WOMEN ENTREPRENEURS
FINANCE INITIATIVE

What does research say about how to improve the enabling environment for women-led businesses?

WHAT IS THE WE-FI EVIDENCE PAPER?

This snapshot is part of a series which highlights select research findings and evidence gaps from the We-Fi Evidence Paper: Supporting Women Entrepreneurs in Developing Countries: What Works. It reviews existing evidence on what works and what doesn't in supporting women-owned and led SMEs (WSMEs) in developing countries and maps this evidence along four We-Fi focus areas: Access to finance, access to skills and networks, access to markets and technology, and the enabling environment.

The review also identifies evidence gaps and highlights research opportunities for each focus area. The paper's main contribution is a conceptual and comprehensive mapping of the literature, classifying the strength and direction of evidence across various interventions. It provides a dynamic view of how the literature is evolving, highlights where evidence gaps remain, and is intended as a resource for both researchers and policymakers/practitioners.

For access to the continuously updated searchable database of publications based on the We-Fi evidence paper, click here.

WHAT ARE THE CHALLENGES WSMEs FACE IN THE ENTREPRENEURIAL ECOSYSTEM?

Legal and regulatory constraints disproportionately disadvantage women entrepreneurs. For example, in many countries in the developing world, women do not have equal rights to travel outside the home, register a business, sign a contract, open a bank account, own property, or prove their identity. Findings across numerous studies and geographic contexts suggest that social norms often constrain women entrepreneurs' access to resources and limit their ability to start and grow businesses, particularly in male-dominated industries. In addition, unpaid care responsibilities and exposure to gender-based violence can further restrict women's time, mobility, decision-making power, and business opportunities.

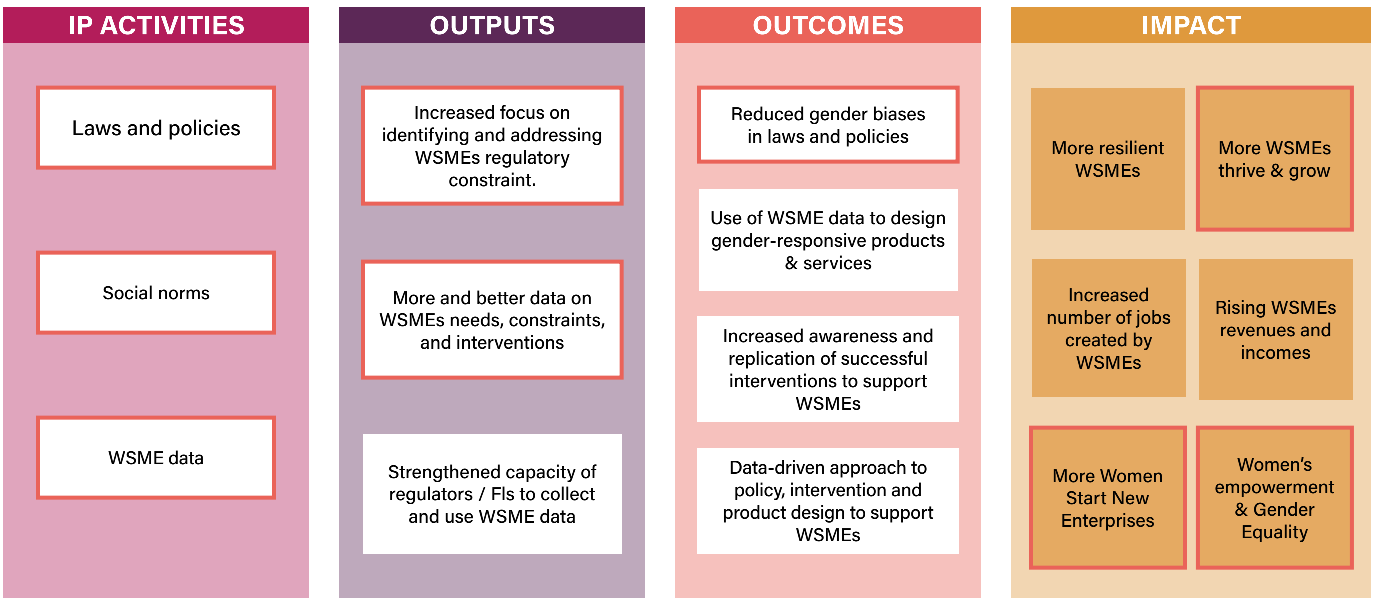
- Globally, women have, on average, only 67 percent of the legal rights that men do, and only 4 percent of women live in countries with close to full legal equality.[1]
- Over a quarter (26.1 percent) of women entrepreneurs from low and middle-income countries report they are not taken seriously or they are not seen as good entrepreneurs because they are women.[2]
- Women business owners who need to bring their children to their workplaces experience a 48 percent lower profitability, contributing to the overall gender gap in business performance.[3]

Attribution: Siegrist, Felicia. 2026. "What does research say about how to improve the enabling environment for women-led businesses?" Women Entrepreneurs Finance Initiative, World Bank, Washington, DC.

HOW CAN THIS BE CHANGED?

Addressing the complex challenges faced by WSMEs requires multi-dimensional approaches, innovative instruments, and a cross section of stakeholders. This snapshot focuses on the 'Enabling Environment' component of We-Fi's Theory of Change. It lays out how different activities (e.g., regarding laws and policies, social norms, or WSME data) are intended to stimulate short-term outputs (e.g., reviewed laws and regulations, more WSMEs in male-dominated sectors, more time women can spend on their businesses), medium-term outcomes (e.g., improved business performance, reduced gender biases in laws and policies) and long-term changes (e.g., women's business creation, job growth, and women's economic empowerment).

WE-FI'S ACCESS TO MARKETS THEORY OF CHANGE:



Snapshot Focus

WHERE IS EVIDENCE STRONGEST?

Interventions	**Outcomes**	
Enabling Environment	***Data-Driven approach***	***Business Creation***
Laws and policies	–	◆
Social norms	–	◆ → ◆
WSME data	◆	–

A scale based on the number and quality of studies was used to classify the strength of evidence for specific interventions as strong (green), emerging (yellow), or limited (red)[4]. Most evidence on the enabling environment focuses on laws and policies, where the evidence base is relatively strong. Evidence on the role of social norms is also emerging, although further research is needed to better establish causal relationships. Two dots and an arrow indicate a change in the evidence rating between the 2022 review and the 2025 review. Recent literature shows a growing focus on digital approaches, particularly digital training.

WHAT ARE SOME RESEARCH FINDINGS AND IDENTIFIED EVIDENCE GAPS?

The following highlights preliminary research findings on the enabling environment and outlines persistent evidence gaps where more research is needed. While this is not a full overview of all findings and available studies mentioned in the evidence paper, it aims to provide a useful framing of insights.

LAWS AND POLICIES

Do reduced gender biases in laws and policies correlate with higher women's entrepreneurship and lead to a better enabling environment (increased access to financing, skills, and markets)?

A study based on World Bank Enterprise Surveys Data by Islam et al. (2017) found that discriminatory laws not only discourage **women's labor participation**, but also their likelihood to become top managers and owners of firms. Moreover, Hyland and Islam (2021) found that discriminatory laws increased the likelihood that women-owned firms begin operations in the informal sector. Data from the World Bank's Women, Business and the Law (WBL) covering 190 countries show that legal reforms are positively associated with outcomes in women's employment. Sever (2022) demonstrates that removing legal barriers to gender equality significantly improves women's labor force participation without negatively affecting men's, leading to long-term, inclusive economic growth. Behr and Cheney (2025) highlighted key drivers of legal and policy reform and showed how Sierra Leone made significant progress in advancing women's entrepreneurship through a combination of government action and grassroots efforts.

When it comes to the question of how discriminatory laws impact women's **access to finance**, Perrin and Hyland (2023) found a significant positive correlation between legal gender equality and women's access to financial services. A study by Becerra-Ornelas et al. (2024) in Mexico explored the impacts of a regulatory reform on women's financial inclusion. The results show that a regulatory reform reducing the loan-loss provisions required for loans granted to women led to an increase in the share of personal loans directed to women, while also improving credit conditions by lowering interest rates and increasing loan amounts.

Anukriti et al. (2023) found that the enactment of **childcare laws** is associated with an average 2 percentage point increase in women's labor force participation, with the effect growing over time to 4 percentage points within five years of implementation. Similarly, Rutigliano (2025) showed that childbirth significantly reduces women's business creation and startup performance in Canada. However, access to childcare, supportive policies, and more progressive social norms can help mitigate these impacts and support women's long-term entrepreneurial success.

EVIDENCE GAP #1: IMPACT OF LEGAL AND REGULATORY REFORMS

While the evidence base on gender-equal laws and policies has grown significantly, important gaps remain in understanding which legal and regulatory reforms matter most for women entrepreneurs and through which channels they influence business outcomes. More research is needed to establish the causal impacts of reforms on women's access to finance, markets, skills, business growth, sector choice, and investment decisions. In addition, limited evidence exists on the drivers of successful legal reforms, which are often shaped by country-specific political, social, and institutional dynamics. Better understanding these factors could help inform more effective and context-responsive policy design.

SOCIAL NORMS

How can restrictive social norms be addressed to increase women's entrepreneurship and promote a better enabling environment for women entrepreneurs (increased access to financing, skills, and markets)?

Bento et al. (2023) developed a quantitative framework demonstrating that social norms are a key driver of gender differences in **entrepreneurship** and time use, with significant implications for women's welfare, firm size, and worker productivity across countries. Looking at **female labor force participation**, Goldstein et al. (2024) showed that more equitable social norms led to higher female workforce participation, greater male involvement in household chores, and more shared decision-making in couples.

Several studies show how social norms can limit women entrepreneurs' **access to opportunities and resources**, including finance, technology, skills programs, markets, and networks. For example, Görg and Jäkel (2024), using data on Danish startups and trade behavior, found that gender inequality and biases in partner countries significantly contributed to gender gaps in export and import activity. Similarly, a global review of randomized controlled trials and quasi-experiments in low- and middle-income countries by Chang et al. (2020) found social norms often reduce the effectiveness of interventions. Access to finance alone does not consistently improve outcomes when household dynamics and gender norms remain unaddressed, whereas interventions that increase women's control over resources tend to be more effective.

Interventions focused on information, social networks and role models may directly influence social norms. For example, Barsoum et al. (2022) found that a TV show in Egypt portraying women participants in an entrepreneurship competition significantly improved perceptions of women's entrepreneurial capacities, particularly reducing gender-biased beliefs among male viewers. There is also emerging evidence that social norms related to care and domestic responsibilities can shape the effectiveness of interventions aimed at improving women's economic participation. A review of nine randomized evaluations of childcare interventions across eight low- and middle-income countries by Gulesci and Jayachandran (2023) found that access to childcare can improve women's employment and business outcomes. However, the effects are often limited in contexts where restrictive social norms continue to constrain women's ability to work outside the home or engage in entrepreneurial activities.

EVIDENCE GAP #2: SOCIAL NORMS IN DIFFERENT ENTREPRENEURIAL CONTEXTS AND SECTORS

More research is needed to better measure the causal and quantifiable effects of restrictive social norms on women's entrepreneurship outcomes, including business creation, participation in male-dominated and green sectors, access to finance and markets, and firm performance. In particular, there is still insufficient understanding of how social norms influence women's entrepreneurial aspirations, sector choices, risk-taking behavior, mobility, and ability to scale businesses over time.

In addition, limited evidence exists on which approaches are most effective in shifting restrictive social norms. Further research is needed on the role of entrepreneurship training, role models, media and social media campaigns, and approaches that engage men, families, and communities. More evidence is also needed to understand who should be targeted to drive sustainable norm change, including women, men, parents, children, households, and broader communities, and how these interventions can lead to lasting improvements in women's economic participation and entrepreneurial success.

SEX-DISAGGREGATED DATA

Does the collection and use of sex-disaggregated data by governments and financial intermediaries lead to a more data-driven approach to policy, intervention, and product design to support WSMEs?

High-quality sex-disaggregated data is essential for policymakers and financial institutions to identify gender gaps and design effective, evidence-based policies, programs, and financial services that better support women entrepreneurs (Bonfert et al. 2023).

There is a limited but growing number of examples of how sex-disaggregated data has been used to develop new products, programs, or policies for WSMEs and increase financing going to WSMEs. In countries such as Bangladesh, Senegal, Tanzania, or Mozambique, governments and central banks have used such data to design targeted financial inclusion strategies, introduce collateral-free lending for women entrepreneurs, establish dedicated support services, set gender-specific financial inclusion targets, and address barriers such as limited access to credit and financial services for women (Alliance for Financial Inclusion 2023).

A number of efforts are underway to improve the collection and use of sex-disaggregated data. The WE Finance Code is a global multi-stakeholder initiative to promote the collection and use of sex-disaggregated SME finance data, increase financing for women-led businesses, and strengthen institutional leadership on women's financial inclusion.

EVIDENCE GAP #3: THE COLLECTION AND USE OF SEX-DISAGGREGATED DATA

The lack of sex-disaggregated data remains a significant barrier to understanding what works, for whom, and why in supporting WSMEs. To date, the uptake of collecting and using sex-disaggregated data among financial institutions, governments, and corporates remains limited. More evidence is needed to understand what enables better data collection and how such data can help improve the broader enabling environment for women entrepreneurs, including policies and laws, social norms, care responsibilities, and gender-based violence.

While there is a growing number of examples demonstrating how sex-disaggregated data has informed the development of financial products, policies, and programs for WSMEs, important evidence gaps remain. Better and more widely available data could also support more targeted research on the effectiveness of different interventions across various segments of women-owned and women-led enterprises.

For more detailed information and other evidence of We-Fi's core focus areas refer to ***We-Fi's Evidence Paper***.

For access to the ***searchable database of publications*** used in the evidence paper and this snapshot, click here.

[1] Women, Business, and the Law. 2026. "Benchmarking Laws for Jobs and Inclusive Growth." World Bank, Washington, DC.

[2] Cherie Blair Foundation. 2023. "Resilience & Determination in the Face of Global Challenges: Annual Audit 2022". Technical Report, Cherie Blair Foundation, London.

[3] Delecourt and Fitzpatrick. 2021. "Childcare Matters: Female Business Owners and the Baby-Profit Gap." Management Science 67(7): 3985-4642.

[4] 189 studies were included in the full review, 55 of which focused on access to skills and networks. This includes experimental studies, quasi-experimental, as well as non-experimental studies like systematic reviews or correlational studies. For details on the methodology, please see Annex 3.