

# Women Entrepreneurship in Iran, Pakistan, and Turkey, Based on GEM Data



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**Abstract** Iran, Pakistan, and Turkey are the founding members of the Economic Cooperation Organization (ECO), established in 1985, to promote economic, technical, and cultural cooperation among the member states. The three countries share borders and have marked similarities in numerous cultural, religious, and traditional values. With a combined population of over 320 million and economies ranging from factor-driven to efficiency-driven, countries of Iran, Pakistan and Turkey, comprise more than half of the MENA region population. This project envisages a comparative study of women entrepreneurship in Iran, Pakistan, and Turkey using qualitative as well as quantitative approaches. Women entrepreneurship in these countries are studied from both domestic and international perspectives.

**Keywords** ECO · Entrepreneurship · Women entrepreneurship · Factor-driven · Efficiency-driven · MENA

Since the establishment of Global Entrepreneurship Monitor (GEM) in 1999, a cross-country harmonized survey has been conducted by this international organization to measure, uncover, and describe entrepreneurial activity in different

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countries and regions with diverse levels of economic development. GEM survey studies different phases of entrepreneurial activity starting from the intention to start a business, to starting and establishing a venture, and to business discontinuance. Total early-stage Entrepreneurial Activity Rate (TEA) is a key indicator for comparing entrepreneurship among GEM member countries. TEA is the percentage of new entrepreneurs (including nascent and new entrepreneurs) who have started or engaged in a business for less than 42 months. Men and women's participation in entrepreneurial activity varies across the countries and regions. In general, women follow the same track of men in TEA, but at a lower rate. Established Business Ownership measures the percentage of the sustainable entrepreneur (aged 18–64) who have successfully run business for more than 42 months.

According to the GEM Women Report (2012), the highest regional female TEA levels can be seen in Sub-Saharan Africa, where 27% of the female population on average are involved in entrepreneurship. The lowest observed average TEA level for women (4%) is in the MENA/Mid-Asia region. Women in seven countries of Ecuador, Ghana, Mexico, Nigeria, Panama, Thailand, and Uganda exhibit equal or slightly higher levels of entrepreneurship than men. The gender gap in TEA rates also varies across the globe. In the MENA/Mid-Asia region, men TEA rates are four times higher than their female counterparts, while the greatest gender parity in TEA rates is observed in Sub-Saharan Africa and developing Asia. It is hard to generalize about the level of development and the TEA level gender gap, because the economies with different levels of development that are located in various regions such as Brazil, Indonesia, Philippines, Thailand, Russia and Switzerland show similar rate of entrepreneurship for men and women (GEM 2013 executive Report). The GEM Survey shows that over time, the gender gap between entrepreneurs increased in some countries and decreased in others (Kelley et al. 2011).

We use the GEM data 2012 to study and compare female entrepreneurship in the three economies of Iran, Pakistan and Turkey. In 2012, more than 198,000 adults (18–64 years) from 69 countries participated in the GEM survey. These member countries represented an estimated 74% of the world's population and 87% of the world's GDP (Xavier et al. 2013). The sample size of Iran, Turkey, and Pakistan in 2012 was 3178, 2401, and 2000 respectively. The interview procedure was fixed line in Turkey, and it was face to face in Iran and Pakistan. We study the GEM entrepreneurial perception indicators to demonstrate the attitude of both women and men towards starting a new business in Iran, Pakistan and Turkey. This data shows the potential Entrepreneurs who may become entrepreneurs in future. We also investigate the cycle of entrepreneurial activity including the TEA rates, Established Business Ownership, and business discontinuance. The rate of business discontinuance measures the percentage of Adult Population who have closed their business in the last 12 months.

## 1 Entrepreneurial Attitudes and Perceptions

Entrepreneurial attitudes and perceptions demonstrate how entrepreneurship is popular and appreciated in general, and in terms of individual's self-perception. Not all people have the courage and ability to start a business. The intention to start a venture originates from the person's self-image on her/his ability to start a venture, and to recognize a business opportunity. It is very important to recognize and measure the attitude of individuals toward entrepreneurship and find ways to encourage and inspire women to be entrepreneurs. Table 1 displays the entrepreneurial perceptions for women and men in Iran, Pakistan, and Turkey. The Table shows that in the three economies men are more likely than women to see good opportunities, have stronger self-esteem about their capability to start a business, and have higher intention for starting a venture in the next three years. While on average in all regions fear of failure is higher among women compared to men, this is not the case in Pakistan where 25% of Pakistani women who see opportunities have fear of failure, whereas this rate is 35% for Pakistani men.

GEM measures the perceptions, intentions and social attitudes of adults in the Adult Population Survey across the member countries. Table 1 shows that Pakistani men display higher perceptions about entrepreneurial opportunities in Pakistan than entrepreneurs in Iran and Turkey, regardless of gender.

Turkish men have a stronger belief that they have the ability to start a business compared to the individuals in Pakistan and Iran. It is interesting that the women in Pakistan display the lowest rate in Fear of Failure among the compared economies, regardless of gender. Men in all three economies display higher perceptions about entrepreneurial opportunities and perceived capabilities than their female counterparts in their economies.

Some studies discuss the possibility of unrealistic self-image and over confidence in the skills and abilities among the individuals who have low rate of fear of failure. On average, fear of failure increases as the economies move to a higher level of economic development, e.g., from Factor-driven to Efficiency-driven to Innovation-driven economies (2014 Amorós, Bosma). According to GEM Women's Report, the lowest perceived fear of failure (between 15% and 18%) is observed in Malawi, Zambia, Uganda and Ghana in Sub-Saharan Africa and Trinidad and Tobago, Panama, and Barbados in Latin America/Caribbean (Kelley et al. 2013). Table 1 also shows that women in the three comparator economies have the same rate of identifying good opportunities, whereas Iranian women are more likely to believe that they have the ability to start a business, show more intention to start an enterprise in the next 3 years, and demonstrate a higher rate in fear of failure. According to Table 1, men are more likely to know an entrepreneur than women in all comparator economies. This may show stronger networking among men compared to women. Among women entrepreneurs in comparator economies, Iranian women are more likely to know an entrepreneur than Turkish women entrepreneurs and Pakistani women entrepreneurs.

## 2 Key Entrepreneurial Activity and Profile Indicators

Entrepreneurship is a process beginning with entrepreneurial perception followed by starting and establishing a business which sometimes may lead to a business discontinuance. Men are more likely to be engaged in TEA activity than women in the three countries of Iran, Pakistan and Turkey. While TEA level among Pakistani women is lower than the comparator economies, the gender gap in the TEA rate is also more significant in Pakistan. Table 1 shows that the differences between women and men early-stage entrepreneurship is 20 percentage points in Pakistan versus that of the 10 percentage points in Iran and Turkey.

An established business is where the owner/manager has operated the business, and has been paying wages and salaries or any other payment for more than 42 months. The survival rate of start-ups and growth of new businesses into established businesses show increasing stability and/or sustainability of business activities. The high rate of established business ownership shows positive circumstances for firm survival and also can be interpreted as an index for the general stability and sustainability of businesses. Table 2 shows that the prevalence rate of established businesses is higher for men than women in comparator economies. Men are about five times as likely to be established business owners compared to women in Iran and Turkey. In Pakistan, the prevalence of established businesses for men is only three times higher than that of women. It is notable that there is a positive relationship between the TEA rate and established business ownership.

**Table 1** Entrepreneurial perceptions for women and men in Iran, Pakistan, and Turkey

	See good opportunities		Has capabilities to start		Fear of failure for those seeing opportunities		Intend to start in the next three years		Personally knows an entrepreneur	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Iran	35	43	49	59	44	39	19	28	35	45
Pakistan	35	57	34	61	25	35	12	40	20	55
Turkey	35	44	37	62	36	26	12	18	24	44

Source: GEM Women 2012 Report

**Table 2** Key activity and profile indicators for women and men in Iran, Pakistan, and Turkey

	Early-stage entrepreneurship (% adult population)		Established business ownership		Business discontinuance past year (% adult population)		At least a post-secondary degree (% TEA)	
	Female	Male	Female	Male	Female	Male	Female	Male
Iran	6	16	3	16	1	7	39	35
Pakistan	1	21	2	6	0	3	6	7
Turkey	7	17	3	15	8	5	51	43

Source: GEM Women 2012 Report

Hence, in general, women are less likely to be established business owners because they are less engaged in early stage entrepreneurship compared to men. The relatively high rate of women established business ownership compared to women early stage entrepreneurship in Pakistan indicates that in spite of very low rate of women early stage entrepreneurial activity, the rate of business survival for Pakistani women (compared to TEA rate) is higher than the comparator economies.

Individuals may exit their businesses for positive and negative reasons. Some re-enter the entrepreneurial cycle with new entrepreneurial ideas or some may not be able to continue because their business is not profitable or have personal issues. GEM measures the ratio of discontinuance to total business ownership (nascent, new and established).

As the economies move to a higher level of development, the women discontinuance ratio decreases. A high ratio of business discontinuance indicates more closure of the business (the numerator) relative to the number of individuals starting and running businesses (the denominator). Because the factor-driven group has more entrepreneurs and business owners on average, one would expect more businesses overall to be closed. The rate of business continuance for women is very low in Iran compared to the other two countries. While only 1% of women entrepreneurs in Iran discontinued their business in 2012, this rate was 8% for Turkish women. The 0% closing rate for Pakistani women indicates the very low level of early-staged and established business ownership female entrepreneurship rates in Pakistan. Table 2 shows that 6% of early-stage Pakistani women entrepreneurs and 7% of Pakistani men entrepreneurs have at least a post-secondary degree while in Turkey 51% of women and 43% of men have at least a post-secondary degree. It is interesting to note that women early stage entrepreneurs are more likely than their male counterparts to have at least a post-secondary degree in Turkey and Iran.

Despite the high rate of female educational attainments in Iran and Turkey compared to Pakistan, the gender gap in economic participation is still very high in both economies. As Fig. 1 shows the rate of female to male participation rate is relatively higher in Turkey and Pakistan than Iran.

In other word the relatively high investment in education in Iran will continue to have low return unless the women can gain the opportunity to have equal socio-economic participation as men do. This shows that high investment in female education does not automatically lead to higher economic participation of women. However, it is important to note that the low rate of education in Pakistan has enormously impeded Pakistani women from using their potentials in economic growth and well- being.

There is an increasing understanding in these economies that the prevalence of entrepreneurial activity can help the unemployed women, especially young educated ones to start their businesses. Gender gap in employment is notable in the three economies. However as Fig. 1 shows, the female to male ratio in labor force participation has been the lowest in Iran compared to Turkey and Pakistan.

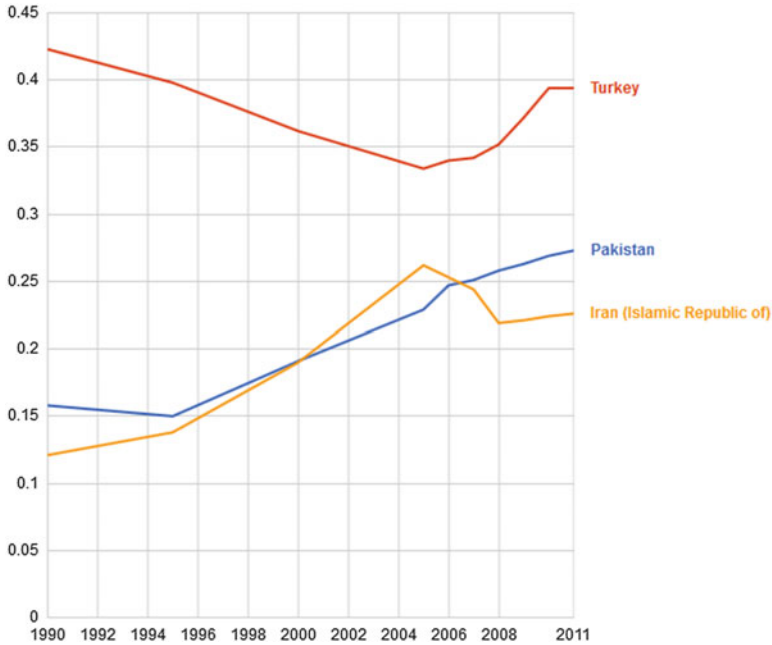


Fig. 1 Labor force participation rate, female/male ratio

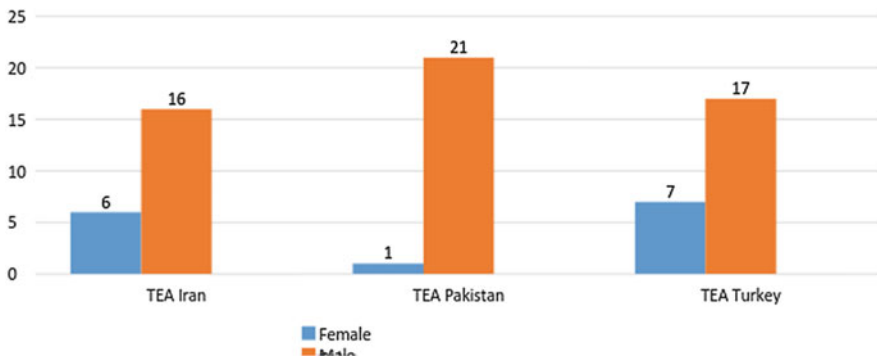
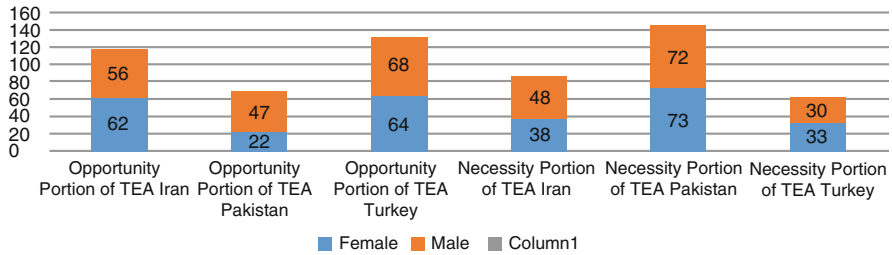


Fig. 2 Prevalence rates of early stage entrepreneurial activity (TEA) in Iran, Pakistan and Iran. Source: GEM (2012)

### 3 Necessity Versus Opportunity

The quantity and quality of entrepreneurship play crucial roles in the development of a country. Figure 2 shows the quantity rates of early stage entrepreneurial activity (TEA) in Iran, Pakistan and Turkey. While the rate of women entrepreneurs is very



**Fig. 3** Necessity and opportunity motives for women and men. Source: GEM (2012)

low in Pakistan compared to this rate in Turkey and Iran, the gender gap in Pakistan in TEA rate is significantly higher than the compared economies. Besides considering the number of entrepreneurs, it is also very important to recognize the reasons for starting a business. Individuals may recognize an opportunity and tend to start a business, or they may be pushed into entrepreneurship as a necessity because they cannot find a better option.

Figure 3 shows that in Turkey, more men are involved in entrepreneurial activity to pursue an opportunity than the entrepreneurs in Iran and Pakistan.

More Pakistani men and women are pushed into entrepreneurship compared to their counterparts in Iran and Turkey. In Iran, the rate of women who are engaged in entrepreneurial activity to pursue an opportunity is higher than the Iranian men entrepreneurs. Among the three economies, the rate of opportunity to necessity entrepreneurs is higher only for Iranian women (1.63) than Iranian men (1.17) entrepreneurs.

### 4 Women Entrepreneurial Intentions and Motivations

The very beginning of an entrepreneurial venture starts with entrepreneurial perceptions and intentions. Individuals may start a business out of necessity or opportunity. Numerous studies discuss the role and impact of opportunity-based entrepreneurs in innovation, economic growth, and development. In this part of our project we study the relationship between women entrepreneurial intentions and necessity—driven motives, as well as opportunity—driven motives for the three countries as a whole. Then, we study the relationship between women entrepreneurial intentions and opportunity-driven motives in each country (separately). Moreover, we pose and answer the following questions, “Do women entrepreneurial intentions lead to more necessity-driven entrepreneurship or opportunity-driven entrepreneurship in the three countries as a whole? How does it work in each of the three countries?”

## 5 Data and Methods

We used GEM data 2010–2012 to study the effect of the demographic variables (income, education, age) as well as perceptual variables (fear of failure, self-efficacy, networking) on females' motivation to pursue opportunity/necessity driven- entrepreneurial activity in Iran, Pakistan and Turkey as a whole, and separately in each country. We employed Binary Logistic Regression Analyses and used SPSS to analyze the data.

## 6 Results and Discussions

Framework conditions for female entrepreneurship in the ECO region show numerous constraints and challenges. While comparing opportunity and necessity female entrepreneurship in the ECO region, overall our findings show interesting and sometimes differing results in terms of demographic (income, education, age) and perceptual (fear of failure, self-efficacy) variables.

Results for Pooled data, country level analysis, and country analysis at gender level are as follows:

Results from the pooled data show that:

- While higher income level increases the likelihood of being the opportunity entrepreneurs for women, lower income level increases the likelihood of being the necessity entrepreneur.
- We find that women with higher education levels are more likely to recognize opportunities than women with lower educational level.
- We could not find an income and education effect on necessity based female entrepreneurs.
- We found no significant impact of age in entrepreneurs but it is significant for necessity entrepreneurs, where younger women are more likely to be involved.
- Necessity and opportunity female entrepreneurs differ in terms of perceptual variables too.
- Unlike necessity based entrepreneurship, opportunity based entrepreneurship and the perception of fear of failure are significantly related. This shows that entrepreneurs who are alert to opportunities take action upon them, which is also true for women.
- Fear of failure for women is a deterrent factor for opportunity-driven entrepreneurial activity, but it is not a deterrent factor for necessity-driven ones; women who start a business out of necessity in order to survive may not fear the possibility of failure.
- Women's self-efficacy perceived through networking, being knowledgeable, skilled, and experienced is positively related to being opportunity as well as necessity entrepreneurs.



Results from the national data show that:

The demographic variables (income, education, age) as well as perceptual variables (fear of failure, self-efficacy except networking) are important factors for females to pursue opportunity driven-entrepreneurial activity in Turkey. For Iran, just perceptual variables are related to women starting a business to pursue an opportunity, but demographic variables are not significantly related to women in Iran. For Pakistan, women with higher education levels, having networking abilities, and being self-confident are more likely to recognize opportunities.

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