



Does the future lie with entrepreneurship?

From job creation through resilience-building to women's emancipation, promoting entrepreneurship can help in tackling many challenges which the inhabitants of rural communities face today – provided that the right framework conditions are in place.

In the last couple of years, the topic of rural entrepreneurship has moved right to the top of the international cooperation agenda – and there are clear reasons for this. Entrepreneurship creates jobs and generates income and wealth; it makes staying in rural areas an attractive proposition for young people and helps them build confidence and status. Rural entrepreneurs can contribute to coping with today's environmental challenges. They are able to promote the circular economy and assist in safeguarding the environment, thereby adding value to the abundant natural resources of rural areas. This is above all also important for those living together with and from nature, such as indigenous communities. For all these reasons, governments, policy-makers and international donor organisations have embraced entrepreneurship as a strategic tool for economic growth and social advancement.

Success factors

The factors determining the success of a (young) enterprise in rural areas are the same ones which apply to entrepreneurship in general. The key element is the entrepreneurs themselves. To launch their venture and achieve their business goals, they do of course need technical skills related to the chosen field of activity; and they clearly need business administration skills, for instance in order to conduct a market analysis, draw up a business plan and balances, and identify financing options, not to forget the importance of digital skills. But what they above all require is readiness to take risks, perseverance and coping strategies to deal with market uncertainties. And they have to be able to handle people – whether it be staff or customers. Education and experience are equally important regarding all these aspects.

Young entrepreneurs will only seldom be successful if they act as lone warriors – unless they happen to be offering a highly specialised product or an exclusive service. But even this has to be communicated to the rest of the world. So communication and networking are the very essence of entrepreneurship. Young enterprises have to connect with potential employees, they need further education and have to keep their knowledge up to date, whether it be via formal or informal channels. In addition, networks help them gain access to funding. Alongside the classic financial institutions, which can provide loans and (micro-) credits, it is often families and friends who support the young entrepreneurs in their start-up phase. A regional entrepreneurial culture is just as important. Social values and norms can, for example, prevent women entrepreneurs from making progress. Conversely, fa-

avourable framework conditions, whether it be via the government or via support provided by the family, can crucially foster entrepreneurial success.

Taking advantage of local linkages

And of course entrepreneurs need reliable market linkages. This became particularly apparent during the Corona crisis, when supply chains were interrupted and tourist and commodity flows stalled. In the course of this debate, calls for a regionalisation of the economy have become louder, with view to raising the resilience of local and regional economies. The advantages are obvious. Local entrepreneurs are often very closely linked to their communities – they are familiar with their challenges as well as their opportunities. This allows them to develop products and services specifically tailored to local needs. Given the trustful environment, entrepreneurs may be more likely to experiment with new ideas and business models which might not work in a larger context or a more stringently regulated business environment. In turn, this can have an imitative effect and thus strengthen a region's innovative potential. Moreover, local employees spend the money they have earned within the community, thus supporting other local businesses, which in turn promotes the local economic growth.

Furthermore, given their close links with the region, the entrepreneurs have a keen interest to promote the community's well-being. This can encourage them to persevere in hard times and consider sustainability aspects. Sourcing resources locally not only supports other enterprises but also cuts down emissions and long transportation routes. Entrepreneurs closely integrated into their communities frequently observe waste-reduction strategies and energy-efficient technologies as well as fair working conditions and wages. Often, local initiatives such as schools, health centres or cultural events are supported, which in turn improves the local quality of life in general. All in all, by diversifying their activities, the local economies become less vulnerable to sector-specific shocks.

Last but not least, community-based entrepreneurship plays a crucial role in preserving local culture. Entrepreneurs rooted in their community are more likely to opt for business models adding value to the cultural heritage of the region. These can for instance be unique services and products in the tourism sector, such as traditional foods and artisanal crafts.

Especially when it comes to promoting the potential of marginalised groups – such as Indigenous Peoples, who are often cut off from the mainstream economy, entrepreneurial activities opting for preserving cultural values, using shared resources and maintaining mutual trust play a crucial role.

Women entrepreneurship = women empowerment?

For governments of the Global South and development organisations, in addition to entrepreneurship as being a strategic tool for economic growth, social development and resilience, a further aspect is highly relevant: entrepreneurship as a mechanism for independence. Entrepreneurs stand on their own two feet and can meet their needs without being dependent on others. This is why, for some time now, female entrepreneurship has been viewed as an element of women's empowerment. For women, this is often seen as financial independence, giving them decision-making power and autonomy from the decisions of male family members. The gender researchers Sophie Alkhaled and Karin Berglund sum up the assumption behind this as follows: women are good for entrepreneurship, and entrepreneurship is good for women.

But is there really such a clear link? This question was examined more closely by Ulufiunmilola Ojediran and Alistair Anderson in their publication "Women's entrepreneurship in the Global South: Empowering and Emancipating?" The two authors looked at studies on women and entrepreneurship from various world regions. They confirm that entrepreneurship strongly depends on social norms.

In the Middle East and North Africa (MENA), for example, despite the fact that in most countries there, women are constitutionally guaranteed equal rights, and no formal law prohibits women-owned enterprises, far fewer women are entrepreneurially active than men. The authors trace this back to the conservative social structure in the region. Women's entrepreneurial choices must respect gender norms and religious guidelines, such as gender segregation. Often, women-based organisation are home-based, reflecting traditional feminised roles. In some countries, women's physical mobility is restricted, and banks may for example require a co-signature from male family members when loans are applied for.

In Latin America, 50 per cent of businesses are women-owned, according to the World Bank.

There is anti-discriminatory legislation to foster gender equality in a couple of countries – like Argentina, Bolivia, Brazil, Colombia and Paraguay. Nevertheless, prevailing machismo cultural norms see to it that a woman's chief role is still that of a mother. Their social positioning restricts their business activities. As a consequence, women often resort to micro-enterprises, and over 54 per cent of women businesses are informal. All in all, the authors say, access to finance remains a major concern for women enterprises in the region. Micro-finance products could help here, but as a rule they target richer clients and exclude poor rural women. Women often have to pay higher interest rates, which pushes them into a debt trap. Moreover, the economic autonomy they achieve through their enterprise may be seen as a threat by their spouses.

In sub-Saharan Africa, according to African Development Bank figures, women's entrepreneurship rates are the highest globally. Here, women are twice as likely to start an enterprise than in other places, and women represent 50 per cent of entrepreneurs. In this region too, their ventures are mostly micro and small businesses in the informal sector. The general lack of suitable property as bank collateral crucially restricts their access to finance, which could otherwise help them grow.

The authors conclude that all in all, despite the different country contexts, limited empowerment can be observed in connection with entrepreneurship. "The impediment to women's empowerment is the fact that they are women, which is reinforced by cultures and the dominant patriarchal social order," they note. "Empowerment and the attendant liberation that present the choice of living autonomously remain to be attained in the Global South given the entrenched power imbalance in most of the regions." So while entrepreneurship allows women a "limited form of liberation" and leads to some restrictions being lifted and some social norms being questioned, they are nevertheless of the opinion that the power attributed to female entrepreneurship here seems to be overstated.

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