

Gender Gap In Entrepreneurship: A Comparative Study of India and United States

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ABSTRACT

Humans, since the consciousness developed, have been looking for and acting according to the existing differences in the nature. Social system weighs these differences and then assigns roles accordingly. All this has resulted into emergence of social and economic issues. Gender is one of the factors which define some of these differences. The purpose of this paper is to figure out comparative gender gap in entrepreneurship in India and United States. The research proceeds on by studying the decadal trends (2014-2024) in Female over Male Total early-stage Entrepreneurial Activity (TEA) for both India and United States. Proportionately higher ratios are seen in case of United States than for India which reveal that Gender Gap at the early stages of Entrepreneurial Activity is more persistent and deeper in India than in United States. Next the study moves on to examine Gender Gap across various indicators of entrepreneurship for both India and United States. The data used is for the year 2023. It can be seen that Gender Gap trends vary for various indicators and there is no consistent pattern.

Keywords: *Entrepreneurship and Economics, Gender Economics, United States, India, Gender equality, Gender Gap, GEM*

In the economic system of management, the tasks are being given, assigned or run according to the naturally existing distinctions among the task force. Considering Gender as one of the main ingredients among these differences, many social issues stemming from Gender Biases and Gender Inequality have raised their heads in the economic system. “Gender refers to socially constructed characters and opportunities available to men and women based on cultural beliefs or norms which are different from their biological characters” (Adegbite & Machethe, 2020). It is viewed as an “ideological and cultural construct” which is reproduced within the realm of material practices and which in turn also influences the outcomes of such practices. Gender gap, hence, have had been governing the nature of economic activity since the time of realization of such differences. The studies so far confirm the relationship between Gender and economic activity across the globe and consider economics as a gendered process (Bertay et al., 2020). Within the realm of economic literature, specific studies have also tried to figure out that how gender has been influencing the entrepreneurship activity and whether there is existence of entrepreneurial gender gap or not (Rietveld & Patel, 2022). The Global Entrepreneurship Monitor (GEM) 2023/24 Women’s Entrepreneurship Report: *Reshaping Economies and*

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Communities, highlights high-income countries continue to report the lowest rates of women's startup activity and display the largest gender gap (Rietveld & Patel, 2022). The report explains existence of entrepreneurial gender gap and shows that women entrepreneurs tend to face structural barriers in their business activities.

This paper is an attempt to explore comparative gender gap in entrepreneurship in India and United States. United States is chosen for the study because it is among high income countries (with GDP per capita greater than \$50,000) which according to GEM report are experiencing lowest rates of women's startup activity and largest entrepreneurial gender gap. India, as per the report is categorized among low-income countries (with GDP per capita lower than \$25,000) where women are seen representing more than one-third of high growth entrepreneurs and are also leading women globally on other high potential measures. This research is an attempt to comparatively figure out the pattern of entrepreneurial gender gap in two distinct worlds with different economic setup and distinct economic behavior.

LITERATURE REVIEW

There have had been extensive research on examination gender roles in various fields across the globe (Bertay et al., 2020; Çagatay, 1998; D'Acunto et al., 2021; Elson & Seth, 2019; Ghosh & Chaudhury, 2019; Mndolwa & Alhassan, 2020; Swaminathan et al., 2012; UNECE, 2010). The studies have tried to figure out the existence and causes behind the existence of gender wage gap in almost all the occupations of the society (Hegewisch & Ellis, 2020). There have had been extensive research when it comes to study of relationship between income and gender (Gap et al., 2023; Lindemann et al., 2016). Further, from theoretical view point, Gender gap and gender disparity have emerged as some of the important concepts in the theory of economy research. The studies have tried to examine the impact of such differences on the working of the either economic system as a whole or in the different sectors of the economy. There has been extensive research on how the gender inequalities in the employment work impact the nature of economic activity (UNECE, 2010). These studies have tried to examine various domains of economic system from the point of impact analysis that how gender impacts the domains and how various domains influence the gender roles.

Specifically, there has also been extensive research on gender as an important factor in entrepreneurship. Studies have tried to explore gender gap in entrepreneurship. These tend to explore the disparity in the rates of men and women launching and succeeding in entrepreneurial ventures (Guzman & Kacperczyk, 2019; Rietveld & Patel, 2022). Work has been done to examine how gender behavior changes when various entrepreneurial factors are changed. The studies have also tried to know how gender gap in entrepreneurship is shaped on account of changes in gender equality (Rietveld & Patel, 2022). Researchers have also moved on to examine the comparative state of gender gap in various entrepreneurship stages. They have tried to trace out the nature of gap at various working levels (Zelekha, 2021). Some work incorporates risk analysis. Investigation has been directed towards understanding of how factors like personality traits, human capital, and the employment history influence the start-up decision and can explain the gender gap in entrepreneurship (Zelekha, 2021). Another paper scrutinizes the status of women entrepreneurship in India through the social- psychological lens (Zelekha, 2021). Further one of the seminal work has tried to analyze the state of gender inequality in India and America (Zelekha, 2021). There has been huge work in direction of understanding gender gap in entrepreneurial activity but little work has been done on knowing the comparative differences in entrepreneurial gender gap between India and America. Keeping in mind the importance of gender in economics

and entrepreneurship, this research aims to bridge this gap by studying the comparative nature of entrepreneurial gender gap in America and India.

DATA AND RESEARCH METHODOLOGY

The research relies on secondary sources for presenting the analysis. For the study of present status of women entrepreneurship in India and United States the work is sought through review analysis of secondary data that are the reports of Global Entrepreneurship Monitor (GEM). The study proceeds by first finding the decadal (2014 – 2024) trends in female over Male Total early-stage Entrepreneurial Activity (TEA) for both India and United States. Then the gender gap is calculated for various indicators used to monitor entrepreneurial activity for both India and United States.

Calculation of gender gap has been the main purpose of this study and gender gap is measured in terms of generally accepted definition of gap ratio between men and women. There can be three approaches of calculating the gender gap. One approach, as employed by International Telecommunication Union (ITU) and Global System for Mobile Communications Association (GSMA) to calculate the gender digital divide, is to define the gap as the difference of rate of attributes chosen between men and women, as a proportion of the rate of attributes for men:

$$\text{Gender gap \%} = \frac{(\text{male attributes} - \text{female attributes})}{\text{male attributes}} \times 100$$

Some organizations such as Web Foundation and Economist Intelligence Unit, however, employ women centered method, that is, take women as the reference. They calculated the gap as the difference between the internet penetration rate between men and women, but as a proportion of internet penetration rate for women, so here female attributes serve as the reference unit:

$$\text{Gender gap \%} = \frac{(\text{male attributes} - \text{female attributes})}{\text{female attributes}} \times 100$$

Both of these approaches are said to offer greater insight into the gender divide than simply looking at the difference between the proportion of men and women since they help us to see the true scale of the divide. Out of the two approaches, this research considers calculating gender gap with reference to men. Women-centered method is not preferred on the account of the fact that the lower the percentage of women attributes, the larger the gender gap will be.

Trend Analysis of Female over Male TEA

This research proceeds on by studying the decadal trends (2014-2024) in Female over Male Total early-stage Entrepreneurial Activity (TEA) for both India and United States. TEA is defined as the percentage of individuals aged 18-64 who are either nascent entrepreneurs (starting a business) or owner-managers of a new business. Here, the W/M ratio defines Gender Gap in terms of parity. The Gender gap is defined as the difference between the number of women and number of men, either below or above the level of parity (1.0). For instance, a W/M ratio of 0.68 signifies that there are 0.68 women for every 1.0 man. It can be seen from Table 1.1 that the ratios, over the years, have been more for United States than for India except for the year 2022. Proportionately higher ratios for United States than for India reveal that Gender Gap at the early stages of Entrepreneurial Activity is more persistent and deeper in India than in United States as more women are available to 1.0 men

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in terms of parity in United States. For further examination Gender Gap (using standardized formula) has been calculated for various indicators of entrepreneurial activity for the year 2023.

Table 1

Year	Female/Male TEA	
	India	United States
2014	0.54	0.68
2015	0.58	0.63
2016	0.56	0.71
2017	0.8	0.64
2018	0.62	0.77
2019	0.75	0.91
2020	0.3	0.8
2021	0.75	0.85
2022	0.98	0.89
2023	0.64	0.84
2024	0.73	0.86

Source: GEM data over the years

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Next the study moves on to examine Gender Gap across various indicators of entrepreneurship for both India and United States. The data used is for the year 2023. It can be seen that Gender Gap trends vary for various indicators and there is no consistent pattern for establishing the contention that Gender Gap is higher in specific entrepreneurial activity in case of United States than in case of India. From specific analysis, it is revealed that Gender Gap in Total Entrepreneurial Activity, startup intensions, Nascent activity, new business, established business is higher in India than in of United States. The higher gap here indicates that women are less active in startup intensions, activity and early business stage in India. Also, Gender Gap in discontinued business, exit/entry ratio, easy to start business, opportunity recognition, startup skills, no fear of failure is less in India than in United States. This highlights that women are aware and active on motivational ground in India. However mere motivation without ground work intension to start business is a big issue in India. Since women play key role in development of the economy, it is need of the hour to realize that women need to actually engage in business activity than being passive on lookers. United States is doing better in this case and women are engaged more in entrepreneurial activity. However, there is still existence of gender gap which requires policy solution for both the countries.

Table 2

Indicators	India			United States		
	Female	Male	Gender Gap	Female	Male	Gender Gap
TEA	9.3	14.6	36.30	13.4	16.1	16.77
Startup Intensions	16.9	22.5	24.89	10.6	13.6	22.06
Nascent Activity	7.1	10.6	33.02	11.6	13	10.77
New Business	2.5	4.4	43.18	4.2	5.4	22.22
Established Business	6.6	18	63.33	5.9	7.6	22.37
Discontinued Business	4.2	4.7	10.64	3.4	9.5	64.21
Exit/Entry Ratio	0.45	0.32	-40.63	0.25	0.59	57.63
Easy to Start Business	77.6	84.3	7.95	52.8	58.7	10.05
Opportunity Recognition	79	85.9	8.03	50.2	57	11.93

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Startup skills	75.3	87.6	14.04	43	54.6	21.25
No fear of failure	59.5	54.8	-8.58	46.1	49.5	6.87
<i>Source: The Global Entrepreneurship Monitor (GEM) 2023/24 Women's Entrepreneurship Report</i>						

CONCLUSION

This study finds that overall gender gap in early stages of Total Entrepreneurial Activity has been more for United States than for India. Proportionately higher ratios for United States than for India reveal that Gender Gap at the early stages of Entrepreneurial Activity is more persistent and deeper in India than in United States as more women are available to 1.0 men in terms of parity in United State. Further, calculation of Gender Gap for various indicators of entrepreneurial activity showed that Gender Gap in Total Entrepreneurial Activity, startup intensions, Nascent activity, new business, established business is higher in India than in of United States. The higher gap here indicates that women are less active in startup intensions, activity and early business stage in India. Also, Gender Gap in discontinued business, exit/entry ratio, easy to start business, opportunity recognition, startup skills, no fear of failure is less in India than in United States. This highlights that women are aware and active on motivational ground in India. The results explain that there is requirement of bridging Gender Gap in both the nations however more work is required to be done in case of India.

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Conflict of Interest

The author(s) declared no conflict of interest.

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