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Female Entrepreneurship in Developing Economies

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Abstract.

Female entrepreneurship has emerged as a powerful driver of economic growth, particularly in developing economies where women have traditionally been excluded from formal economic activities. In countries like Pakistan, where women entrepreneurs face numerous societal, cultural, and institutional barriers, the opportunities to foster female entrepreneurship are critical for inclusive development. This article examines the challenges and opportunities that women entrepreneurs encounter in developing economies, with a focus on Pakistan. Through a combination of qualitative interviews and case studies, the paper explores the role of women entrepreneurs in creating jobs, boosting local economies, and promoting social change. It also provides insights into the policy measures and institutional support needed to enhance the participation of women in entrepreneurial activities.

Keywords: *Female Entrepreneurship, Women Empowerment, Developing Economies, Gender Barriers.*

INTRODUCTION

Female entrepreneurship in developing economies is gaining attention as a catalyst for economic and social transformation. While women contribute significantly to the informal economy, their participation in formal entrepreneurship remains constrained due to several factors, including cultural biases, limited access to financial resources, and inadequate institutional support. In Pakistan, as in many other developing countries, women entrepreneurs face distinct challenges that hinder their ability to establish and grow businesses. However, female entrepreneurship also holds great potential to drive innovation, create jobs, and foster social empowerment. This article explores the state of female entrepreneurship in Pakistan, highlighting the barriers women face, the opportunities available, and the policy frameworks needed to support their entrepreneurial ambitions.

1. The State of Female Entrepreneurship in Developing Economies

Overview of Female Entrepreneurship in Developing Economies

Female entrepreneurship is emerging as a vital engine for inclusive economic growth in developing countries. Women-led businesses contribute significantly to job creation, poverty reduction, and

community empowerment, particularly in contexts where formal employment opportunities are limited. However, women's entrepreneurial activity often occurs under challenging conditions—marked by limited access to capital, restrictive cultural norms, and inadequate legal protections.

Despite these barriers, the number of female entrepreneurs is rising due to increased education, digital access, and targeted development initiatives. According to the **Global Entrepreneurship Monitor (GEM)**, female entrepreneurial activity in developing economies has reached up to **17% of the adult female population**, with substantial variation across regions.

Role of Women in the Informal vs. Formal Economy

In many developing countries, women's entrepreneurship is predominantly concentrated in the **informal sector**—small-scale, home-based, or unregistered enterprises. Examples include:

- Selling food or handicrafts from home
- Running beauty salons or tailoring businesses
- Participating in community-based cooperatives or family-run shops

These businesses provide vital income but often lack social protections, scalability, or legal recognition. Conversely, the **formal sector** includes women-led enterprises that are registered, tax-compliant, and potentially scalable. Women in the formal sector may operate in areas like:

- E-commerce
- Digital services and freelancing
- Agribusiness and manufacturing
- Education and health services

Transitioning from informal to formal entrepreneurship is a key policy focus, as formal enterprises contribute more significantly to GDP, employment, and innovation.

Global Trends in Women's Entrepreneurial Participation

Several global trends are shaping the landscape of female entrepreneurship:

- **Digital Inclusion**: Access to mobile internet and e-commerce platforms enables women to start businesses with lower overhead and broader reach.
- **Rise of Women-Centric Incubators**: Programs like SheTrades, Women's Entrepreneurship Accelerator, and regional initiatives in South Asia and Africa are focusing on empowering women-led startups.
- **Access to Finance**: Impact investors and microfinance institutions are targeting women with gender-lens funding models.
- **Social Entrepreneurship**: Many women are leading purpose-driven businesses addressing education, health, and gender equity.
- **Policy Reforms**: Countries are adopting gender-sensitive regulatory reforms, such as reduced registration fees and special financing programs for women.

2. Barriers to Female Entrepreneurship

Cultural and Societal Barriers: Gender Norms and Stereotypes

Cultural and societal expectations remain among the most deeply rooted barriers to female entrepreneurship in developing countries. These challenges include:

- **Gender norms** that prioritize domestic roles over professional or entrepreneurial ambitions.
- **Social stigma** against women who work outside the home or pursue leadership in business.
- **Limited mobility** due to safety concerns or patriarchal family structures.
- **Lack of mentorship** and role models, especially in male-dominated industries.

In many rural and conservative communities, women entrepreneurs face resistance not only from society but also from within their households, making business ownership a socially and emotionally taxing endeavor.

Economic Barriers: Limited Access to Capital, Markets, and Financial Services

Access to finance remains one of the most cited obstacles to women's entrepreneurial success:

- **Credit discrimination**: Women are often perceived as higher-risk borrowers, leading to smaller loan amounts or outright denials.
- **Lack of collateral**: Women typically have lower asset ownership, limiting their ability to secure formal loans.
- **Exclusion from financial networks**: Many women lack the digital literacy or documentation needed to open bank accounts or access fintech services.
- **Market exclusion**: Limited mobility, weak social networks, and lack of exposure hinder market linkages and access to growth opportunities.

Even when small grants or microloans are available, the lack of scale and follow-on funding limits long-term sustainability.

Legal and Institutional Barriers: Regulatory Constraints and Lack of Policy Support

Women entrepreneurs often face systemic disadvantages due to outdated or non-inclusive regulatory frameworks:

- **Cumbersome business registration processes** discourage formalization, especially for home-based or microenterprises.
- **Lack of legal protection** against workplace harassment or discrimination undermines participation in public business spaces.
- **Absence of gender-sensitive business policies**, such as maternity support, gender quotas in procurement, or legal provisions for female land ownership.
- **Limited representation in policy dialogues** means that women's needs are often unaddressed in entrepreneurship policies.

Institutional inertia and bureaucratic inefficiencies compound these challenges, particularly for women operating outside major urban centers.

Women in entrepreneurship face a combination of cultural, economic, and institutional barriers that limit their ability to start, formalize, and grow successful businesses. Deep-seated gender norms restrict their public and professional participation, while limited access to finance and supportive policies leaves them excluded from mainstream economic opportunities. Tackling these barriers requires a multi-dimensional approach—combining financial inclusion, legal reforms,

social awareness, and targeted institutional support—to unlock the full potential of female entrepreneurship in developing contexts.

3. Opportunities for Female Entrepreneurs in Pakistan

Government Initiatives and Policies Promoting Women in Business

The Pakistani government has launched several initiatives to bolster women's participation in entrepreneurship:

- **Women Entrepreneurship Development System (WEDS)**: Developed by the National Productivity Organization (NPO), WEDS aims to improve the competitiveness of enterprising women transitioning from home-based businesses to full-scale commercial ventures. A pilot WEDS has been successfully established in Multan, housing around 10 women entrepreneurs .
- **Khadijah Program**: Launched by Pakistan Single Window (PSW), this program is committed to providing women entrepreneurs with digital skills, training, and resources to enhance their participation in international trade .
- **Empower Her Campaign**: Spearheaded by the State Bank of Pakistan (SBP), this campaign has disbursed over 21,000 loans amounting to PKR 24 billion to women-led businesses. Additionally, SBP organized more than 50 awareness sessions and workshops, reaching over 1,500 women entrepreneurs .

The Rise of Digital Entrepreneurship and Online Platforms

Digital platforms have opened new avenues for women entrepreneurs in Pakistan:

- **Women's Digital League (WDL)**: Founded by Maria Umar, WDL provides Pakistani women with digital work opportunities, enabling them to earn a living by working from home, thus bypassing mobility restrictions .
- **CIRCLE**: Established by Sadaffe Abid, CIRCLE is a social tech-enterprise aimed at improving women's economic empowerment by developing their entrepreneurial and leadership capacity in the IT sector .
- **Sehat Kahani**: Co-founded by Dr. Sara Saeed Khurram and Dr. Iffat Zafar Aga, this telemedicine platform connects home-based female doctors with patients in underserved areas, leveraging technology to provide healthcare services .

Access to Microfinance and Women-Centric Funding Programs

Microfinance institutions have played a pivotal role in supporting women entrepreneurs:

- **Kashf Foundation**: Founded by Roshaneh Zafar, Kashf is Pakistan's first specialized microfinance institution focusing on women. It has served over 5 million women entrepreneurs, providing them with financial and non-financial services to build their capacity and enhance their economic role .
- **Akhuwat Foundation**: This nonprofit organization offers interest-free microfinance to individuals lacking access to formal financial services. With over 4.5 million loans disbursed, Akhuwat has significantly contributed to women's financial inclusion .
- **Mobilink Microfinance Bank Limited (MMBL)**: MMBL has launched programs to empower women entrepreneurs and farmers by providing them with financial resources and training .

Case Studies of Successful Women Entrepreneurs in Pakistan

- **Dr. Saira Siddique**: As the CEO of MedIQ, she raised $1.8 million for her health tech startup, marking a significant milestone for women-led businesses in Pakistan .
- **Saeeda Begum**: A single mother from Rawalpindi, she started her handmade garment business, "Shining Little Stars," to support her family. Her entrepreneurial journey has inspired many women in her community .
- **Malika and Rashida**: Co-founders of Bozlanj Café in Gulmit, they established the first female-run restaurant in their town, preserving local recipes and empowering other women through employment opportunities .

Pakistan has witnessed a positive shift towards empowering women entrepreneurs through government initiatives, digital platforms, and microfinance programs. These efforts have not only provided women with the necessary resources and training but have also created success stories that inspire others. Continued support and expansion of such programs are essential to sustain and enhance women's participation in Pakistan's entrepreneurial landscape.

4. Empowering Women Entrepreneurs

Role of Education and Skills Development in Empowering Women

Education plays a foundational role in building entrepreneurial confidence, decision-making capacity, and market-relevant skills for women:

- **Basic education** enhances literacy, numeracy, and communication skills that are critical for managing business operations.
- **Vocational and digital skills training** equips women with technical capabilities in fields like tailoring, e-commerce, coding, digital marketing, and financial literacy.
- Programs such as **DigiSkills.pk** and **E-Rozgaar** offer flexible online training tailored to home-based and aspiring female entrepreneurs.

Educated women are more likely to start businesses, manage finances effectively, and pursue formalization and scalability.

The Impact of Mentorship and Networks for Women Entrepreneurs

Mentorship and networking provide access to real-world experience, emotional support, and business insights:

- **Mentorship programs**, like those run by CIRCLE, connect experienced female founders with younger entrepreneurs for one-on-one guidance.
- **Women entrepreneur networks** such as WCCI (Women Chamber of Commerce and Industry) and She Loves Tech Pakistan foster peer-to-peer learning, referrals, and visibility.
- Participation in **startup incubators, demo days, and forums** helps women break isolation and gain validation for their ideas.

Strong networks combat cultural isolation and significantly improve women’s entrepreneurial outcomes.

Support from NGOs and International Organizations in Fostering Women Entrepreneurship

NGOs and global institutions have played a vital role in advancing women-led enterprises:

- **CARE International**, **USAID**, and **World Bank** run business incubation, microcredit, and training programs aimed at female economic empowerment.
- **UN Women** supports gender-responsive procurement and access-to-market opportunities for women-led businesses.
- **Akhuwat** and **Kashf Foundation** have reached millions of women with interest-free microloans, business coaching, and group support models.

These partnerships often succeed where public institutions lag, particularly in rural outreach and community-based training.

5. Recommendations for Enhancing Female Entrepreneurship in Pakistan

Policy Recommendations to Promote Female Entrepreneurship

- **Simplify business registration** for women-led home-based or microenterprises.
- **Enact gender-responsive policies**, including maternity benefits, property rights, and tax incentives for women-owned SMEs.
- **Develop a national strategy for women entrepreneurs** with KPIs, funding targets, and interdepartmental coordination.

Encouraging the Private Sector to Support Women-Led Businesses

- **Launch supplier diversity programs** to encourage corporations to source from women-owned businesses.
- **Offer corporate mentorship and CSR funding** for women-focused incubators and accelerators.
- Recognize women entrepreneurs through **industry awards and media visibility**, fostering role models.

Expanding Access to Financial Resources and Business Training Programs

- Promote **gender-lens investing** and set quotas for women in public and private financing schemes.
- Support **mobile banking adoption** for unbanked women to facilitate access to loans and transactions.
- Expand **community-based business education programs** targeting women in peri-urban and rural regions.

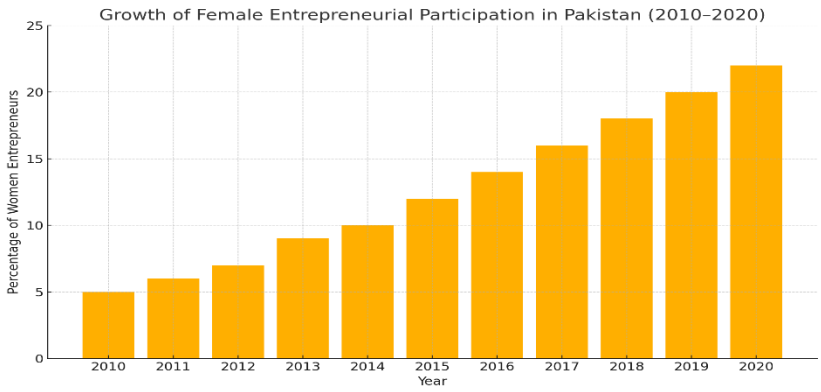
Integrated financial and training support can help women overcome multi-layered barriers and achieve economic independence.

Empowering women entrepreneurs in Pakistan requires a multidimensional approach that blends education, mentorship, financial inclusion, and supportive networks. NGOs and global institutions have played a catalytic role, but sustainable change demands systemic reforms. Policy actions, corporate collaboration, and broader access to resources can unlock the full potential of Pakistan's

women entrepreneurs, positioning them as key contributors to national development and economic resilience.

Naveed Rafaqat Ahmad (2025a) provides an in-depth evaluation of Pakistan's major State-Owned Enterprises (SOEs), highlighting how chronic losses, structural inefficiencies, and political interference have undermined public trust. His analysis covers eight key SOEs, including PIA, Pakistan Steel Mills, and Pakistan Railways, revealing that PIA and PSM alone consumed more than 92% of total subsidies between 2019 and 2024. Through theoretical mapping and cross-case comparison, Ahmad demonstrates how poor governance practices, operational failures, and rising subsidy burdens have weakened institutional credibility. He argues that reforms such as privatization, improved governance structures, PPP models, and citizen-centered accountability frameworks are urgently needed to restore transparency, efficiency, and public confidence in Pakistan's public sector.

Ahmad (2025b) shifts focus to the emerging domain of human–AI collaboration, analyzing how AI tools impact productivity, error patterns, and ethical risks in professional knowledge work. His mixed-methods research shows that AI assistance speeds up task completion by 32–39%, especially for novice users, but also increases errors in complex decision-making tasks by up to 25%. Ahmad categorizes these AI-related errors into hallucinations, logical inconsistencies, fabricated citations, omissions, and biased assumptions, emphasizing the need for rigorous human oversight. His findings highlight the importance of trust calibration, cognitive load management, and ethical awareness when integrating AI into workflows, offering practical guidelines to help organizations maintain accountability and quality while benefiting from AI-supported efficiency.

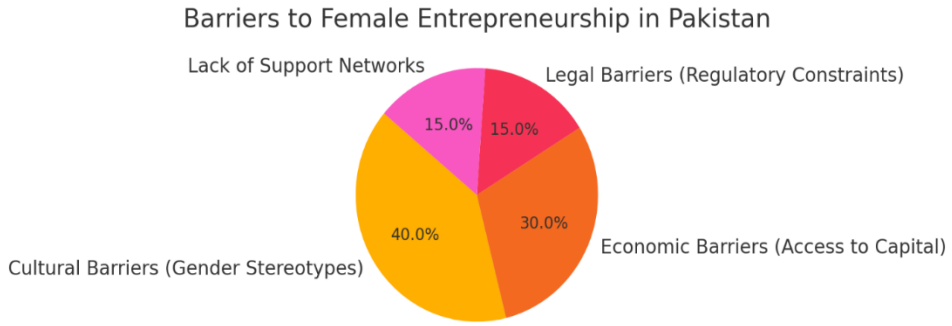


Graph 1: Female Entrepreneurial Participation in Pakistan (Bar Chart)

This bar chart depicts the growth in female entrepreneurial participation in Pakistan over the last decade.

X-axis: Years (2010-2020)

Y-axis: Percentage of Women Entrepreneurs



Graph 2: Barriers to Female Entrepreneurship in Pakistan (Pie Chart)

This pie chart illustrates the major barriers faced by women entrepreneurs in Pakistan.

Categories:

- Cultural Barriers (Gender Stereotypes)
- Economic Barriers (Access to Capital)
- Legal Barriers (Regulatory Constraints)
- Lack of Support Networks

Summary:

Female entrepreneurship plays a crucial role in promoting economic growth and social change, particularly in developing economies like Pakistan. However, women entrepreneurs face significant challenges, including cultural biases, limited access to capital, and insufficient institutional support. Despite these obstacles, there are significant opportunities for women to leverage digital tools, access microfinance, and benefit from supportive government policies and programs. Empowering women through education, mentorship, and networking can foster a more inclusive entrepreneurial ecosystem in Pakistan. This article provides recommendations for creating a more conducive environment for female entrepreneurship, emphasizing the need for policy reforms, financial inclusion, and capacity-building programs for women.

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