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Women's entrepreneurship — Key definitions and general criteria

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see www.iso.org/iso/foreword.html.

International Workshop Agreement IWA 34 was approved at a workshop hosted by the Swedish Institute for Standards (SIS), in association with the International Trade Centre (ITC) SheTrades Initiative, held virtually in December 2020.

Any feedback or questions on this document should be directed to the user’s national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

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Introduction

Gender equality contributes to faster economic growth, productivity, and innovation. Equal access to education, employment, entrepreneurship, trade opportunities, and leadership positions enlarges the pool of labour and talent available to the economy and contributes to productivity and innovation.

Gender equality can help enterprises succeed. Enterprises with supplier-diversity programmes outperform other ones. Finally, gender equality is a precondition to reduce poverty. Expanding women's opportunities contributes to increasing household income, asset accumulation, and spending on child welfare.

There are numerous initiatives at global, regional and domestic levels focused on women's economic empowerment. However, the lack of clear and universally agreed definitions to describe enterprises owned or led by women has created challenges across the women entrepreneurial ecosystem. Particularly, these challenges revolve around collection of gender-disaggregated data, research, policymaking, international comparability, and access to capacity building, finance and markets. Creating a definition for enterprises owned or led by women and guidance on its use will allow for clear and targeted efforts in advancing women's economic empowerment and will contribute to the overall achievement of the United Nations Sustainable Development Goals (SDGs) for 2030, including several gender-specific targets under SDG 5 on gender equality.

Stakeholders worldwide have been using various definitions to describe enterprises owned or led by women. These definitions have often been adapted to context-specific factors, such as cultural norms, policy and legal frameworks, the nature of the initiative, and the ease of verification. Some definitions have been found to be difficult to apply in informal or cooperative sectors, or to not adequately capture the growth stages of an enterprise.

The nuances among the definitions rest primarily on the terminology, women's percentage of ownership, and women's level of management and control of the enterprise. For example, multiple terminologies exist, including "women-owned", "women-led", "women-driven", and "women-influenced" enterprises. Often, various stakeholders apply different sets of criteria to their definitions. Moreover, some stakeholders have not adopted a definition at all, which often slows down the implementation of targeted programmes.

In this context, this document establishes clear and universally agreed terms and definitions for use in programmes and initiatives aimed at women's economic empowerment. This allows stakeholders to use an internationally recognized definition appropriate to their specific objectives and social, cultural and economic context. Recognizing the challenge in establishing one common definition, this document provides a selection of terms and definitions.

This document was developed virtually over two workshops, with a commenting round between the workshops. A list of the experts who participated in one or both workshops and/or submitted written comments in the commenting round is given in Annex A. However, many more registered to the process and were kept informed throughout and had the possibility to provide input if they chose. In total, 368 experts from 77 countries registered to this process.

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Women's entrepreneurship — Key definitions and general criteria

1 Scope

This document establishes a set of common definitions related to women's entrepreneurship, such as those for women-owned business and women-led business. This document also defines women-led cooperatives and women-led informal enterprises. These definitions can be used, for example, in women's economic empowerment programmes (such as procurement and trade programmes) and for the collection of internationally comparable data on women's entrepreneurship (including the impact on local and national economies). This document also provides criteria for evaluating important factors related to these definitions, such as ownership, management, and control, as well as how to handle dilution by investment.

NOTE If an enterprise cannot be categorized according to the definitions given in this document, it does not necessarily mean that the enterprise is male-owned or male-led.

This document does not provide recommendations on how to initiate programmes based on the definitions and criteria, for example on public procurement. In addition, this document does not address issues such as how to promote conformity assessment.

2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 26000, *Guidance on social responsibility*

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at https://www.iso.org/obp

— IEC Electropedia: available at http://www.electropedia.org/

3.1
women-owned business
business (3.10) that is more than 50 % owned by one or more women, whose *management* (3.5) and *control* (3.7) lie with one or more women, where a woman is a signatory of the business's legal documents and financial accounts, and which is operated independently from businesses that are not owned by women

3.2
women-led business
business (3.10) that is at least 25 % owned by one or more women, whose *management* (3.5) and *control* (3.7) lie with one or more women, which has at least one third of the board of directors comprised of women, where a board exists, where a woman is a signatory of the business's legal documents and financial accounts, and which is operated independently from businesses that are neither led nor owned by women

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3.3
women-led cooperative
cooperative (3.11) in which more than 50 % of the total number of votes are held by women, where the majority of the board of directors are women, and where the majority of leadership positions, if applicable, are held by women

3.4
women-led informal enterprise
informal enterprise (3.19) whose *management* (3.5) and *control* (3.7) lie with one or more women

Note 1 to entry: The woman/women make(s) the important strategic and operational decisions about the economic unit for which her/their work is performed and about the organization of her/their work, she/they is/are not accountable to or supervised by other persons, and she/they is/are not dependent on a single other economic unit or person for access to the market, raw materials or capital items.

3.5
management
ability to direct basic functions and day-to-day activities of the *enterprise* (3.12), including, but not limited to, signature responsibility for insurance and/or bonds, investments, the ability to sign payroll checks and letters of credit, the authority to negotiate contracts and financial services

3.6
operational authority
ability to manage the day-to-day activities of the *enterprise* (3.12)

3.7
control
power, as evidenced by the governance documents when applicable, to direct or cause the direction of the *management* (3.5) or policies and the ability to make decisions on strategy and the direction of the *enterprise* (3.12) without any provisions which restrict the ability of the woman/women from exercising this power

3.8
managerial control
demonstrated ability to make independent and unilateral decisions regarding the *enterprise* (3.12) necessary to guide the future and destiny of the enterprise

3.9
independence
ability of the *enterprise* (3.12) to perform in the enterprise's area of specialty/expertise without substantial reliance on finances and other resources (e.g. equipment, automobiles, facilities) of enterprises that are neither led nor owned by women

Note 1 to entry: "Substantial reliance on finances and other resources" does not include those related to investment or start-up capital.

Note 2 to entry: The enterprise can rely on finances and/or resources of enterprises that are neither led nor owned by women, if these are obtained at market value.

3.10
business
undertaking carried out for profit in the course of which products are acquired or supplied whether at a price or otherwise

Note 1 to entry: *Pass-through entities* (3.18) or sales representatives are not included by this term.

[SOURCE: ISO 22059:2020, 3.1, modified — The note to entry has been added.]

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3.11
cooperative
autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled *enterprise* (3.12)

[SOURCE: Statement on the Cooperative identity, International Cooperative Alliance[3]]

3.12
enterprise
institutional unit in its capacity as a producer of goods and services

Note 1 to entry: An enterprise can be a *corporation* (3.17), a quasi-corporation, or an unincorporated enterprise.

Note 2 to entry: Enterprises include all types of organizations defined as *women-owned businesses* (3.1) *women-led businesses* (3.2), *women-led cooperatives* (3.3) and *women-led informal enterprises* (3.4).

Note 3 to entry: This definition includes social enterprises, and both for-profit and non-profit enterprises.

[SOURCE: Glossary of the 1993 SNA, United Nations Statistical Commission[4], modified]

3.13
sole proprietor
individually owned *business* (3.10) whose assets are wholly owned by a single individual

3.14
general partnership
ongoing, formalized cooperation between an *enterprise* (3.12) and one or more other enterprises, including other enterprises, usually concerning particular services or activities

Note 1 to entry: A general partnership will usually have a contractual basis. Partners may make different contributions, e.g. expertise, funding, training, materials in kind, premises.

Note 2 to entry: Cooperation between two or more enterprises within a single administrative unit is excluded.

Note 3 to entry: Time-limited cooperation on a specified project is excluded and counted as a cooperative project.

Note 4 to entry: A one-way relationship, whether paid or unpaid, where one partner is only supplying and the other only receiving services, is excluded.

[SOURCE: ISO 2789:2013, 2.5.5, modified — The original term "partnership" has been replaced with "general partnership", and the words "library"/"libraries" and "organization"/"organizations" have been replaced with "enterprise"/"enterprises" throughout the definition.]

3.15
limited partnership
separate legal entity which behaves like a *corporation* (3.17) but whose members enjoy limited liability

Note 1 to entry: In effect, the partners are simultaneously both shareholders and managers.

3.16
limited liability company
private *business* (3.10) whose owners are legally responsible for its debts only to the extent of the amount of capital they invested

3.17
corporation
large *business* (3.10) or group of businesses authorized to act as a single entity and recognized as such in law

3.18
pass-through entity
business (3.10) entity whose income is taxed as the owner's personal income at the individual rate rather than as business income

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3.19
informal enterprise
enterprise (3.12), owned by an individual or a household, that is not constituted as a separate legal entity independently of its owner, that is not legally registered in the *business* (3.10) registry and for which no complete accounts are available that would permit a financial separation of the production activities of the enterprise from the other activities of its owner(s)

Note 1 to entry: Informal enterprises are private unincorporated enterprises, excluding quasi-corporations.

Note 2 to entry: The goods or services produced are mainly meant for sale or barter.

Note 3 to entry: "Registration in the business registry" does not include, for example, registration in listings of informal enterprises.

EXAMPLE Informal enterprises can be characterized by one or more of the following:

— lack of licenses;

— lack of registered address;

— lack of bank account;

— lack of relevant documentation;

— lack of registration;

— lack of tax identification;

— lack of a complete set of accounts.

4 General requirements

When evaluating an enterprise based on the definitions and criteria in this document, the evaluation shall be independent of:

— regional or country context;

— women's level of education;

— sector of activity;

— participation in trade;

— any other elements that are illegitimate grounds for discrimination described in ISO 26000.

5 Criteria for determination

5.1 General

This clause sets criteria for determination of different factors that are important in evaluating whether an enterprise is women-owned or women-led. These criteria can be used both by enterprises wanting to demonstrate that they correspond to one of these categories, and by other organizations wanting to carry out an assessment of one or more enterprises.

5.2 Ownership

5.2.1 Determination of ownership

Ownership shall be determined based on titles related to, and beneficial ownership of, stock, membership interests, or other equity in an enterprise.

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