

# The importance of eliminating gender disparities in businesses

 By [Miranda Lusiba](#)

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I've decided to do a follow-up on my previous article which focused on the importance of [women supporting each other in business](#). I feel that it was essential to highlight some more gender inequalities in business; but instead of focusing on the doom and gloom, rather focus on how to overcome these challenges.



Source: [www.pexels.com](http://www.pexels.com)

I recently came across a [report](#) by the World Bank which articulated these gender disparities very well; not just in the South African context, but in the African continent. As a Black businesswoman in SA, I could relate to the issues, and I welcome the remedies proposed by this report. The findings of this report have compelled me to share this information with both women and men in business that could potentially benefit from it.



Women supporting each other in business - a winning formula!

Miranda Lusiba 6 Aug 2021



According to this new World Bank report, women entrepreneurs make different decisions than men because of gender-specific constraints. As a result, the report notes that, on average, women-owned companies report profits that are 34% lower than male-owned businesses and have fewer employees and lower sales. The report, therefore, identifies strategies to address these constraints, including psychology-based skills development programmes to encourage more entrepreneurial mindsets, supporting women with savings mechanisms and providing large financial grants as part of business plan competitions.

The report offers decision-makers and or potential investors a menu of options and evidence-based guidance on designing programmes that can target multiple constraints and improve the performance of women entrepreneurs.

Below are several areas highlighted by the report to help empower female entrepreneurs, and they include:

- **Facilitating access to capital/financial support** - the report found that capital investment is more than six times higher in an average male-owned company than an average female-owned one. Women's ability to finance their business activities is also undermined by the additional pressures they face (relative to men) to spend their income on domestic needs.

Rigorous evidence shows that supporting women with secure savings mechanisms and providing large cash grants as part of business plan competitions; help to promote savings and relax financial constraints among female-owned, growth-focused companies.

- **Supporting women entrepreneurs to develop the right skill sets** - Women are less likely than men to use certain business practices associated with the company's profitability. Differences between women and men in formal education, management skills, and socio-emotional skills likely influence women's business decisions and contribute to the performance gap.

Training programmes that apply lessons from psychology to encourage women to act with an entrepreneurial mindset have had positive and significant effects on sales and profits of male and female-led Small and Medium-sized Enterprises (SMMEs), this is according to evidence from several impact evaluations.

- **Ensuring social norms do not act as constraints to growth** - Social norms influence the strategic choices that female entrepreneurs make, such as their sector of operations. Women tend to operate in traditionally female-dominated sectors such as marketing, PR, Events, HR to name a few; even though some male-dominated sectors that include electrical or mechanical engineering, computer network architecture, mining tend to be more lucrative, and women who "cross-over" into male-dominated industries tend to earn as much money as men do.

Emerging evidence suggests that sharing information with women on expected financial returns in traditionally male-dominated sectors and providing women with early exposure to these industries in the form of apprenticeships and male role models could help convince women to cross over into higher-return, male-dominated sectors.

The evidence shown by the report outlines how when women are provided space to work or run businesses - the benefits spill over into children, communities and economies. Sub-Saharan Africa is the only region where women make up the majority of entrepreneurs, yet there is still much work to be done.

This report provides a roadmap of policy actions that the representatives of the World Bank hope governments will take to empower women and lead African societies and economies to greater prosperity. I for one hope that our governments and male counterparts in business are listening and that something will be done to ensure that the empowerment of women entrepreneurs is prioritised.

Most importantly, these inequalities need to be rectified for young ladies that aspire to be business owners in the future.

## ABOUT MIRANDA LUSIBA

Miranda Lusiba is the Founding Director of Strangé Consulting - a boutique PR Agency specialising in Communications, Freelance Writing, Media Relations, Reputation Management and Media Training.

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