed, deeply embedded societal views on risk, shame, and gender are one of the greatest obstacles to Japanese women's economic empowerment, both as employees and as would-be entrepreneurs.

Despite these challenges, Japan scored relatively well in the rankings for entrepreneurial support (12th overall). The reason is that our index methodology for this category includes two elements. First is absolute support for entrepreneurs — both male and female — in areas such as access to technology and energy, and ability to build a credit history, among others. The second element considers the gap between women and men in such areas as property ownership rights and access to finance programs. In both categories, Japan scored highly. In other words, there is no gender gap, and the building blocks needed to foster entrepreneurship are largely in place. The country does not have a strong tradition of entrepreneurship, but that may be primarily a cultural factor.

In fact, culture plays a strong role overall in limiting women's economic empowerment in Japan. The traditional perspective of femininity as synonymous with being "seen and not heard" is severely at odds with the skills women need to compete and succeed in the workforce: the ability to offer their opinions, assert their needs, and demand fair and equal treatment. Whether seeking employment, negotiating a salary or promotion, leading a project, or championing an idea, women must first and foremost believe that they deserve to be heard.

Increasing participation and advancement in the workforce

Deeply ingrained beliefs about gender roles cannot be revamped overnight. However, a concerted, thoughtful strategy encompassing every sector of society can create powerful change. If Japan is to encourage entrepreneurship and integrate women more successfully into the private sector, it must be prepared to implement such a strategy.

First, Japanese society should invest in a broad overhaul of its education system, from preschool through university, with a focus on gender-sensitive curricula that empower both sexes to challenge stereotypes, think creatively, and assert their opinions. In conjunction with local and regional government entities, the education system should offer lectures and courses aimed at challenging deeply ingrained views on gender and societal roles, such as the value placed on *kawaii* (cuteness) and *burriko* (fake innocence). Instead, curricula should include stories of female managers and entrepreneurs.

Along these same lines, the Japanese government should partner with universities, the media, the entertainment industry, civil society, and the private sector to promote messages that empower women and girls, and encourage men to take more of an active role at home.

The Education Ministry and the Ministry of Labor, in collaboration with the private sector, can create mentorship opportunities for young women, along with "shadowing" opportunities and internships. In addition, because Japanese women primarily depend on private networks when job hunting, the government should create more expansive networking opportunities in partnership with the private sector.

The Labor Ministry should partner with the private sector to offer training programs for women that stress leadership skills, career development courses, job search assistance, and vocational counseling. It must also vigorously monitor the private sector for instances of gender discrimination, such as women being unjustly passed over for promotions, and prosecute offenders. By partnering with watchdog groups in civil society and the media, the Japanese government can send a powerful message to society at large that the status quo is no longer at play. In the process, it will help boost companies' productivity.

The private sector should implement policies that allow women to flourish in the workplace and catalyze a shift in cultural perceptions of gender roles. Companies should design high-impact campaigns for the internal communication of these policies; hold information meetings and training sessions for senior management and human resources personnel; and offer lectures and courses aimed at increasing awareness about gender discrimination and promoting gender equality.

For example, by inviting successful female CEOs, managers, entrepreneurs, and public figures to speak frankly to employees about their successes and struggles, companies can raise awareness in a way that does not seem overly aggressive or militant. Similarly, online courses artfully "disguised" with titles such as "How to be a better employee," "Ensuring your compliance with Japanese law," "Bringing honor to your family," or "Effective workplace communication" can subtly raise awareness about workplace discrimination, gender-sensitive behavior, and other relevant issues.

Regarding work–life balance, companies should offer flexible work arrangements, such as telecommuting and work-sharing — which would offer benefits for both sexes throughout their careers. Worksite emergency child care should be established. The private sector must also fundamentally shift the current perception of acceptable work arrangements, with an emphasis on recognizing and rewarding the content of employees' performance rather than the sheer number of hours they spend in the office.

Finally, the government must address the acute shortage of high-quality public day-care centers by providing emergency funding for more facilities and ensuring that they meet high standards for quality, including the number of meals provided and the hours of operation. The government should work closely with the private sector to ensure that it allows fathers as well as mothers to take child-care leave: Although the government has set a target of 10 percent of fathers taking leave, only 1.23 percent of men currently do so.[4] In addition, the Japanese government should relax Japan's strict immigration laws, which will increase the pool of available caregivers for children and the elderly. Such a policy would effectively reduce an enormous burden on Japanese women and allow them to devote more time and energy to their careers — whether as employees or business owners.

Boosting entrepreneurship

The Japanese government must take a lead role in building a supportive ecosystem for female entrepreneurs and fostering a culture that recognizes them as key drivers of economic prosperity.

With that goal in mind, the Ministry of Education should partner with the Ministry of Labor, civil society, and multinational corporations to develop far-reaching curricula that prepare children and young adults to compete in the global knowledge economy. Schools should strive to impart values such as egalitarianism, innovation, risk taking, and creativity, and encourage girls to aim high.

The government should also establish an independent, cabinet-level Office of Entrepreneurship. This body should reach across sectors to coordinate countrywide efforts, and its leadership should include talented women, including a position exclusively dedicated to empowering female entrepreneurs. Such an organization could assist and encourage women by providing them with a wide array of information, resources, and access to capital, including startup funds at extremely low interest rates and attractive repayment terms.

At the same time, the specific business categories of entrepreneurship matter as well. Currently, the majority of Japanese women-owned businesses are tiny companies concentrated in retail and personal services, which offer limited growth.[5] If Japan is to truly unleash the potential of its human capital, it must train and encourage women to introduce game-changing, disruptive new technologies that can position the country as a seat of innovation. With that in mind, the government should heavily invest in and promote *sangaku renkei* (industry–university collaboration), particularly with women's universities, and support cross-sector incubators that support innovation. In addition, it should undertake a campaign aimed at acknowledging and rewarding successful entrepreneurs, with an emphasis on women, and acknowledge the critical role that these entrepreneurs play in shaping the future of Japanese society. This campaign must endeavor to change Japanese society's risk-averse culture, by acknowledging that failure often creates powerful learning opportunities that ultimately lead to success.

Next, the government must craft specific policies aimed at improving the entrepreneurial landscape for women. First, it can reduce would-be entrepreneurs' fear of financial ruin by changing the country's bankruptcy laws to exclude personal assets, including homes, and widely publicize such changes. Additional legislative changes would provide tax-based incentives for both entrepreneurs and investors, and adjust the policies governing net operating losses (which at present can be carried forward for only seven years). Finally, the government must relax the obstacles companies face in getting from *yugengaisha* (limited company) status to *kabushiki gaisha* (joint stock company) status. These changes will help ensure that female entrepreneurs — in fact, all entrepreneurs — in Japan face a supportive business environment that nurtures their potential instead of stifling it.

South Africa

Index results

Preparation	50.9 (80)
Access-to-work policy	53.7 (49)
Entrepreneurial support	55.2 (39)
Total input score	**53.6 (46)**
Advancement	66.9 (3)
Inclusion	53.0 (58)
Equal pay	47.8 (42)
Total output score	**56.8 (28)**
Third Billion Index score	**55.8 (36)**

Country cluster: "On the Path to Success"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

Women have enjoyed significant economic progress in South Africa in the 18 years since the end of apartheid and legally sanctioned racial discrimination against black people, who make up 90 percent of this country's population of nearly 50 million people.[1] Black women, who suffered doubly under apartheid from racial and gender discrimination, have also benefited from new, post-apartheid policies aimed at promoting female economic well-being.

In the past decade, South Africa has witnessed a significant increase in female employees in the public sector, at both the provincial and national levels. This is reflected in the political sphere as well — in 2009, women made up 41 percent of all cabinet ministers and 44 percent of National Assembly members.[2] And the private sector, partly in response to government-set criteria aimed at furthering black economic empowerment, has increasingly hired more women. This progress shows up in the country's superior results in the advancement category, where it ranked third overall.

National policies have supported these women. For example, South Africa requires a minimum of four months' maternity leave at a portion of their salary — and job security upon return — for female employees who have worked at a company for at least two years.[3] Another major step was establishing a minimum wage and unemployment insurance for domestic workers, who are overwhelmingly black women. Of the more than 1.1 million household workers, more than 892,000 are female.[4] They account for a large portion — almost 16 percent — of the country's 5.6 million working women.[5]

Yet women still lag behind men and face significant obstacles to their economic advancement. Poverty remains a substantial threat, particularly for black women. A 2005 survey found that a third of all black women were unable to meet their basic food needs.[6] Women overall have a higher unemployment rate than men (27.3 percent versus 23.4 percent for men in 2010); numbers among blacks are similar to the overall rate (32.1 percent for women compared with 27.5 percent for men).[7] Women make up less than half of the country's wage employees, about 5.6 million of the 13 million employed in 2010, or 45 percent.[8] By far, women make up the largest segment — 62 percent — of employees in the informal wage sector,[9] where jobs are precarious and low-paying. Regulations governing working conditions of domestic workers, for example, are poorly monitored, and many workers are not registered with the government unemployment insurance fund.

Overall, women's earnings are only 77 percent of men's,[10] even though women have equivalent (or higher) skills and education and similar levels of union membership (22 percent of women employees have a tertiary education compared with 17 percent of men).[11] The main reason for this is that women are concentrated in lower-paying jobs as teachers, nurses, and domestic workers. Some experts believe that gender discrimination plays a role in wage disparity; women receive less pay than men for similar work. A significant number of female workers (40 percent in one study) report that sexual harassment and the seeking of sexual favors by male managers are recurring workplace problems.[12] And despite advances in private-sector hiring of women, they are scarce at the most senior levels of the corporate world. Women account for only 15.8 percent of company board members, and only 4.4 percent of CEOs.[13]

Financing remains a major challenge as well. The institutions that are doing classic microfinance — that is, assisting the very poor with basic needs or seeding microenterprises with little or no collateral — are still too new and too sparse in the country to meet its needs. Three of the larger groups giving special attention to women are the Small Enterprise Foundation (SEF), a nonprofit whose clients are 99 percent female; Marang Financial Services; and Women's Development Businesses Group, which also targets the very poor. Typical SEF clients are fruit and vegetable hawkers, small grocery shop owners, dressmakers, and vendors of used clothing.

Perhaps the biggest restraint keeping women from joining the labor force or launching their own company is the burden of unpaid work in caring for children and running a home. In this realm, South African women do far more than men. One study found that women do an average of 4.2 hours of housework a day, and men do 1.8 hours a day.[14] Another found that men in the country spend only seven minutes a day on unpaid work caring for another person.[15] South Africa's HIV/AIDS epidemic has placed additional unpaid work burdens on women, particularly in rural areas, who must care for sick relatives in addition to undertaking the traditional slate of responsibilities.

Increasing participation and advancement in the workforce

One of the most severe impediments to women's economic advancement is insufficient monitoring and enforcing of labor laws and acceptable work conditions, especially with regard to minimum wage and wage-equity provisions.[16] As noted earlier, labor laws are rarely enforced for female domestic workers, especially for the large segment of black women who work in the informal economy, and many of these workers are not registered on government unemployment insurance rolls.[17] More specifically, the country has the Employment Equity Act, which bans different wages for men and women who do similar work — yet government must monitor companies and enforce these rules more strictly.

However, the most important measure for advancing women's economic empowerment is to bring more women into the formal workforce. Programs aimed at achieving this should assist the poorest women first, since they represent the most acute need for employment.

Retention is a priority as well. Private firms aggressively seek black female employees to meet government-set criteria for promoting black economic empowerment. As a result, black women are persuaded to change jobs frequently, resulting in minimal job continuity and in performance problems. The private sector can address this by providing more training and mentoring to its female professional staff so that they gain the valuable experiences and company loyalty that come with job continuity. Such training and mentoring will also better equip women to perform well when they are promoted.

Another reason for the lack of women at senior corporate levels is enduring patriarchal attitudes that do not give women decision-making authority or value their contributions. Participants in one survey said that pregnancy caused supervisors to view them as “irresponsible, unreliable … and a nuisance.”[18] Successful women — both white and black — report that they are criticized for not being at home with their children.

It is a tall order to change such prejudicial attitudes. But both government, especially in its education institutions, and the private sector should develop public-service campaigns aimed at enlightening men about the value of work done by women. These organizations should also find ways, through the media and awards programs, to offer role models for black women and destigmatize black female success in the business world.

Finally, women’s business organizations and female-led labor unions, such as *Sikhula Sonke* in the agricultural sector, need to be more collaborative in their efforts to advance women’s economic empowerment. In recent years, there has been a proliferation of such organizations, leading to duplicated efforts, limited coordination, poor leadership, and a lack of fiscal responsibility in some groups. Women in all sectors of the economy should ensure that the organizations representing them have competent leaders dedicated to the larger goal of female economic advancement, which means building partnerships with one another, government departments, and the private sector.

Boosting entrepreneurship

Entrepreneurship among South African women has a long way to go. For poor black women, self-employment is often the only path available for generating income. Black women make up the single largest segment of the nation’s self-employed, yet women’s share of the self-employed segment fell from 53 percent in 2004 to 47 percent in 2010.[19] Moreover, these women overwhelmingly operate in the informal sector, running small services out of their home, such as cooking or sewing. Such businesses rarely grow beyond a few employees or become part of the formal economy. In urban areas, small enterprises are constrained by high levels of crime; in rural areas, public transportation is expensive and electric power supplies unreliable, severely limiting markets for these women.

Entrepreneurs at this level often lack business skills such as how to access financing, how to make a business plan, or how to find markets. In that context, education can help — so female high school and university students, as well as adult women, should have access to courses on running small businesses.

In addition, insufficient financing is a major drag on female entrepreneurship. The country's microfinance industry includes both formal (regulated banks) and informal (neighborhood co-ops or group lending organizations) sources of credit and loans. Yet this credit is overwhelmingly devoted to purposes other than building small businesses. Most of it is used for consumer lending or creating emergency funds for events such as funerals. In addition to increasing their pipeline of loans, microfinance institutions need to more aggressively market their services.[20]

A related problem has been the large population of "unbanked" people in South Africa. More than half of the adult population currently has no bank account; 42 percent of these are women.[21] South Africa's commercial banking sector is currently moving in innovative ways to bring financial services to these residents. The expansion of "branchless banking" through new technologies such as mobile phones and smart cards — exemplified in a project jointly led by the World Bank's International Finance Corporation (IFC) and WIZZIT Bank — holds great promise for enhancing women's economic prowess by giving them direct access to financial services.[22] Also, new models of extending credit to such women are potentially possible. And banking by card or mobile phone offers women living in high-crime areas a way to securely store their savings.

Helping female-run small businesses, especially those in rural areas, also requires more investment in generating reliable, affordable electricity as well as easing access to markets by improving roads and public transportation. Expanding electricity access in rural areas, one study found, raised women's employment by almost 10 percentage points in five years.[23] However, South Africa was ranked 124th out of 183 economies by the World Bank for the ease with which new businesses could get access to electricity.[24]

Female entrepreneurship in the formal sector would also be boosted by a simplifying of regulations governing startups. For example, labor laws protecting employees make it somewhat difficult to fire a nonproductive worker. The paperwork required for setting up a legal entity is onerous; it needs to be simplified in both its language and its length. All the procedures for starting a new business can take up to 21 days.[25] Revisions to the tax code to better recognize the special needs of small businesses would also be helpful. For example, the government could mandate a lower tax rate during the three years after a business is launched, which is the period when most entrepreneurial failures occur.

Tanzania

Index results

Preparation	39.3 (111)
Access-to-work policy	56.5 (37)
Entrepreneurial support	38.4 (113)
Total input score	**43.3 (98)**
Advancement	48.0 (88)
Inclusion	56.4 (42)
Equal pay	42.0 (65)
Total output score	**48.2 (79)**
Third Billion Index score	**45.3 (85)**

Country cluster: "At the Starting Gate"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

Tanzanian women have a remarkably high participation rate in the national labor force — at least 85 percent.[1] But in Tanzania, as in most other sub-Saharan countries in Africa, this figure masks a depressing reality of working women: Most (83.6 percent) are engaged in low-paying or unpaid agricultural jobs.[2] In addition, almost half (48 percent) of those working in other sectors are "unpaid employees."[3] This is a result of many factors, including the poor quality of women's education, an unfair division of labor in the home, a lack of access to financial credit, little or no business skills training, and customary laws and cultural values that give male relatives significant control over women.

Still, Tanzanian women have made some progress in recent decades. They are increasingly visible in professional and managerial positions, even if clearly still in the minority. And though reliable statistics are lacking, the number of women running their own enterprises has increased tremendously. Female entrepreneurs are estimated to number between 730,000 and 1.2 million, concentrated in the micro, small, and medium-sized enterprise sector, where they make up around 43 percent of business owners.[4]

Necessity is the main impetus for this entrepreneurship. In a country where one-third of the population lives in poverty, micro-entrepreneurship allows women to feed their families. They follow this route because they usually lack the education and skills required for a formal-sector job (unlike men with little education, who can be employed in construction or transportation). Only 4 percent of employed women are in paid jobs, as opposed to 9.8 percent of men.[5] A principal reason for this is that approximately 80 percent of women are working in agriculture, typically their own farm, and another 4 to 5 percent work as unpaid help.[6] In addition, women start microenterprises in order to be close to home, where they must manage child care, cooking, and cleaning. Rural women in Tanzania spend around 10 hours a week just fetching water and collecting firewood,[7] leaving them little spare time for expanding their horizons or hearing about job opportunities through networking.

These women often overcome substantial challenges in running these businesses. Access to financing is a common problem, primarily because women typically do not own the most common form of collateral for securing a loan — property. For centuries, customary or tribal laws have dictated that land be inherited only by sons, putting women at a severe disadvantage: Not only do they lack collateral for credit, but they also cannot use land as a revenue stream, for example, by growing crops for market.

The lack of property ownership rights impacts women entrepreneurs in other ways as well. The low level of female-owned property means that many women have to rent space at sometimes prohibitive costs. Bureaucracy and the limited number of surveyed plots also make it difficult to acquire a location for their businesses. Often, they face harassment for setting up shop in areas not designated as commercial, such as alongside roads.

Other legal constraints on women affect their financial independence. Under Tanzanian law, there is no presumption of joint ownership for property acquired during a marriage, and it is not uncommon for a widow to lose the marital home if it is registered in the name of her late spouse.[8]

Constitutional reforms in recent years sought to rectify some aspects of this system, by making inheritance an equal right of both genders.

However, these reforms have been systematically ignored, and a great many Tanzanian women still do not inherit their share of land. Even when women do manage to inherit and own land, they often have to seek permission from men in order to use it for their own projects.

Perhaps the most fundamental challenge for Tanzanian women is poor education, which leaves most women bereft on two levels. First, they lack practical business skills. Many women do not know how to keep books, manage inventory, price their products, or develop a business plan and a budget. This financial literacy is key for making good use of credit, especially if it is a substantial amount. In some cases, anecdotal evidence has found that women who managed to obtain large loans were unable to put the capital to good use because they simply did not know how to manage it. They ended up in financial disarray, discouraging other women who were considering starting their own enterprise.

Insufficient education has failed Tanzanian women on a second, more intangible, level — they lack creativity and innovation. Although this is changing slowly, especially for younger women, in general female entrepreneurs in Tanzania have a hard time imagining new ways of making money or creating new products that will give them an edge. Even more than they need seed funding, women need to be able to envision what they can do with that capital in order to build a successful enterprise.

Increasing participation and advancement in the workforce

Increasing opportunities for Tanzanian women to participate in the formal labor force will require overcoming limitations in education, time, and mobility. Better education for girls is a crucial first step, giving them the practical skills they need for employment, along with increased self-esteem. In addition, both the private sector and government should continue to seek ways to bring banking services to women through mobile phones and other new technologies. Studies have shown that facilitating the movement of money in this way, sometimes called "branchless banking," improves women's informal financial activities and helps connect them to the formal economy.

However, a more pervasive constraint — one that drives all others — is the patriarchal cultural attitudes regarding women's role in society. Some men do not permit their female relatives and spouses to participate in higher education or in networks outside the home or formal jobs, because they believe that these are not suitable activities for women. As a result, many women lack the self-confidence to search for and secure formal employment.

To address this cultural barrier, the government can utilize regulations, laws, and the courts to change perceptions of appropriate activities for women and what they are capable of accomplishing. This requires greater efforts to sensitize all Tanzanians — men, women, and children — to how necessary gender equality is in reducing poverty and fostering sustainable prosperity in their country.

One possible way of raising the national consciousness and public debate on this issue is through soap operas aired on radio, one of the most pervasive forms of media communication in Tanzania. This approach has already proved successful in altering behavior with regard to family planning and contraception. A female soap opera character who brings added income to the family through her wages or small business enterprise could have a beneficial effect on the attitudes of male listeners.

Boosting entrepreneurship

In order to advance female entrepreneurship, the Tanzanian government should implement a number of measures. First, it can use the court system more aggressively to enforce the laws giving women equal rights, especially when it comes to inheriting land. In addition, it can strengthen the national education curricula by incorporating basic business skills and financial literacy. It also should make a priority of identifying and nurturing entrepreneurial talent among female students. School guidance counselors can play an essential role here — not just by encouraging young girls to be business-minded, but also by arranging programs for on-site learning with local businesses.

Outside the education environment, training and mentoring programs can help identify and support growth-oriented businesswomen, especially in building their financial competence. These programs should avoid being general and theoretical; instead, they should offer concrete, individually tailored advice — including personal coaching, on-site evaluations in the entrepreneur's place of business, and hands-on assistance with such things as product design and development, and marketing. In this effort, it is important that such programs be flexible enough to meet the specific needs of women, including accommodating their inability to be away from home for several days at a time because of family duties, and their need to simultaneously attend the tiny business enterprises on which many depend for daily sustenance.

Related to this, female entrepreneurs in Tanzania would benefit from a network of all-female business groups, advocacy organizations, and platforms for sharing their stories and experiences. Conferences and seminars are an important way to foster an entrepreneurship culture.

Another way to promote entrepreneurship is declaring a "Women Entrepreneurs' Month" filled with public activities honoring the achievements of female businesswomen.[9]

Regarding property restrictions, government could create affordable workspaces so that women have premises where they can establish their businesses. Town planners should be required to earmark certain land as workspace or production centers for women-owned microenterprises such as bakeries and facilities for food processing, soapmaking, batik production, and pottery making. The spaces could be magnets for growth-oriented women who want to expand their enterprises.[10] The government also should relax onerous licensing and registration procedures required even for microenterprises.

Finally, increased access to credit and microcredit is essential. Tanzania has made good strides in the past 10 to 15 years to make credit more available to women. Successful experiments have included "micro-leasing" arrangements in which women lease equipment for their businesses, and group loans under which nonprofit microfinance institutions use the Grameen Bank model of having a group of women, rather than an individual, guarantee that a loan will be paid back; essentially, the group becomes the collateral. Expanding such programs and offering more and better training in basic business skills are key priorities.

United States

Index results

Preparation	58.8 (9)
Access-to-work policy	55.2 (40)
Entrepreneurial support	63.6 (5)
Total input score	**60.5 (21)**
Advancement	61.2 (12)
Inclusion	57.6 (32)
Equal pay	42.0 (65)
Total output score	**53.8 (42)**
Third Billion Index score	**58.0 (30)**

Country cluster: "On the Path to Success"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

The size of the female population in the United States — nearly 157 million in 2010[1] — and the wide range of income levels, education levels, and career paths within that population make it difficult to generalize about U.S. women's challenges in the world of work. Yet there are a few common issues that affect women ranging from those at the bottom of the income pyramid to the relatively small percentage who have made it to the C-suite — particularly access to child care and family-friendly workplaces.

Women's participation in the labor force, at 68 percent, is catching up to men's 80 percent participation,[2] and as of June 2012, women had slightly lower unemployment levels (7.4 percent) than men (7.8 percent).[3] Yet that equity disguises some underlying issues as well as developments in the aftermath of the economic downturn.

For example, women are more likely to work in low-wage positions; they represent 49 percent of the total workforce but 59 percent of low-wage workers.[4] In particular, women without high school diplomas earn less (working for approximately $14 per hour in healthcare or social work) than men with similar education levels (who earn an average of $19 per hour in construction, transportation, and utilities).[5] And women have not fared as well as men in the weak economic recovery since June 2009: Women gained just 8 percent of the 1.9 million net jobs added to the economy, and women's overall unemployment rate increased from 7.6 percent to 7.7 percent while men's dropped from 9.9 percent to 7.7 percent.[6]

Child care is a major issue for women in low-wage jobs. Full-time care costs anywhere from $3,600 to $18,200 per year;[7] for single mothers, full-day care for an infant represents 41 percent of the median income.[8] Unfortunately, federal and state subsidies for low-income families have been gradually eroding over the past decade, particularly in the past few years.[9] Access to child care is especially critical for employed mothers without a high school degree; from 2006 to 2008, only 18 percent of women in this category received any paid leave from employment after having their first child.[10]

College-educated women fared better in this regard; 66 percent received some paid leave.[11] However, this comes at the discretion of their employers — the U.S. is the only country in the Organisation for Economic Co-operation and Development (OECD) that does not provide income support during maternity or parental leave.[12] Yet although women with higher incomes have more access to benefits such as paid leave and child care than their low-income counterparts, women at the middle-management level and above have their own frustrations. Expanding workweeks and limited access to the most senior levels of the organization are spurring "gender fatigue,"[13] as women question whether the sacrifices they must make in family life are worth it.

This question is even more relevant if their gender prevents them from reaping the ultimate rewards of the corner office. Women have made good progress in the middle and lower layers of management, holding nearly half of professional and managerial positions,[14] but they are not taking the final step into senior positions. In 2011, women held 16.1 percent of board seats at Fortune 500 companies[15] and 14.1 percent of executive officer positions.[16] In both 2010 and 2011, less than one-fifth of companies had boards with 25 percent or more women directors, and about one-tenth had no women at all.[17]

Worse, research shows that many people do not see a problem with the status quo, which undermines efforts to address it. A 2010 survey of more than 4,000 men and women found that 56 percent of men believe women have made considerable progress at their company in the last decade; just 39 percent of women believe that. Similarly, 49 percent of women think gender bias exists in their companies, versus 28 percent of men.[18]

On the entrepreneurial front, the U.S. has a healthy level of startup activity among women: Women own 7.8 million firms, with average annual revenue of $153,456.[19] The number of female-owned companies has grown exponentially since 1979, when the Fair Lending Act allowed women to get a loan without a male cosigner. At that time, about 5 percent of companies were owned by women;[20] today, women constitute about 35 percent of entrepreneurs in the U.S.,[21] and their businesses are primarily clustered in the service sector, including health and professional services.[22]

Yet as in the private-sector workforce, female entrepreneurs still lag behind men. Men's companies were more likely to have employees than women's, at 44 percent versus 36 percent.[23] Three years after launching, 19.8 percent of women-owned firms have more than $100,000 in annual revenue, compared with 32.8 percent of firms owned by men. And just 1.8 percent of women-owned firms have more than $1 million in revenue, compared with 6.3 percent of men-owned firms.[24]

Anecdotal evidence indicates a small surge in the number of women's startups since the downturn, especially among women of color, but this may be due in part to a lack of opportunities in the public- and private-sector workforces. This kind of entrepreneurship, based on necessity, generally results in microenterprises that are unlikely to create jobs and generate substantial economic growth. The U.S. needs to ensure that its entrepreneurial talent base has the resources to start viable businesses that can grow past the micro level.

Increasing participation and advancement in the workforce

The ability to balance work and family is a priority for women at all socioeconomic levels in the U.S. workforce. Given the lack of child-care infrastructure, employers can distinguish themselves in a competitive talent market by providing paid parental leave and on-site day care (at large firms) or subsidies to cover the cost of such care (at smaller firms). Similarly, companies can compensate for the lack of a U.S. law mandating paid sick time by offering it voluntarily, although few currently do so: 81 percent of low-wage workers, and nearly 40 percent of all private-sector workers, don't have any paid sick days.[25]

In addition, government can take steps to help lower-income women deal with this challenge. For instance, the U.S. Department of Labor could offer outreach on the 2010 law that requires breaks for nursing mothers, given that many hourly workers remain unaware of it. Government programs for low-income women can also emphasize education, which will eventually get women into higher-wage jobs, and into traditionally male-dominated sectors that pay more, such as construction.

In the private sector, helping women comes down to offering flexibility and helping them maintain motivation and pride in their day-to-day work. With so many outside pressures — especially from family responsibilities — women who do not feel appreciated are less likely to give their all and therefore do not succeed. Pride in the work and flexibility are especially important for those employed in businesses with highly focused, transactional job activities and hourly work, such as call centers. The solution is often simple — helping managers and supervisors facilitate dialogue with employees about how to balance personal and professional goals. Openly discussing personal and professional commitments, and then working as a group to honor them, breeds trust and camaraderie and ultimately improves performance. When a supervisor is willing to be flexible with an employee, that employee is more likely to go the extra mile.

Women in professional and managerial positions generally have more autonomy and control over their daily work schedules, but the same principles apply. If companies are to realize the benefit of their talent investments, formal policies and programs are needed to help women stay in the game and maintain a career path throughout life's many phases. These policies may include areas such as telecommuting, flextime, and "off-ramp" and "on-ramp" career paths that allow highly qualified women to take time off for family obligations without sidelining their opportunities for promotion and greater responsibility.[26]

However, formal policies are only part of the solution. True change — for all workers, both men and women — will happen only when the culture of an organization can accept nontraditional ways of working without threatening the career progression of nontraditional workers. Leaders are critical in modeling the desired behavior from the top to foster greater visibility and acceptance. Sample actions include utilizing flex policies themselves (e.g., taking leave to spend a long vacation with family), facilitating a flexible work arrangement for a top performer, or giving a promotion to someone who has taken a nontraditional path. For women who seek the highest levels of management, it is critical to have a sponsor, a leader who will advocate for them in this way. Many companies are facilitating formal and informal programs that pair women with viable sponsors to ensure they have the support they need to be successful.

The final issue is seniority, specifically the relative dearth of women on corporate boards and in C-level positions. The board quotas that have generated so much discussion in Europe have gotten less traction in the U.S., perhaps because they grate against the country's prevalent culture of individual achievement. Instead, measures intended to increase gender parity on boards in the U.S. have focused on raising awareness, developing networks of women directors to provide information and assistance, collecting data and publishing reports, using proxy voting to change company policies, and recommending diversity requirements in consideration of candidates.[27] Such measures are less controversial, but also generate less immediate impact than quotas.

Boosting entrepreneurship

Amid the United States' efforts to jump-start its weak economic recovery, entrepreneurship has the potential to lend a critical burst of energy. Virtually all net new jobs in the U.S. — for example, an average of 3 million jobs per year from 1992 to 2006 — are created by companies in their first five years of existence.[28] However, 2009 saw the creation of just 400,000 businesses with at least one employee, compared with between 450,000 and 550,000 from the mid-1980s through the mid-2000s.[29]

Boosting female entrepreneurship will require joint efforts from the public and private sectors. The government can build upon its existing network of 110 Women's Business Centers, funded by the U.S. Small Business Administration, which offer free or low-cost mentoring and counseling in such areas as creating a business and marketing plan, interacting with lenders, and using social media to grow a business. A wider network that maintains the centers' best practices — such as remaining open after hours and on weekends, when women are better able to access their resources — could provide support to a greater number of entrepreneurs and create more links to underserved populations, such as female veterans and women of color.

The public sector can also support female entrepreneurship, with more specific guidance on winning government contracts. The federal government has set a goal of making 5 percent of its purchases from women-owned businesses, yet it has not achieved even this modest goal. Getting to 5 percent would mean an additional $4 billion per year going to women-owned businesses, in addition to the $16 billion that the government currently spends. Outreach from individual agencies could make a difference in this regard: The Department of Transportation has developed such an outreach program for female business owners, and others such as the Departments of Agriculture and Health and Human Services could do the same.

Private-sector companies, too, have a role to play in supporting women-owned businesses — for instance, diversifying their supply chains and using their philanthropic arm to invest in entrepreneurship training. Perhaps the most critical roles for the private sector, however, are investment and mentoring. Business leaders can act as mentors within startup communities, which is especially critical for female entrepreneurs: A 2008–09 survey of 549 entrepreneurs in the U.S. that explored their motivations for becoming entrepreneurs found 56 percent of women, compared with 31 percent of men, were motivated to become entrepreneurs when encouraged by others who had founded companies.[30] Business mentors can also offer counseling and technical assistance, which give businesses significantly higher survival rates than businesses that do not have similar support.[31]

As the United States struggles to emerge from the economic doldrums, female talent — both in the workforce and in the entrepreneurial landscape — will be crucial. But maximizing this talent will require more concerted efforts to support women's family responsibilities and to ensure that women are receiving equal opportunities for advancement and growth.

Spotlight on the Middle East

In the inaugural Third Billion Index, we have chosen to feature three countries from the Middle East and North Africa (MENA) region, for several reasons: to highlight the remarkable socioeconomic transitions happening here, to combat some of the popular stereotypes about women in this part of the world, and to join in the discussions currently under way about the best path forward for the region as a whole and for its women in particular. This is a region with tremendous potential that is not yet being realized — women's regional labor force participation is just 26 percent, compared with that in South Asia (35 percent), East Asia and the Pacific (64 percent), and sub-Saharan Africa (61 percent).[1] Women hold ownership positions in only 20 percent of businesses in the MENA region, compared with 32 percent in Organisation for Economic Co-operation and Development (OECD) countries and 39 percent in Latin America and the Caribbean.[2] And only about 9 percent of women in the MENA region start businesses, compared with 19 percent of men.[3]

In terms of the categories of this report, Egypt, Saudi Arabia, and the United Arab Emirates are all "At the Starting Gate," or in the early stages of empowering women economically. These three countries face substantially different challenges at the macroeconomic level, and the members of the Third Billion in each of these countries face unique circumstances as well. Governments and companies in these countries and throughout the MENA region have a powerful opportunity to boost their own economic growth by opening new doors for women.

Egypt

Index results

Preparation	42.1 (103)
Access-to-work policy	42.8 (94)
Entrepreneurial support	46.5 (80)
Total input score	**43.0 (100)**
Advancement	35.4 (116)
Inclusion	27.8 (122)
Equal pay	53.6 (27)
Total output score	**36.7 (114)**
Third billion index score	**38.6 (108)**

Country cluster: "At the Starting Gate"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

Ever since Egyptian women joined public protests against British colonialism in 1919, they have been increasingly visible in the country's public sphere, gradually gaining rights, freedoms, and some degree of economic agency. More recently, women were extremely active during the pro-democracy protests in Tahrir Square in 2011 and were recognized for their contributions, giving rise to hopes that they would play a significant role in Egypt's rebuilding, both political and economic. Yet a rising tide of conservatism and the uncertainty of the country's future in the wake of nationwide elections raise questions about the future of women in Egypt's economy. Women have been largely excluded from the nation-building process currently under way. No women were included in the committee to form the new constitution, and institutions such as the National Council for Women were eliminated or severely weakened in the aftermath of the regime change. The percentage of women in Egypt's parliament fell in 2012, from 12 percent to just 2 percent.

During this time of transition, it is difficult to make predictions about Egypt's path in general, and the role of women in particular. Before the revolution, women had nearly achieved parity with men in education, and had gained a number of rights that underscored women's increasing stature in society: the right to initiate divorce, in 2000; to travel without permission, in 2001; and to pass citizenship to their children, in 2007.

Yet even with that progress, women still lagged behind in employment: Female labor force participation was only 24 percent in 2010, and women who were in the labor force faced 23 percent unemployment, compared with 6 percent for men.[1] The majority of female Egyptian workers are clustered in a few sectors: agriculture, education, public administration, health, and social work.[2]

These trends are borne out by Egypt's performance in the Third Billion Index. The country's overall index score is 38.6 (108th out of 128), or more than a full standard deviation below the overall average for all of the countries we analyzed.

If women are to play a more active economic role in Egypt, the country must craft policies to formally correct societal and legal constraints that are hindering their advancement. Egypt currently lacks laws against discrimination on the basis of gender, and calls from women's activists for more protection for pregnant women and mothers have not generated results. Government subsidies are biased in favor of men: Men are entitled to an allowance from their employer, public or private, for marrying and having children. However, women do not receive the same benefit, even if they are the primary earner in their households — and 30 percent of households are headed by women.

Although private-sector companies have begun making efforts to recruit women, the process can be undermined by individual recruiters who view single women with suspicion, believing that they will be less committed when they marry and have children. This view may stem in part from the heavy family responsibilities that women bear: Egyptian women ages 22 to 29 spend a median of three hours per day on housework, compared with 30 minutes for their male counterparts.[3]

A 2008 survey of 1,156 enterprises in the manufacturing sector showed how this bias can play out in practice. Survey respondents were asked to list the disadvantages of hiring women, and they cited domestic duties and marriage (49 percent), family responsibilities (43 percent), and absenteeism (33 percent). In terms of potential solutions to help women overcome these obstacles, 23 percent mentioned flexible working hours, and 13 percent mentioned nurseries. Dishearteningly, 40 percent of respondents said there was no solution.[4]

Increasing participation and advancement in the workforce

As the Egyptian economy stabilizes, one of the top priorities will be to shift the bulk of employment from the public sector to the private sector — particularly for women, who must find employment in greater numbers if Egypt is to maximize its economic potential. Women have managed to take some leadership positions in the banking, media, and academic sectors; however, they are the exceptions. Studies have shown that a significant number of private firm managers in Egypt report no advantage to hiring women.[5]

Creating greater private-sector opportunities for women will require progress on a number of fronts. The first requirement is better training and education. The ministries and government institutions responsible for industry, commerce, health, and education — in addition, of course, to the private sector itself — must cooperate in order to better prepare the workforce for new opportunities in growth fields such as technology. The education sector, which has traditionally urged women to focus on areas such as healthcare or secretarial work, must encourage them to pursue critically important areas such as science and engineering.

In addition, Egypt's government can undertake a number of steps to encourage private firm managers to employ women, such as subsidizing the cost of motherhood for a limited period of time; enforcing equal opportunity laws for hiring, training, and promotions; and continuing reforms that provide an enabling environment for women in the private sector.

Among individual companies, managers must take steps to better meet the needs of working women, such as providing on-site child care. Egypt's labor law guarantees a maternity leave of three months as well as two daily breaks for nursing mothers, yet the law requires that companies provide child-care services only if they employ more than 100 women. It is unclear how many firms comply with this provision and to what extent it is being enforced. However, only a small percentage of firms provide child-care services, and there is anecdotal evidence that some companies are responding to the requirement by maintaining employment levels below 100 women. (The raw data used to calculate the index supports this: Egypt was among the lowest-ranked countries regarding access to child care.)

Flexible work arrangements such as telecommuting are one promising option to address these needs, especially given Egypt's advanced level of telecommunications infrastructure. Such an arrangement offers women increased access to a greater number of employment opportunities, while saving them transportation and child-care costs. In this regard, local private-sector companies should look to the experience of multinational companies, which have a longer track record with such arrangements.

The NGO sector in Egypt can contribute significantly to advancing the role of women in the workforce. Egypt has about 16,000 NGOs, many of which are dedicated to women's health, education, and awareness of legal rights. These organizations can establish connections with the private sector to foster corporate social responsibility initiatives. A number of existing NGOs have managed to encourage private-sector companies to establish foundations — culturally known as *waqf* — by endowing yearly capital for the purpose of advancing women's participation in the workforce. NGOs can also launch awareness campaigns and lobby for equal opportunity and antidiscrimination laws to be adopted and implemented by both the private and public sectors.

Boosting entrepreneurship

Entrepreneurship is only beginning to take root in Egypt as the country emerges from decades of a state-run economy in which most people were employed in the agriculture and public sectors. That said, women's entrepreneurial activity in Egypt is more vibrant and diverse than in many other developing countries. About 20 percent of all firms in Egypt are owned by women,[6] and unlike the women-owned businesses in many other countries, which tend to cluster in service sectors, these span a broad range of industries. In Egypt, women-owned companies account for 45 percent of all textiles and garment firms, 20 percent of chemical and pharmaceutical industry firms, and 15 percent of firms in the food industry.[7] Egypt's efforts in the last 15 years to make it easier to start companies and conduct business have not been targeted at women specifically, but the reduced bureaucracy has benefited them.

That said, since the revolution occurred, entrepreneurs of both genders have faced significantly greater challenges, such as restricted mobility and a national economy that has ground to a halt. Access to capital is limited, especially for those at the bottom of the pyramid: Egypt has at least 1.5 million microenterprises, and more than 95 percent of the potential demand for startup financing is left unmet. Most people starting microenterprises finance their own ventures or use expensive informal financing, such as credit schemes and local moneylenders.

These entrepreneurial challenges are exacerbated for women. Although women have the same legal rights as men regarding access to capital and other measures necessary to start a business, they still face cultural barriers in these areas. In more traditional families and areas of the country, women may be discouraged from working outside the home and coming into contact with the public. They may also face biases from loan officers who doubt women's ability to run a business. Yet these gender-specific issues are overshadowed by the larger political and macroeconomic issues impacting all entrepreneurs in Egypt right now.

Microfinance programs are one potential solution to many of the problems facing Egyptian women — the low rate of female participation in the labor force and the high unemployment rate. Within the microfinance framework, women gain the opportunity to start small businesses in and around their homes. Even loans as small as 250 Egyptian pounds (US$41) can have a significant effect in empowering women, enabling them to provide sustenance, education, and healthcare for their children. In 2008, a national survey studied the impact of microfinance on female economic empowerment and reported improvements in the quality and quantity of food available to households, in education, and in the women's general autonomy.

Although microfinance programs charge high interest rates — since recipients typically have no bank accounts or credit history — the loan repayment rate among women recipients is inordinately high, 99 percent in Egypt. Nonetheless, these programs require institutional coordination to be more effective and to truly increase credit access to the poor. To that end, commercial banks with no microfinance services can work hand in hand with NGOs to identify microfinance clients and extend access to capital to clients in need.

Egypt can also enable potential women entrepreneurs by establishing an entrepreneurship ecosystem.[8] The first ring of this ecosystem consists of female mentors and role models, who can help potential entrepreneurs gain the necessary knowledge, expertise, and confidence to start a business. Personal stories of success can provide powerful motivation for women to take necessary and calculated risks. The second ring of the ecosystem involves financiers such as equity investors, banks, microfinance loan schemes, and government programs. Finally, these ecosystems can help increase the sustainability of female-owned small and medium-sized enterprises (SMEs), which remains an ongoing challenge for women in Egypt. Many female entrepreneurs who can secure funding nonetheless struggle to maintain their business owing to a lack of marketing capabilities. Thus, entrepreneurship ecosystems that support women-owned SMEs need to emphasize quality control, design, and marketing.

Given the overwhelming nature of the social and political changes currently under way in Egypt, some may be willing to let the issue of women's economic empowerment fall by the wayside until the country has stabilized. However, women's participation in the workforce and ability to start businesses should be among the most urgent items on the national agenda. Egypt needs to create jobs, grow its economy, and spur innovation. It cannot do so while large numbers of its talent base are prevented from reaching their full potential.

Goldman Sachs: Investing in entrepreneurs

The Goldman Sachs "10,000 Women" program, launched in March 2008, sprang from several ideas that had already been germinating around the company. The Goldman Sachs Foundation, the company's philanthropic arm, was seeking a macro-level initiative that would tie into the core business by advancing economic growth. The company's management team, led by chairman and CEO Lloyd Blankfein, wanted to create a meaningful effort that was broad and ambitious, yet attainable. And Goldman Sachs research in various markets had found increasing evidence that women's participation in the labor market has a measurable and positive impact on a country's GDP.

These three ideas coalesced into "10,000 Women," a five-year commitment to provide business and management education to female entrepreneurs heading small to medium-sized businesses. With an initial investment of $100 million from the Goldman Sachs Foundation, the program is now operating in 22 countries and working with more than 80 local partners to provide practical training in issues such as operations, human resources, and business plan development. As of May 2012, more than 6,000 women had enrolled in or graduated from the local programs, which last between five weeks and six months.

Those who developed the program at Goldman Sachs felt it was important to measure its success, and "10,000 Women" has thus been designed and analyzed with an impressive degree of rigor. The company partnered with the Bridgespan Group, a nonprofit strategy consulting firm, to develop a plan for evaluating and monitoring the program. Each woman who participates fills out a survey six months, 18 months, and 30 months after she has completed her training; these surveys are aggregated into a database to deliver insights that will continually improve the program. If, for example, the results show that women in a particular country have been accessing capital more successfully than their counterparts elsewhere, the "10,000 Women" team can look more closely to find out why and apply those lessons across the program.

Thus far, the results have been impressive. A recent report from training partners in five countries showed that 18 months after completing the program, 66 percent of graduates had created new jobs, 80 percent had experienced revenue growth, and 70 percent had increased profitability. These results are fairly consistent with the program as a whole.

As the program has evolved, Goldman Sachs has formed partnerships with the public sector and NGOs to increase its reach. In March 2011, Blankfein and Secretary of State Hillary Rodham Clinton announced that "10,000 Women" would tap into the network of U.S. embassies around the world to find promising women in countries where the initiative is not yet operating. The program also partnered with the government of Denmark in December 2011: The Danish government will improve access to capital for entrepreneurs in Tanzania by providing loan guarantees, and "10,000 Women" will identify alumnae from the program to participate. The partnership is likely to expand into Afghanistan and Kenya in 2012. Finally, in a partnership with the Overseas Private Investment Corporation (OPIC) in Liberia, "10,000

Continued

Women" has trained entrepreneurs to help them qualify for capital from OPIC's loan facility.

These partnerships illustrate Goldman Sachs's belief that no single entity can effectively address the issues of the "missing middle" of female entrepreneurs: those that have grown beyond microfinance but may not yet be ready to access traditional forms of capital. By forming public–private partnerships, "10,000 Women" is bringing the strengths of the private sector to this field — and in doing so, it is not just supporting women but creating more stable communities and economies in which to invest.

Saudi Arabia

Index results

Preparation	50.5 (83)
Access-to-work policy	33.4 (123)
Entrepreneurial support	46.9 (78)
Total input score	**43.5 (96)**
Advancement	31.8 (126)
Inclusion	24.0 (128)
Equal pay	42.0 (65)
Total output score	**28.2 (126)**
Third Billion Index score	**34.2 (123)**

Country cluster: "At the Starting Gate"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

Saudi Arabia, with a multitude of cultural and legal restrictions that hinder women's economic activity, is among the most challenging countries in the world for women seeking to advance in the workforce or start their own business. King Abdullah, who ascended the throne in 2005, has indicated his intention to more effectively integrate women into the labor force — a critical issue for a country with a demographic youth bulge and very high rates of unemployment combined with a significant reliance on expatriate labor. But although the country has made notable progress in recent years, much more remains to be done.

Women constitute 57 percent of university graduates in Saudi Arabia,[1] but they are still severely underrepresented in the workforce, with a participation rate among female nationals of just 12 percent in 2008.[2]

Among those women nominally in the labor force, many are not working: The unemployment rate for women is 28 percent, compared with 7 percent for men.[3] The women who are working are primarily employed in the public sector — in 2009, just 6.9 percent of female Saudis in the workforce worked in the private sector.[4] In sum, these numbers indicate that women are not meeting their full potential in contributing to Saudi Arabia's economic growth.

The Saudi government's determination to reduce its dependence on foreign workers and nationalize its workforce has led to measures to attract more women into the workplace. Several national policies — including a five-year plan, Human Resources Development Fund programs, and royal decrees — have been aimed at introducing more women into the labor force. In addition, the country recently took steps to empower female lawyers, who could not argue cases in court prior to reforms. An initial set of reforms allowed women to work on family-law cases, and more recently the government has indicated that they can work on internal affairs cases as well.[5]

Yet a number of issues must still be addressed for women to find more opportunities in the private sector. Women remain heavily concentrated in the fields of education and healthcare, because these were traditionally the only jobs open to them; as a result, these sectors are oversaturated, and recent graduates struggle to find the jobs for which they're qualified. At the same time, there is an acute shortage of qualified female nationals in the areas that are critical to the economy, such as engineering and technology.

Women also face a hurdle in finding private-sector jobs, because Saudi Arabia has strict laws regarding how men and women can interact in the workplace. Until 2005, companies were required to have separate offices and facilities for women; that law has since been updated, yet there is still significant confusion regarding its precise stipulations and enforcement. For example, the law does not provide clear guidelines for how men and women can collaborate in office settings. Shari'a laws have different interpretations, and terms such as "suitable" facilities are highly subjective. Even if these terms were clear, many companies are not aware of the change, and still believe it is illegal for men and women to work together. (Even some government agencies follow the old, outdated law.) In the face of such uncertainty, companies tend to take a safe route to minimize potential risks. A few private-sector companies have started actively recruiting women and are already reaping the benefits: educated, committed, and ambitious female employees and a more engaged, diverse workforce overall. But for the large majority of companies, female talent is a missed opportunity.

Both women in the workforce and female entrepreneurs — a small number as yet, but growing — are inhibited by restrictions on women's mobility, both within Saudi Arabia and abroad. Because women are not permitted to drive, it is difficult for them to get to work; doing so requires either dependence on a male family member or the additional cost of a driver. Women also require permission from a male family member to travel outside the country, which can be restrictive for certain careers that require such travel, or for those women seeking to grow an international business.

Female entrepreneurs in Saudi Arabia are subject to a number of obstacles. For instance, female owners of businesses that serve both men and women are required to have male managers. And some restrictions that have been eased in theory are still in effect in practice: As of 2004, women are no longer required to have a *wakil,* or male guardian, to register their business, yet businesswomen report that some government officials insist that they must.[6] Similarly, in 2008 the Ministry of Commerce and Industry eliminated a long-standing ban on women investing in real estate, contracting, and public services, yet one survey of 264 female entrepreneurs in Saudi Arabia reports that officials at the Ministry of Labor have not yet received the relevant documentation and therefore continue to prevent women from investing in these fields.[7] Women also experience bureaucratic difficulties because they must work through the female sections of relevant ministries, which imposes an additional layer of red tape, and because there are no business licenses available for enterprises common among female entrepreneurs, such as day-care centers and beauty salons.[8]

In terms of access to capital, female entrepreneurs — like their male counterparts — rely heavily on family and friends rather than traditional forms of financing. The previously mentioned survey of female entrepreneurs found that 82.2 percent of registered businesswomen relied on personal savings, and 12.9 percent sought contributions or loans from relatives and friends.[9]

Although Saudi women, both employees and entrepreneurs, are, thanks to extended family networks and cheap domestic labor, less burdened by child-care issues than their peers in other markets, they would still benefit from greater availability of subsidized day care.

Increasing participation and advancement in the workforce

As a rapidly emerging market, Saudi Arabia cannot afford to let half of its population remain idle. A number of measures can boost female participation in the workforce.

In addition to setting female nationalization targets, the government can create incentives for private-sector companies to hire women, and it can create a high-level task force to explore the needs of women in the labor force, with the aim of commissioning research on women's labor issues in order to more effectively frame policy decisions. The public sector can also effect social change by emphasizing — particularly in schools and through the media — the essential value of women's contributions to society and the economy, reinforcing the fact that women can work and lead outside the home without undermining their role in the family. (On a positive note, the Shura Council, the formal advisory body of Saudi Arabia, appointed six women as advisors in 2006; that number has since grown to 12.)

Finally, the Ministry of Labor could coordinate with the Ministry of Education to ensure that young women are being steered into career paths that are critical to growing the national economy. This will require changes in the education system in terms of emphasizing hard skills — in math, science, technology, and foreign languages — as well as soft skills such as writing, teamwork, presentation, and communication.

Companies, too, have a major role to play. They can continue women's education with training and mentorship, which not only contributes to women's success but makes them more engaged in their work. Mentorship is especially important given that few women are visible in senior positions in Saudi Arabia; one-on-one relationships with women who have achieved success offer crucial support to young women, especially at the stage of their careers when they are starting families.

A growing body of research shows that the presence of strong role models — women who have succeeded at high levels in the professional and political spheres — is also especially important for young women. Although a common misperception holds that Saudi Arabia has few female role models, there are a growing number, in all professional spheres. Examples include Lubna Olayan (CEO of the Olayan Financing Company); Hayat Sindi (the cofounder and director of Diagnostics for All, a nonprofit that makes low-cost medical devices for the developing world); Muna AbuSulayman (an influential Arab and Muslim media personality and former founding secretary general of the Alwaleed Bin Talal Foundation); Dr. Haifa Jamal Al-Lail (president of Effat University); Thoraya Obaid (executive director of the United Nations Population Fund and an undersecretary general of the United Nations from 2000 to 2010); and Lama Al Sulaiman (who was elected deputy chairwoman of the Jeddah Chamber of Commerce and Industry in 2009, becoming the first woman to hold such a post in Saudi history).

Companies will also need to focus significantly on retention, making managers' bonuses contingent upon not just hiring but keeping women on their teams. Because it is easy to forget women when they are literally working behind closed doors, companies should consciously and diligently create opportunities for women's progress, participation, and engagement. Men should also receive training on appropriate interaction with women and on fostering a welcoming environment, along with information on the benefits that women offer to the business, such as insight into untapped customer markets.

Finally, companies should devise fair pay packages that take into account women's restrictions in Saudi Arabia. In many companies, compensation packages are based on salary, housing, and transport. Yet some companies do not provide the housing component to women, assuming they live with a male family member. At the same time, companies fail to make up the additional burden that women shoulder in paying for a driver to get to work. Companies should consider providing transportation to female employees or offering compensation to offset the cost.

Boosting entrepreneurship

Saudi Arabia currently lacks a supportive ecosystem for entrepreneurs in general, and for women in particular. There is greater social status in working for a large, well-known company than in starting a business. A Strategy& survey of 175 entrepreneurs in Saudi Arabia found that more than three-quarters of respondents received no encouragement from teachers or mentors to start entrepreneurial ventures.

For female entrepreneurs, the most pressing need is greater insight into available opportunities and resources. This spans a number of areas. First, the Strategy& survey found that 60 percent of the female entrepreneurs who responded were operating in the retail, service, and education sectors. Now that women have the right to invest in high-growth areas such as real estate and construction, they need access to networks and contacts in these areas to begin identifying opportunities and making inroads. Our survey found that only 21 percent of Saudi entrepreneurs were aware of networking associations; of that subset of respondents, only 25 percent had used them. (There are some indications that the network concept is spreading among students. For example, Effat University, a women's college, has an association for business students that meets regularly and connects members with successful businesswomen.) Such associations could make a more dedicated effort to foster relationships with female entrepreneurs and offer advice and encouragement.

Women can find opportunities to expand their business abroad in greater numbers than they do currently: A survey of female entrepreneurs found that only 21.3 percent were engaged in import, export, or both.[10] However, international expansion will require greater mobility for women so they can travel abroad to trade conferences.

Finally, female entrepreneurs need support in transitioning from the informal economy to the formal economy. This requires registration categories for businesses that are often owned by women, such as day-care centers; it also requires support and guidance from banks and government funds to clarify what is necessary to obtain funding. Perhaps most important, women entrepreneurs must have education and training in such areas as accessing market data, drafting a business plan, and hiring and managing employees. Much of this critical information currently depends on word-of-mouth, rather than standardized channels that any woman can access. More dedicated approaches to offering these tools and services will help women increase both the scope and the scale of their business.

Saudi Arabia is at a critical juncture in its development, with an enormous population of young people who have the potential to bring the economy to the next level on the world stage. The large pool of educated women, whose talent remains largely untapped, will be crucial to this evolution.

United Arab Emirates

Index results

Preparation	55.4 (38)
Access-to-work policy	36.2 (117)
Entrepreneurial support	51.6 (55)
Total input score	**48.2 (76)**
Advancement	32.2 (124)
Inclusion	30.4 (119)
Equal pay	42.0 (65)
Total output score	**31.1 (123)**
Third Billion Index score	**38.4 (109)**

Country cluster: "At the Starting Gate"

Note: Scores were statistically adjusted so that 50 is the mean for all countries, with a standard deviation of 10. The numbers inside parentheses indicate rank among the 128 countries analyzed.

Current state and challenges

The UAE's rapid advancement on the world stage in the past decade has been accompanied by a host of public declarations from government leaders about the importance of women in society and the economy — a notable acknowledgment in a part of the world where women's contributions have frequently been marginalized. In 2004, the UAE appointed its first female minister, Sheikha Lubna Al Qasimi. Today, Sheikha Lubna is the minister of foreign trade. However, if the UAE is to continue its recent stratospheric growth, it must take further steps to integrate Emirati women into the economy, and especially into the private-sector workforce.

Any examination of women in the UAE must make a distinction between female nationals and the overall female population. At the end of 2009, expatriates accounted for 81.7 percent of the UAE's total population of about 5 million.[1] As the economy continues to grow more quickly than the local population, this disparity will continue to grow, and some projections indicate that nationals could account for less than 4 percent of the total workforce in 2020.[2] Women make up 30 percent of the total population — the ratio is skewed by a large number of male immigrants[3] — and they had a labor force participation rate of 42 percent in 2008.[4]

In recent years, the government has expressed significant concern about its heavy economic reliance on expatriates, and has developed long-term strategies to nationalize the workforce. Given the UAE's tiny national population and substantial ambitions, this strategy is indeed very long term — and it needs to emphasize the importance of getting all Emiratis, including women, into the workforce. For that reason, we are focusing this analysis exclusively on nationals rather than the overall population in the UAE.

Among the national population, Emirati women accounted for 49.3 percent of all UAE citizens in a 2009 estimation based on the 2005 census, and more than 70 percent of university graduates.[5] Yet the labor force participation rate for female nationals is just 27.5 percent (versus 62.5 percent for national men). Among female nationals who are in the labor force, the unemployment rate is high, even by regional standards. For national women ages 25 to 34, the unemployment rate was 24.2 percent as of 2009 (compared with just 5.5 percent for national men), and for women ages 20 to 24, it was 48.7 percent (versus 12.7 percent for men). In addition, of the national women who were unemployed, more than 55 percent had at least a secondary education (compared with only 9.8 percent for national unemployed men).

Although workforce participation among women has increased in the past decade, women have largely opted to work for the UAE federal government (42.6 percent of the national female labor force) and state governments (35.9 percent) rather than in the private sector (9.3 percent).[6] Emirati men do the same: The private sector creates approximately 800,000 jobs each year in the UAE, yet Emiratis overall currently hold only about 15,000 private-sector jobs.[7] The preference for public-sector work largely reflects the government's shorter working days and higher pay relative to private companies. Nonetheless, Emirati women on average work more hours than men — 56.6 hours per week, compared with 51.6 hours for men.[8] One exception to the public-sector employment trend is the banking sector, which has been targeted by the UAE government as a key area for nationalization strategies, and where Emirati women have seized new opportunities, currently representing 37.5 percent of the workforce.[9]

When the private sector is able to recruit nationals, it struggles to retain them: Up to 10 percent of nationals resign every year from private-sector jobs, due to perceptions regarding low wages, a lack of training and development opportunities, negative stereotypes about Emiratis, and a lack of trust between employers and employees.[10] Again, this applies to both men and women, but such pervasive issues add to the already long list of significant obstacles hindering women's economic advancement.

Emirati women do face some unique constraints relative to their male counterparts. Prior to 2007, UAE women had one of the most generous maternity leave policies in the region; however, that has recently changed. Today, maternity leave is short — just 45 days — covered at 100 percent pay after a year of employment and 50 percent pay for women with shorter tenures.[11] (Worth noting is that the UAE's federal human resources authority is considering amendments to this policy and that the emirate of Sharjah has taken a lead by legislating a maternity leave of 60 days.) Female employees in the private sector have reportedly been asked to take pregnancy tests during the recruiting process, and have been given temporary assignments instead of permanent job contracts if pregnant.[12]

For women who already have children, the UAE's labor laws do not make for family-friendly workplaces; there are no provisions for part-time and flexible work. Moreover, few women hold leadership roles in the private sector, which leaves an ambitious generation of young women lacking role models and sometimes feeling unwelcome in male-dominated environments. And UAE women face cultural barriers to traveling solo, making it difficult or impossible for them to take business trips. In sum, although cultural stereotypes are shifting, they are not shifting rapidly.

In entrepreneurship, Emirati women also face obstacles, but most of them are not related to gender: In a 2007 survey of 110 female entrepreneurs in the UAE, only 8 percent felt that their gender was a disadvantage to running their business.[13] The chance to start a small business can open doors for ambitious, educated young women who want to work but feel that the long hours required for a traditional corporate career path are at odds with their desire to be at home with their family. Women's businesses in the UAE, as in many other countries, are clustered in the service sector, including personal services (such as hair care and tailoring), business services (such as corporate event planning), and retail services.

As yet, however, the entrepreneurial spirit is not common in the UAE. Small and medium-sized enterprises (SMEs) play a relatively small role in the economy, contributing just 30 percent of GDP, compared with 45 percent in the U.S. and 67 percent in the European Union. The support system for entrepreneurs in the UAE is still relatively immature, and entrepreneurs lack a wide range of financing options, guidance, networks, and other forms of support found in entrepreneurial incubators. The same 2007 study of female entrepreneurs found that 45 percent of respondents want financing assistance in the form of special loan funds or loan guarantee schemes, 37 percent believe it costs too much to register a business, and 32 percent would like to see the creation of a special government advisory board for women's business development issues.[14]

Increasing participation and advancement in the workforce

Increasing women's workforce participation must be a joint effort between the public and private sectors. This begins at the high school and university levels, with communication about the types of careers open to women beyond the public sector, and guidance as to the skills and qualifications they will need to effectively compete in those sectors. Young women should be encouraged to develop a combination of technical skills (related to software applications and computers) and soft skills (writing, teamwork, presentation, and communication).

For UAE women already in the workforce, who may have come through the UAE education system during a time when women were mostly pushed toward education and healthcare and thus lacked the preparation necessary for work in the private sector, companies can make up the gap with training. In particular, technical training, interpersonal skills required to deal with the public, and business English can improve the caliber of a company's workforce while generating loyalty among the women who receive these development opportunities.[15]

In addition to formal training, companies should consider a mentorship program that pairs less experienced staffers with more-experienced women. The fact that there are visible women in senior positions in the UAE government, including four current ministers, is very inspiring for young women who plan to enter the public sector. The private sector needs to find equivalent role models.

Mentors would also offer junior women an opportunity to share their concerns and issues. Focused mentoring may help women navigate particularly difficult transitions in their career, such as pregnancy and returning from maternity leave, among others. Although the few women currently in senior positions in UAE companies would need to take on large numbers of mentees to get the program started, finding appropriate mentors will become easier as more women enter the talent pipeline.

Examples of both private- and public-sector role models include Sheikha Lubna Al Qasimi (UAE's minister of foreign trade); Salma Hareb (CEO of Jafza and Economic Zones World); Dr. Amina Al Rustamani (CEO of TECOM Business Parks, the umbrella organization for nine of Dubai's free zones); Fatima Al Jaber (COO of the Al Jaber Group conglomerate); and Raja Easa Al Gurg (president of the Federation of the UAE Chamber of Commerce and Industry Business Women's Committee).

Family-friendly work arrangements — such as flexible hours, telecommuting, the possibility of part-time work, and on-site day care and kindergartens — will go a long way toward attracting women to private-sector work. The government has a role to play in terms of creating these options and regulating them through well-crafted policies. In some cases, simply mandating provisions for women may backfire — for instance, requiring companies with 100 or more female employees to offer day care may simply prompt companies to hire fewer women.

Instead, the government can encourage companies with incentives, and educate them by making a clear business case for a diverse workforce. Because most private-sector companies in the UAE do not currently see the benefits of a more gender-balanced workforce — due, in part, to the fact that there is little in the way of regional diversity research — governments should adopt a gradual process of raising awareness.

Boosting entrepreneurship

Currently, entrepreneurship is not widely prevalent in the UAE. Perhaps this is not surprising in a country that offers a generous social safety net to nationals, who have the world's third-highest gross national income per capita ($59,993).[16] However, entrepreneurship in the UAE has been rising recently. Both men and women are starting more businesses than was the case five years ago, and a recent study by YouGov Siraj and Kipp found that 84 percent of respondents in the UAE (all nationals) are intent on starting their own business.[17] Government should leverage this momentum, potentially by tapping into the emirates' cultural legacy — prior to the oil boom, it was a nation of traders, thanks to its central location in the Gulf.

However, there are a number of resources that female entrepreneurs will need, from both the public and private sectors. One of the most critical is access to capital. In the survey of female entrepreneurs mentioned previously, the most common financing sources were earnings from the business (39 percent), savings (44 percent), credit cards (21 percent), and commercial bank loans (19 percent). Two-thirds of the women did not have active bank credit; of those that did, 57 percent had less than AED 367,000 credit (which was then about US$122,000) and 27 percent had between AED 367,000 and AED 1.8 million (about US$600,000).[18] Female entrepreneurs need information about the types of financing available and support in qualifying for it.

The survey also showed that female entrepreneurs will need other kinds of support and education as well: 79 percent wanted to learn about accessing new markets at home and abroad; 69 percent wanted training on business management, leadership, and financial management; and 65 percent wanted to learn about using technology to grow their business.[19]

There are currently organizations within the UAE that provide such information, such as the Khalifa Fund in Abu Dhabi, the Mohammed Bin Rashid Establishment for Young Business Leaders in Dubai, and the Sharjah Tatweer Forum. But more such organizations are needed. Further, they require better staffing and funding, and they need to be more geographically dispersed throughout the emirates. These organizations would also benefit from developing relationships with their counterparts in the other GCC countries, in order to facilitate access to these markets for entrepreneurs.

Additionally, these organizations could do more to address female entrepreneurs' unique needs. For instance, women tend to be more risk-averse. They typically launch enterprises by themselves and with their own money. The women who do helm large companies have often stepped into that role within existing family businesses. Men, by contrast, are likely to take on partners, seek financing, and attempt to grow into a larger enterprise at once. Education that helps women assess and manage risk could potentially spur the creation and expansion of businesses beyond the micro level. Part of this education should be the idea that failure is a critical part of the creative process and, in fact, is often necessary for eventual success. At present, business failure in the UAE carries a heavy stigma that hinders entrepreneurs' second chances.[20]

Organizations could also seek out female entrepreneurs to hold up as role models. The UAE government frequently highlights female Emirati pilots, doctors, and judges to point out the progress made by women; entrepreneurs should be accorded the same status. Entrepreneurship organizations can also bring in successful women business owners from other countries to let UAE women learn from their challenges and experiences.

With high levels of education and strong support from their government, Emirati women have the opportunity to advance rapidly as both workers and entrepreneurs. But even the most vocal statements of support are not enough without the policy, infrastructure, and culture change to back them up. Women in the UAE need more inclusive workplaces and dedicated entrepreneurial resources to reach their full potential.

Notes

The Third Billion: The future of the global economy

[1] From remarks given at the "Growing Economies through Women's Entrepreneurship" event, OECD, Paris, Oct. 31, 2011.

I. The origin of the index

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