

Received Date: April 26, 2025

Accepted Date: May 17, 2025

Published Date: June 01, 2025

Available Online at <https://www.ijsrisjournal.com/index.php/ojsfiles/article/view/388>

National Wealth and Gender Inequality in Entrepreneurship: A Paradox in High-Income Economies

Rim Menouar

PhD Student, Faculty of Legal, Economic and Social Sciences, El Jadida – Morocco

Rimmenouar123@gmail.com

ABSTRACT

This article investigates a paradox identified in the Global Entrepreneurship Monitor (GEM) 2024/2025 data: despite having more developed institutions and greater national wealth, high-income economies often exhibit wider gender gaps in entrepreneurial participation than their lower-income counterparts. Using comparative data from 51 countries, the study analyzes two key indicators—Total Early-stage Entrepreneurial Activity (TEA) by gender and national expert assessments of women’s access to entrepreneurial resources. The results show that nine of the fourteen widest gender gaps in TEA are found in high-income economies, many of which also rate poorly in perceived resource access for women. In contrast, some middle- and low-income countries demonstrate narrower gender disparities, often attributed to necessity-driven entrepreneurship and informal support mechanisms. Grounded in institutional theory and feminist economics, this research highlights the disconnect between formal inclusion and functional equity, arguing that policies framed as gender-neutral may fail to address systemic barriers. The paper calls for equity-based policy interventions—such as gender-lens investment, dedicated mentorship platforms, and targeted support—that can correct for deeply embedded social and institutional biases. Ultimately, the study contributes to both theoretical and policy debates by underscoring the need for context-sensitive, inclusive entrepreneurial ecosystems.

Keywords Gender inequality, entrepreneurship, high-income economies, institutional theory, feminist economics, access to resources, Global Entrepreneurship Monitor

I. Introduction

Entrepreneurship is frequently hailed as a potent force for growth that is inclusive. It is essential for fostering innovation, producing jobs, and opening doors for social mobility. It is also viewed as a means of achieving greater gender equality in many nations, giving women the opportunity to become financially independent, assume leadership positions, and defy social norms that restrict them. As such, supporting women entrepreneurs has become a common objective among policymakers, especially in efforts linked to sustainable development and economic resilience.

However, the Global Entrepreneurship Monitor (GEM) 2024/2025’s most recent findings have prompted significant inquiries regarding the correlation between gender equality and national wealth in the context of entrepreneurship. Surprisingly, the data show that **some of the world’s wealthiest economies continue to display some of the largest gender gaps** in early-stage entrepreneurship. Among the 14 economies where the gender gap in entrepreneurial activity exceeds five percentage points in favor of men, **nine are high-income countries**. In addition, nearly half of all countries surveyed reported that women have **less than sufficient access** to the resources needed to start and grow a business — including access to financing, training, and professional networks. This includes several of the most economically advanced nations.

This is a paradox that these findings reveal: higher national per capita income does not necessarily result in proportionally more balanced male and female participation in entrepreneurship. Particularly, the gap in some instances even seems to increase. This fact gives rise to two fundamental questions that are going to motivate this paper:

- Why is there gender inequality in entrepreneurship in advanced economies with well-developed institutions and resources?
- How does variation in access to resources and in entrenched social norms reinforce or weaken the influence of national wealth on women's entrepreneurship across countries?

Now it's important to know why, for both research and policy. For scholars, it questions an often made assumption of an inherent compatibility between development and inclusion, and calls for a further exploration of the role of institutions and culture in shaping economic conduct. For policy makers, the lessons are that economic advancement isn't sufficient to ensure gender equality. The answer to this problem lies in policies that actively compensate for structural disadvantages, not just those that make for good entrepreneurship.

By disentangling this paradox in the context of the GEM 2024/2025 dataset, the purpose of this paper is to share new insights about the intertwined relation between wealth, gender and entrepreneurship – and to suggest avenues for more inclusive policy and ecosystem ideologies.

2. Literature Review

If we want to understand why gender gaps in entrepreneurship are pervasive across the globe — and why they persist even in high-income economies — it is critical to look past superficial economic pro forma. Although for some countries more national wealth has been found to facilitate better access to education, finance and infrastructure, such benefits do consistently lead to equal outcomes for men and women in the world of entrepreneurship. The answer lies, at minimum in part, in the interplay between the institutional- and behavioral-level constraints informing the distribution and perception of opportunities.

2.1 Institutions and Gendered Access

Institutional theory, notably as elaborated by Douglass North (1990), makes the distinction between formal institutions, that is, the laws, the regulations, the policy, and informal ones, e.g., the cultural beliefs, traditions, social norms. Take the issue of entrepreneurship: A country can have leading-edge laws ensuring equal rights and access, but if social perceptions persist in framing entrepreneurship as a "boys' club," women can find themselves confronted with hidden barriers. These informal institutions can be as influential as formal institutions in determining individual behavior and systemic results.

And in practice, many high-income countries have those formal institutions in place: equal and secure property rights, sophisticated banking systems, government-backed programs promoting entrepreneurship. Though women in these kinds of settings often don't have enough access to capital, get shut out of powerful networks and are even invisible in entrepreneurial leadership. It's evidence that even when the opportunities are there formally, a set of informal barriers — be it bias, lack of representation, or underlying assumptions about caregiving — continue to hold women back from full participation.

2.2 The Contribution of Feminist Economics

Feminist economists have long criticized the mainstreams failure to account for the structural and relational dimensions of inequality. (Such as) Nancy Folbre (1994) and Lourdes Benería have challenged to think about who enters the market, under which circumstances, with what resources, under which power relations. From here, entrepreneurship isn't so much a matter of individual initiative — it's a function of deeper issues of access, authority, and time.

One piece of the literature I've read contains one common theme: equal rules do not generate equal outcomes when people start out from unequal places. Women, for instance, are more likely to have smaller financial safety nets, fewer professional connections, and more domestic responsibilities. Even in places where the legal playing field is "equal," the playing field itself is not. In consequence, women may be awol not because they don't have the ability or the interest, but because the system is not set up in a way to enable their presence.

There is also increasing focus on the ways that internalized norms — say, self-doubt or fear of failure — aren't just psychological traits, but results of a lifetime of social conditioning. These dynamics are particularly strong for high-performance societies in which the narrative of successful entrepreneurs is filled with men.

2.3 Reconsidering the Link Between Wealth and Equality

Economic development was presumed in much of the early literature on entrepreneurship to naturally result in gender inclusivity. The logic was compelling: the wealthier they become, countries invest more in education, health care and inclusive policies that should make it easier for women in business. Some research did observe evidence of this, especially with respect to the availability of capital or other startup assistance.

But newer research has found the connection isn't as simple as that. For instance, Terjesen and Amorós (2010) observed that female entrepreneurial activity did not necessarily increase with higher GDP per capita in many instances. Indeed, some of the richest countries have seen gender gaps stagnate, or even widen, over recent decades. Some of the answer can be found in the kinds of businesses women are more likely to start, the sectors they're entering and broader cultural expectations that still steer women in certain directions.

What becomes clearer is that wealth appears to impact the entrepreneurship environment in general, and not necessarily the special obstacles women face. Cultural attitudes towards risk, leadership and work/life balance still count - perhaps more so in a culture where success is defined very narrowly and competition is fierce.

3. Methodology

For this purpose, in our analyses we rely on the data of the Global Entrepreneurship Monitor (GEM) 2024/2025, the largest and most frequently used source of comparative research data on entrepreneurial activities worldwide. In particular, it looks into two main GEM tools as: the Adult Population Survey (APS) and the National Expert Survey (NES). Taken together, these datasets support the quantitative analyses with qualitative information on entrepreneurship patterns and the context in which they occur.

3.1 Sample and Income Grouping

The sample includes **51 economies** across various regions and development stages. For the purposes of analysis, countries were grouped into three broad income categories based on their **GDP per capita**, following GEM's internal classification:

- **Group A:** High-income economies (GDP per capita above \$50,000)
- **Group B:** Upper middle-income economies (\$25,000–\$50,000)
- **Group C:** Lower-income economies (below \$25,000)

This categorization allows for cross-group comparison of entrepreneurial gender gaps, while controlling for national wealth as a contextual variable.

3.2 Variables of Interest

Two core indicators from the GEM dataset were selected for analysis:

- **Gender gap in early-stage entrepreneurial activity (TEA):** The percentage of women versus men involved in starting or running a new business (less than 3.5 years old). This variable captures active participation in entrepreneurship and is one of GEM's central metrics.
- **Perceived access to entrepreneurial resources by gender:** Drawn from the National Expert Survey (Figure 8.4), this measure reflects how local experts assess the availability of key resources—such as finance, training, and support networks—for women compared to men in their respective ecosystems.

These variables were chosen to capture both the **outcome dimension** (who is participating) and the **structural dimension** (who has access to enabling resources).

3.3 Analytical Approach

The analysis is mainly descriptive and comparative. The gender gap in TEA is analysed for each of the three income groups in order to determine if wealthier economies show smaller or larger gaps. Concurrently, NES surveys are utilized to examine if experts' judgement about women's access to resources corresponds with observed participation ratio.

Where appropriate, comparative country examples are discussed to show divergent shifts. For example, Japan (A), a high income country and an advanced economy, presents a consistent and large gender gap in entrepreneurial activity. In Ecuador (Group C) the gap is very limited; this is explained in part because this is a first group of countries for which there are lesser formal supports, and more female entrepreneurial activities. Such comparisons provide a more material sense of how data is influenced by the institutional and cultural landscape.

Although the analysis lacks inferential statistical procedures or multivariate modeling, it provides a basis for future empirical studies, as to patterns, outstanding observations, and as to challenging the linearity of the underlying linear pathway of economic development leading to gender equality in entrepreneurship.

4. Results

GEM 2024/25 data analysis uncovers a number of interesting trends that contradict a few general impressions about the dynamics between economic development and gender equality in entrepreneurship. Although formal support for institutional development is frequently codetermined by high-income levels, this does not seem to be the case for informal early-stage entrepreneurial activity because the evidence presented below indicates that differences between male and female participation in entrepreneurial activities are not only a common phenomenon but also are sometimes even more pronounced in such high-income settings.

4.1 Gender Gaps Persist in High-Income Economies

One of the most definite differences that emerge from the data where gender gaps in TEA of five or more percentage points are highest in high-income economies. Of the 14 countries in which this discrepancy is detected, nine are in the top income bracket. In even such heavily institutionalized societies as Japan, France and Germany, which exhibit much smaller gender participation rate gaps, the existence of the gap is still reported.

This is contrary to much popular belief that greater national wealth leads automatically to more inclusive entrepreneurship. Quite the opposite, it seems in some of the most developed economies in the world, women are still lagging men when it comes to entrepreneurship.

Table 1: Gender Gap in Early-Stage Entrepreneurial Activity (TEA) by Income Group

Income Group	Average Male TEA (%)	Average Female TEA (%)	Gender Gap (%)	# of Countries with Gap ≥ 5 pts
Group A – High-Income	14.3	8.6	5.7	9
Group B – Upper-Mid-Income	17.2	13.1	4.1	3
Group C – Low-Income	22.5	20.4	2.1	2

Note: Based on GEM 2024/2025 APS data. “Gap” calculated as Male TEA – Female TEA.

Table 1 summarizes the average TEA rates for men and women across the three income groups and highlights the number of countries where the gender gap exceeds five percentage points.

4.2 Perceived Access to Resources Remains Unequal

Data from the National Expert Survey further reinforce this finding. In **25 out of the 51 economies surveyed**, national experts report that women have **less than sufficient access** to entrepreneurial resources such as funding, training, mentorship, and professional networks. Among these 25 countries, **10 belong to the high-income group**.

As shown in Table 2, the perception of inadequate access to entrepreneurial resources for women is reported in nearly half of the surveyed economies, with similar rates across income groups—including ten high-income countries.

Table 2: Perceived Access to Entrepreneurial Resources for Women (by Income Group)

Income Group	% of Countries Reporting "Insufficient" Access	Examples of Countries
High-Income	10/20 (50%)	Japan, Germany, Italy
Mid-Income	11/21 (52%)	Brazil, South Africa, Indonesia
Low-Income	4/10 (40%)	Angola, Pakistan, Ethiopia

Source: GEM 2024/2025 National Expert Survey – Figure 8.4

This suggests that even in environments where resources are abundant overall, women may still face **structural or informal barriers** that limit their ability to access and benefit from those resources on equal footing with men. These disparities may not always be visible in policy documents or support program frameworks, but they are clearly recognized by those embedded in local entrepreneurial ecosystems.

4.3 Some Lower- and Middle-Income Economies Show Greater Gender Parity

It is interesting to note, however, that some low- and middle-income countries present a more balanced participation of entrepreneurs by gender. Some countries, for example, Ecuador, Botswana and Angola, even report very small -or negative- gender gaps, and do so with women actually being more involved -or at least no less involved -in early stage entrepreneurial activity than men.

Much of this may be economically driven out of necessity rather than aspiration, but it undermines the belief that economic development is the sole—or even the most critical—determinant of gender balance in entrepreneurship. In these settings, the impact of women’s informal networks, family structures, or government programs with specific objectives may be more relevant than the effects of income levels alone on female entrepreneurship.

Table 3: Illustrative Comparison – Gender Gap and Resource Perception

Country	Income Group	Male TEA (%)	Female TEA (%)	Gender Gap (%)	Perceived Access for Women
Japan	High	10.2	4.1	6.1	Insufficient
Ecuador	Middle	21.8	20.5	1.3	Moderate
Germany	High	14.0	7.9	6.1	Insufficient
Angola	Low	22.0	24.1	-2.1	Sufficient

Note: Negative gap indicates female TEA exceeds male TEA. Based on GEM 2024/2025 data.

Table 3 provides illustrative country-level comparisons to highlight how gender gaps and perceived access to resources interact across different income levels.

5. Discussion

The results of this research suggest an important trade-off between, on the one hand, the formal inclusion and, on the other hand, the functional equity in entrepreneurial ecosystems. High-income countries are often home to robust support systems—legal protections, financing or education—that do not necessarily ensure that women are active partners. That there are still wide gender gaps in early-stage entrepreneurial activity even in the most advanced economies suggests that structural inequality can remain beneath the surface of institutional advancement.

5.1 Beyond Formal Access: The Limits of Gender-Neutral Frameworks

One of the key lessons learned is that formal access to resources has no unambiguous causes on actual results. Entrepreneurship policy in most high-income economies is ‘gender neutral’, based on the assumption that that men and women are coming into the system with the same needs, the same networks and the same constraints. But as the study demonstrates, those assumptions obscure the structural discouragements that women face — from lack of access to capital, to underrepresentation in networks of business contacts, to the expectations about caregiving that structure time and energy for the promotion of their business.

These barriers are less visible than any legal discrimination, but no less formidable. Unisex underwriting can paradoxically show favoritism for one gender or another, which, usually, is men, those with a prior-to-birth or acquired economic or social advantage who have the ability to leverage a discrimination as a discrimination to their legal benefit, perpetuating an inequality rather than remedy it.

5.2 Cultural Norms as Institutional Barriers

The data also highlight the contributory role of informal institutions, especially cultural attitudes and gender norms, to entrepreneurial participation. Even with high levels of formal support, if women are not socially influenced – or are subtly dissuaded – to consider entrepreneurship as a viable career there will be an imbalance in participation rates. In some high-income countries, mainstream business culture might still glorify traditionally masculine qualities like aggression, competition, and risk-taking, making entrepreneurship seem less available or attractive to women.

Secondly, results from GEM National Expert surveys' expert assessments are evidence of a prolonged perception of women being disadvantaged in their access to resources compared to men. This perception is in itself important, because it suggests that ecosystem players which have better knowledge of the entrepreneurial environment, consider the scenario to be skewed, despite the assertions of policy frameworks.

5.3 Rethinking Equity in Entrepreneurial Ecosystems

All in all, these lessons suggest high-income countries should rethink how they conceive and measure inclusivity in the level of entrepreneurship. Unless policies differentiate between types of entrepreneurs and assume that the entrepreneur designation operates in a homogenous domain, they will miss the very targets they are designed to support. What's needed is to move from equality-based approaches (trying to give everyone the same tools) to equity-based ones (developing interventions that address barriers among particular groups).

That could include developing customized funding tools for female-led businesses, funding female-oriented incubators and accelerators or ensuring that mentorship and training programs are giving women ownership for their realities in business. More broadly still, it needs a culture change in how entrepreneurship is envisioned and supported — one that consciously embraces and values diverse forms of entrepreneurship.

6. Policy Implications

The findings of this study suggest that clear policy intervention beyond generic entrepreneurs' support is required. In high income economy contexts, where there may be an assumption that inclusion occurs as norm and denial is the exception, equity needs to be an explicit consideration in the design of entrepreneurial ecosystems. The below approaches are a starting point for building more inclusive, gender-responsive spaces.

6.1 Gender-Lens Investment

One of the surest ways to address gender inequality in entrepreneurship is through gender-lens investment — investing strategies that are gender-informed or seek explicitly to invest at least some of their capital in women-led ventures. Yet, despite an increasing awareness of funding disparities, even wealthy economies continue to poorly fund companies with female founders. Public and private investors could also consider adopting gender-balanced funding measurement objectives, or creating specific funds for underrepresented

founders. An incentivized interest in diversified investment portfolios is not only a question of fairness, but also allows economic value, which is currently left untapped, to be realized.

6.2 Mentorship and Networking Infrastructure

Networking and mentorship are still a significant barrier for a lot of women entrepreneurs. Policies that promote the creation of women-focused entrepreneurial networks, leadership development programs, or industry-specific mentorship programs can help mitigate this imbalance. And these spaces shouldn't just mimic what has always existed, but should instead provide an alternative where women can network with peers, role models and prospective investors on their own turf. Having the pipe filled means that it is populated by entrepreneurs they can see, a place where they can be seen, and a place where they belong.

6.3 Targeted Subsidies and Incentives

There is also an equity case to be made for acknowledging that women entrepreneurs may carry added costs for having built up from less equity—be it time, childcare or overcoming a less advantaged starting point. Targeted subsidies — like seed grants for women-owned start-ups or tax breaks for companies that invest in gender-balanced teams — could help close those gaps. Public procurement policies can also help by making government contracts that are women-owned business accessible.

6.4 Ecosystem Accountability and Data Transparency

Finally, the policy framework needs to have monitoring and reporting on gender outcomes across all entrepreneurship support programmes. This entails tracking of disaggregated data, gender-lens impact assessment, and making institutions accountable for equitable, not just equal, results. In the absence of consistent oversight, well-meaning programs can end up perpetuating the very inequities they are meant to dismantle.

7. Conclusion

The research aimed to investigate a paradox observed in the GEM 2024/2025 data, namely that advanced economies with the highest levels of per capita GDP continue to have relatively large disparities between men and women owning and managing establishments. Based on a comparative analysis of 51 countries of various income levels, it discovered that high-income countries rank among those with the largest gender gap in terms of early-stage entrepreneurial activity.

Moreover, national experts also indicate that there is an insufficient supply of basic entrepreneurial factors among women in nearly half of all economies surveyed – in some high-income economies in particular.

These results reveal an important difference between formal and functional equity. When cultural norms, network access, and perceived legitimacy still favor men, economic wealth and institutional maturation does not guarantee equality of involvement. In other words, the presumption of “gender-neutrality” in policy frameworks may serve to hide the structural inequalities that shape the lives of women and girls.

The article contributes to current debates around gender and entrepreneurship and development by demonstrating that progress in one area does not mean progress in another. Opens in new tabDownload slideIt contributes as well to a developing literature that advocates for equity-based approaches — those that explicitly attend to and address differences in starting points, constraints, and opportunities.

There is obvious scope for further work in this domain. It would be interesting for future research to examine country level variation in these effects, perhaps in urban and rural parts of a country, or in different sectors of the economy. A mixed-methods design, that combines GEM data with qualitative interviews, would be particularly useful in opening up the ‘black-box’ of women’s lived realities and how they manage, negotiate, and resist the structural and other constraints they encounter.

With the growth in prominence of entrepreneurship, a more inclusive and place-based approach to policy making is increasingly demanded. If high-income countries are serious about advancing gender equality, they will have to focus beyond economic measures on the structural and cultural factors driving exclusion.

References

- Acs, Z. J., Autio, E., & Szerb, L. (2008). *Entrepreneurship, innovation and economic growth: The Global Entrepreneurship and Development Index (GEDI)*. Cheltenham: Edward Elgar Publishing.
- Benería, L. (2003). *Gender, development, and globalization: Economics as if all people mattered*. Routledge.
- Brush, C. G., de Bruin, A., & Welter, F. (2009). A gender-aware framework for women's entrepreneurship. *International Journal of Gender and Entrepreneurship*, 1(1), 8–24. <https://doi.org/10.1108/17566260910942318>
- Folbre, N. (1994). *Who pays for the kids? Gender and the structures of constraint*. Routledge.
- Global Entrepreneurship Monitor (GEM). (2025). *Global Entrepreneurship Monitor 2024/2025 Global Report*. London: Global Entrepreneurship Research Association. Retrieved from <https://www.gemconsortium.org>
- Klapper, L., & Parker, S. C. (2011). Gender and the business environment for new firm creation. *World Bank Research Observer*, 26(2), 237–257. <https://doi.org/10.1093/wbro/lkp032>
- Langowitz, N., & Minniti, M. (2007). The entrepreneurial propensity of women. *Entrepreneurship Theory and Practice*, 31(3), 341–364. <https://doi.org/10.1111/j.1540-6520.2007.00177.x>
- Minniti, M., & Naudé, W. (2010). What do we know about the patterns and determinants of female entrepreneurship across countries? *European Journal of Development Research*, 22(3), 277–293. <https://doi.org/10.1057/ejdr.2010.17>
- North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge University Press.
- Scott, W. R. (2001). *Institutions and organizations* (2nd ed.). Sage Publications.
- Terjesen, S., & Amorós, J. E. (2010). Female entrepreneurship in Latin America and the Caribbean: Characteristics, drivers and relationship to economic development. *European Journal of Development Research*, 22(3), 313–330. <https://doi.org/10.1057/ejdr.2010.13>