

# Female Entrepreneurship in Iran

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## GENERAL INFORMATION ABOUT FEMALE ENTREPRENEURSHIP IN IRAN

### A. Key Facts (2021)

**Population:** 85 million  
**Women:** 49.53%  
**Women over 25 with University Education:** 81%  
**Women business owners & entrepreneurs:** 15%

#### Women's presence in key sectors:

- Traditional Handicrafts:** 70% Iran top 3 in the world with highest variety
- Food & Agriculture:** 19%
- Herbal Medicine:** 70%
- Startups:** Iran - 30th globally for women-founded startups
- Online Retail:** 40% (especially in mother & child products, fashion, hygiene, makeup)
- ICT:** 30%
- Fintech:** 25%
- Agri-tech:** 12%
- Edu-tech:** Early Childhood- 30%, Adult 10%
- Science & Technology:** 37% (Scientific & Technology Articles)

**Regional Status of Women Entrepreneurs:** 2,500 Export/Import Licenses in Tehran

**Main Exports:** IT, handicrafts, food products, petrochemicals, herbal medicine  
**Key Imports:** Hygiene Products, Food Products, Transfer of Technology, Auto-parts, Medical Devices, Machinery

Sources: The World Bank (2021); Nourmohammadi, H. and Hodaei, F. (2013)

As shown in the table below, due to certain limitations, the gender gap index indicators in Iran fall short of the global indices. However, a new generation of Iranian women business leaders is emerging in different areas, with an increased focus on internationalization of their products and services to have a voice on the international markets.

Fig. 1 - Global Gender Gap Index Indicators, Iran, 2022

| Indicator                                      | Rank  | Score* | Compare with Global average | Gap F-M % | Female vs Male | Min    | Max   |
|--|-------|--------|-----------------------------|-----------|----------------|--------|-------|
| <b>Economic Participation and Opportunity</b>  | 144th | 0.343  |                             |           |                |        |       |
| Labour-force participation rate %              | 146th | 0.911  | -53.73                      | 14.35     | 66.09          | 0-100  |       |
| Wage equality for similar work (1-7 best)      | 121st | 0.542  |                             |           |                |        |       |
| Estimated earned income (I15 1,000)            | 146th | 0.160  | -18.20%                     | 3.45%     | 21.66%         | 0-100% |       |
| Legislators, senior officials and managers %   | 121st | 0.219  | -64.04                      | 17.98     | 82.02          | 0-100  |       |
| Professional and technical workers %           | 114th | 0.534  | -30.37                      | 34.81     | 65.19          | 0-100  |       |
| <b>Educational Attainment</b>                  | 106th | 0.963  |                             |           |                |        |       |
| Literacy rate %                                | 108th | 0.994  |                             |           |                |        |       |
| Enrolment in primary education %               | 91st  | 0.992  | -0.83                       |           | 97.60          | 98.43  | 0-100 |
| Enrolment in secondary education %             | 104th | 0.963  | -3.25                       |           | 84.65          | 87.90  | 0-100 |
| Enrolment in tertiary education %              | 104th | 0.963  | -2.06                       |           | 57.18          | 59.24  | 0-200 |
| <b>Health and Survival</b>                     | 118th | 0.964  |                             |           |                |        |       |
| Sex ratio at birth** %                         | 1st   | 0.944  |                             |           |                |        |       |
| Healthy life expectancy*** years               | 125th | 1.008  |                             |           |                |        |       |
| <b>Political Empowerment</b>                   | 142nd | 0.636  |                             |           |                |        |       |
| Women in parliament %                          | 138th | 0.659  | -88.80                      | 5.80      | 94.40          | 0-100  |       |
| Women in ministerial positions %               | 79th  | 0.071  | -86.07                      | 6.67      | 93.33          | 0-100  |       |
| Years with female/male head of state (last 50) | 12th  | 0.000  | -50.00                      | 0         | 50.00          | 0-50   |       |

Source: World Economic Forum (2022)

### B. Overview

Globally, women business leaders have a tremendous impact on their markets, industries and communities through innovation, job creation and economic growth. Although on the surface this may not seem to be the case in Iran, there is ample evidence in support of how women entrepreneurs are gradually reshaping the business ecosystem and culture in Iran. Entrepreneurship in Iran is evolving with more women leaders capitalizing on digital tools and skills learnt at universities. Their professional approach and attention to detail contribute to driving female entrepreneurship in Iran, with a few female trade associations across Iran offering networking and training opportunities to their members to overcome cultural, legal and societal obstacles.

### C. History

In the more patriarchal society of ancient Iran, women played a prominent role as commerce leaders and, in men's absence, were often entrusted with managing estates. The political and economic position of women in Iran evolved over time and, following the Islamic Revolution, their position in society was seen as revolving primarily around familial duties. However, due to the Iran-Iraq war, more women were forced to work, but did not envision the prospect of starting a business (except for widowed women and/or by means of inheritance). In the 1980s, entrepreneurship became a focal point of Government strategy with an emphasis on improving the status of SMEs in Iran. This coincided with an increase in the number of female graduates willing to start a business in the absence of job opportunities, and the emergence of the startup ecosystem. As a result, more female graduates chose entrepreneurship.

### D. Traditional Sectors

More than 80% of women in Iran are interested in home-based businesses due to the freedom this gives them to cater to the needs of their families while also generating income. Initially, the majority of women-led businesses focused on handicrafts, especially Persian carpets and handmade jewelry. Female entrepreneurs traditionally fell into different classes, depending on their income, social standing and level of education. Although most women, especially those living in rural areas, were mainly involved in traditional sectors, there are many examples of those hailing from the large urban areas opting for less-traditional sectors. Examples of such trailblazers include: female entrepreneurs as owners of the oldest medical device company operating in Iran, the largest logistics and transportation company in Iran, and the largest petrochemical exporter in the Persian Gulf.

### E. Role of Social Media

With the expansion of higher education opportunities, Iranian women gained the confidence to play a more active role in the business domain and not to shy away from opportunities available in Iran, despite certain challenges. In addition, the internet opened up a new world for new entrepreneurs, giving them easy access to online courses about how to establish and grow an online business. According to one of the founders of a successful online portal in Iran, Anooche Hajjorozi, women in Iran aged 25 to 34 have the biggest purchasing power and represent the most influential group on social media. Therefore, engagement of this subsector is highly crucial for the development of online businesses. Many of the female IT professionals in Iran gradually increased their role in the startup ecosystem and established successful businesses in different areas.

## KEY INDUSTRIES

In Iran, the older female entrepreneurs are more likely engaged in food industries, textile and fashion, handicrafts, retail and art. However, there are women active in other industries including: petrochemicals, transportation, logistics, pharmaceuticals, nano-technology, stem-cell research, fintech, medical devices, agriculture and financial services. Generally speaking, in Iran, women business owners and entrepreneurs

are active across various industries, which differ depending on their age and location. In more urban areas, younger women are more likely to start an ICT business than men. In addition, women-led startups are present across different sectors, ranging from tourism to Artificial Intelligence (AI), chemicals, agritech and different types of consulting services.

## CHALLENGES

Female entrepreneurs in Iran, similar to those in other countries in the Middle East, face certain domestic, social, and legal barriers, since societal expectations dictate a more domestic role for them. Although there is no investment or business-related laws that are gender-specific, Iran has consistently ranked 143 out of 148 countries in the 2022 Global Gender Gap Report as published by the World Economic Forum. It also ranked among the 5 lowest countries that promote female political empowerment, with economic participation by women ranking amongst the lowest worldwide. However, times are changing with women comprising more than 60% of university graduates.

According to several state-run media outlets, access to financial resources, reliable information and establishing credibility constitute the biggest obstacles facing female entrepreneurs in Iran.

Despite high unemployment reported for women across the country, this is increasingly lower among the young female graduates in both rural and urban areas especially those with degrees in science, technology, engineering and medicine. The younger female generation has fully embraced the digital transformation and has capitalized on the ensuing economic

opportunities. Iran's media landscape is a fascinating dichotomy of heavy usage and limited access. According to the GSM4 Intelligence Report, mobile connections in Iran were equivalent to 139.1 percent of the total population in January 2022. The rise and attention to startups in Iran in light of high unemployment rates among women in Iran in traditional venues like the Government has been a blessing for young female university graduates.

Social media in some respects has promoted entrepreneurship for women with limited resources as a venue to promote their goods and services as well as helping the older generations how to effectively utilize digital tools. Before the implementation of certain restrictions, online businesses proved to be the growth engine for female entrepreneurship with sales ranging from handicrafts to high fashion, jewellery, financial advisory courses and even IT services. The versatility and creativity of the younger generations are constantly being challenged due to certain restrictions. However, the new female founders overcome these challenges by opting for cross-channel and multi-platform digital and traditional marketing strategies.

## GOVERNMENT PROGRAMS TO PROMOTE & SUPPORT FEMALE ENTREPRENEURSHIP IN IRAN

Due to the changing attitude towards women's economic role beyond the family structure and their role in contribution to the overall economic development and growth, societal norms about women's choice of pursuing a career have evolved in the last decade. Rising living costs have been instrumental in shaping governmental policies regarding female entrepreneurship in Iran. Realising women's potential in the economic arena has encouraged

the Government to promote and support female entrepreneurship across the country. The Government provides different incentive programs to help develop and strengthen the necessary infrastructure to facilitate production and export activities of a new generation of female entrepreneurs. The following table illustrates the different types of Government programs to help assist female entrepreneurs:

| Government Initiative   | Type of Incentive   |
|---|---|
| Policies to promote innovative & knowledge-based entrepreneurship | Loans & Grants; Tax-exemption; Co-working & Accelerator Programs; Tax Relief & Exemptions; Venture Capital Funding.                         |
| Support to Iranian Startups                                       | Loans & Grants; Tax-exemption; Co-working & Accelerator Programs; Tax Relief & Exemptions; Venture Capital Funding; Startup studio centres. |
| Initiation of Innovation Plan                                     | Establishment of a fund to further innovation, technology, and entrepreneurship across all universities.                                    |
| Internationalization of Startups                                  | Collaboration with different countries; Participation in international exhibitions & fora.  |
| Minor in Entrepreneurship Programs                                | Design & implementation of specialized university courses focused on entrepreneurship.  |
| Protection of Home-based Industries Regulations                   | Government assistance to women owners of home-based businesses in the form of loans and grants.   |
| Corporate Entrepreneurship Development Programs                   | Matchmaking services between startups & major corporations.   |
| Enactment of New Legal & Regulatory Regime                        | Startup Act; Public Private Participation Act; Venture Capital Act.   |

Although these programmes are not specific and are available to the public at large, the Government has introduced programmes designed specifically to foster female entrepreneurship in Iran. In recognition of the economic societal role of women, starting in year 2000, the Government has focused on women

issues especially those related to their economic empowerment. Some of the programmes focus on ways of facilitating access to economic and financial resources, offering training to both urban and rural women and improving networking opportunities amongst women across different sectors.

## ROLE OF WOMEN IN CONTRIBUTING TO THE GDP

According to the Global Entrepreneurship Monitor (GEM), in 2018 the female/male TEA ratio in Iran is 0.18 and the female/0.5 & 0.63 (respectively) being lower than the Global ratio of 0.71, the ratio relating to female/male Opportunity-Driven TEA was 1.10, which was higher than the male ratio. This ratio reflects

the driving force behind the success of female entrepreneurs in Iran, who saw self-employment and entrepreneurship as an opportunity rather than as a last resort. This is an indicator of the Iranian female entrepreneurs' capability to seek and exploit business opportunities.

Fig. 2 - Entrepreneurial Behaviours and Attitudes for Iran (2019-2018)



Source: GEM (2021), Iran: Entrepreneurial Behaviour and Attitudes

## EXPORTS/IMPORTS

Iranian women-owned businesses are mainly focused on exports due to the fall of the local currency. Offering products or services to international markets requires expertise on ways

to penetrate such markets. Market-entry professionals can capitalize on this opportunity to streamline the process and ensure quality standards.

## THE IMPACT OF THE COVID-19 PANDEMIC

According to GEM's 2021 women entrepreneurship report, Iranian women entrepreneurs in Iran were more than twice as likely as their male peers to create new business opportunities during the Covid-19 pandemic. This is mainly due to the resilience and flexibility of women entrepreneurs to re-structure their

businesses and capitalize on the digital transformation required to pivot their business activities to weather the pandemic. The data provided by the GEM report also illustrated that early-stage entrepreneurs were more optimistic than women in established businesses.

Fig. 3 - Iranian women creating new business opportunities than men during Covid-19 pandemic

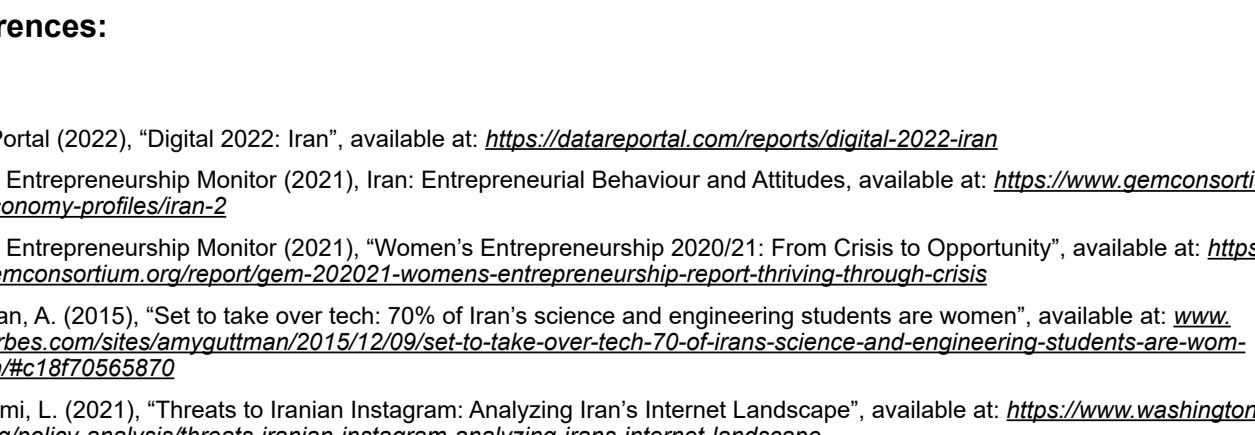


Source: GEM (2021), Women's Entrepreneurship Report: From Crisis to Opportunity

In addition, the use of digital tools and innovation was instrumental for female entrepreneurs in higher contrast to the global average, demonstrating the gender divide. In addition,

female entrepreneurs seemed more likely to engage in a leaner corporate structure based on innovation as opposed to an employee-based structure, as seen in the figure below:

Fig. 4 - Iranian female entrepreneurship and innovation



Source: GEM (2021), Women's Entrepreneurship Report: From Crisis to Opportunity

According to the GEM 2021 report, Iranian women represented four out of five entrepreneurs offering innovative products domestically, with one in three offering innovative products aimed at international markets. This is where the future

lies in the Iranian business and entrepreneurship ecosystem. Thus, European SMEs can capitalize on innovation to offer, procure or collaborate with the new generation of female entrepreneurs.

## Identifying Growth Segments for European SMEs

- Scientific Cooperation (Agriculture & Agri-tech)
- Consulting & Advisory Services to Import Medicinal Herbs
- Grains & Seeds
- Equipment & Machinery (Small Industries, Food Extrusion, Packaging)
- Retail
- Hygiene & Personal-Use Products (including makeup)
- Chemicals
- Automation Systems
- ITC Advisory Services
- Cooperation on Fintech Solutions
- Fish Farming Equipment
- Greenhouses
- Logistics & Transportation Systems
- Sustainable Water Solutions
- Cooperation on Stem-Cell Research & Nanotechnology
- Consultation & Cooperation on Tele-medicine & wearables
- Cooperation in Professional Services
- Petrochemical Products (not subject to sanctions)
- Pharmaceuticals (especially infant formula & baby foods)
- Pharmaceuticals
- Infrastructure Support Services

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