

Why it's not as bad as it seems for women entrepreneurs

Nina Curley, August 14, 2013

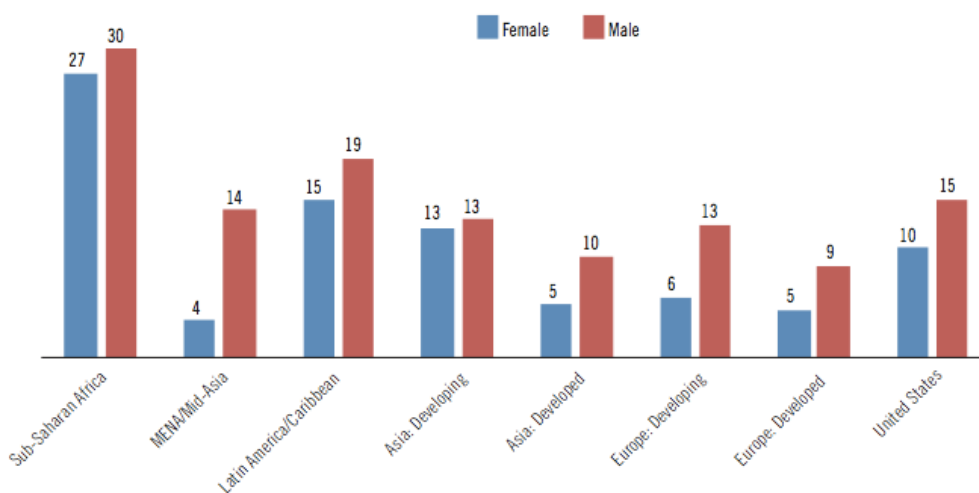
“Lack of Confidence, Fear of Failure Hold Women Back From Being Entrepreneurs,” Entrepreneur magazine recently wrote.

This was a great example of a news outlet generating a sensational title; the Global Entrepreneurship Monitor 2012 Women’s Report, which it's summarizing, never draws conclusions about whether fear of failure actually holds women back. And with its limited data, it’s difficult to conclude much.

If you were to sit down and skim the report, you'd get a depressing image of women in entrepreneurship, especially in the Arab world and broader Middle East.

Women in the Middle East and Mid-Asia region, it says,

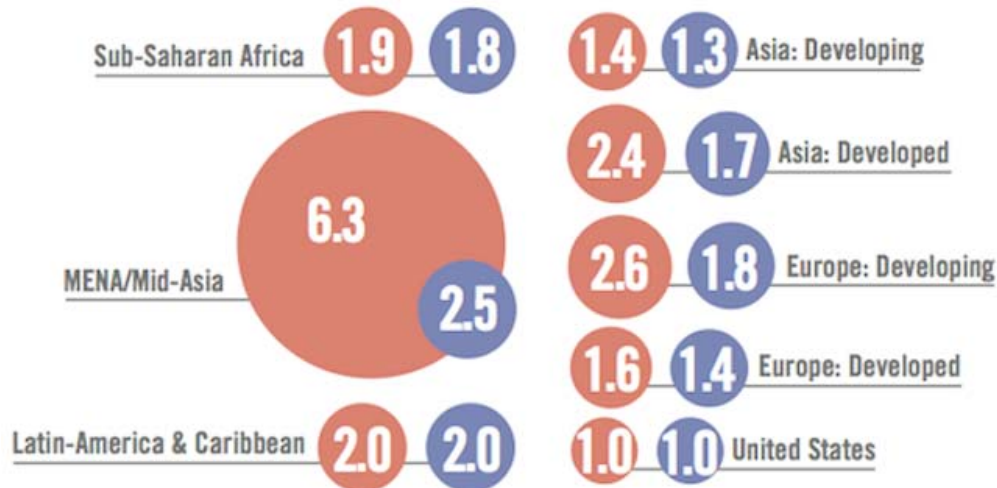
- have the lowest rates of “Total Entrepreneurial Activity,” at 4% of the population. (The highest rates, globally, are in sub-Saharan Africa, at 27%). (Click image for larger version).



- show the greatest disparity in their perceptions of opportunity in entrepreneurship relative to men. In other words, less women than men think that founding a company is a promising idea, and that gap is greater than in any other region.
- show some of the highest rates of starting a business out of necessity, on par with sub-Saharan Africa, at 36%.

In what might be the report’s most interesting statistic, it also reveals that:

Women in the Middle East have some of highest rates of intention to start a business relative to those already in business. For every woman running a business, six women intend to start a company, but for every male entrepreneur, only two and a half people intend to do so. That's the greatest gender gap by region worldwide.



Ratio of Intentions to Total Entrepreneurial Activity (red is female, blue is male)

The report's writers conclude that this is a bad thing, saying: "Women [in the Middle East/mid-Asia] appear to have trouble converting their intentions into actual starts."

Without more statistics to disambiguate the data, I'd have to disagree. Another conclusion is that **intentions to launch a business may have risen more swiftly recently in the Middle East than in any other region.**

On several other counts, the report finds, Women in the Middle East/mid-Asia region are not outliers. They don't stand out when it comes to fear of failure or innovation level, and women entrepreneurs tend to be evenly distributed across social classes.

Overall, the report finds, women tend to launch businesses in the consumer services sector, women are less likely than men to know another entrepreneur, and they tend to be slightly more prone to launching businesses with a single founder.

So before we leap to conclusions about women in the Middle East having a tough time of it, **here's why it's difficult to make sense of what this data really means:**

1) **There are no tests demonstrating whether these differences are significant.** Running statistical tests to determine significance is a basic element of science that's absent here. It may not be evident in many reports of this type, but it's necessary for discussing the scale of these differences. Without an assessment of significance, this data can only be discussed as discrepancies in averages.

2) The definition of the Middle East/mid-Asia region includes only these countries: Algeria, Egypt, Iran, Pakistan, Palestine, and Tunisia. **That's by no means fully representative.**

So it's easy to leap to conclusions. That entrepreneurs across the broader Middle East (forgoing Jordan, Lebanon, and the UAE) are less active in entrepreneurship on the whole than the rest of the planet. Or that we, as women, see less opportunity in starting a business

than men do or are more afraid of failure.

But it would be remiss to say that those differences represent innate psychological barriers. When more women report a fear of failure, it could simply be that on the whole, they are making a value assessment about evident challenges in the surrounding environment.

And then, in the Middle East, having the stubbornness to intend to start a business anyway.