

**Women Entrepreneurship in SME Sector of Pakistan**

**By  
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# **Acknowledgement**

*“Only that education deserves emphatically to be termed cultivation of the mind which teaches young people how to begin to think”.*

*(Mary Wollstonecraft)*

**Respectable Professor Ms. Fauzia Janjua, Madam!**

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Javeria Shafiq

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Negative	Positive
Male domination	Urban areas are better off because of education
Narrow-mindedness of men/negativism	Teaching is considered respectable in Pakistan
Criticism of women going out	Females are getting more education
Conservative attitude	Girls are learning more skills for business
Bad attitude of people towards working women	Social setup of Pakistan/respect for women
Women are discouraged/dishonored by men	Awareness in women is increasing
Traveling alone is a problem	Labour is cheap
Lack of security	Availability of housemaids at cheap rates
Family restrictions	Popularity of traditional cloth/our culture
Women are not considered trustworthy	Hard working labour
Lack of awareness/illiteracy	Computer education is becoming indispensable
Religious restriction	Embroidery is home based activity
Criticism that daughter's/women's income is a matter of dishonour for the family	Interaction is easy with women in beauty parlour
Can't work freely	Market is expanding for women
Late working hours	Women feel secure with the new transport system
Shop keeping is difficult	Pakistani women are cooperative
To convenience people is difficult	Women from educated family are given respect
People do not understand women's problems	Islamic system of society gives respect to women
No role model for women	People spend much on weddings
Women are deprived of their rights	Good behaviour/attitude of people
Difficult to get recovery from retailers as a woman	Society norms of respect for women
Uncertainty in post marriage life	Educated youth is more respectful
Girl child is oppressed	
Lack of confidence in women	
Attitude of people in marketing is bad	
Dealing with men is not considered worthy	
Dealing with men is considered bad	
Lack of power that men have	
Family responsibilities	
Proper child-care is responsibility of mother	
To take loan is a problem/lack of finance	
Tax problems	
Red tape	
Economic slowdown	
Government officials are troublesome	
Inflation/utility dues	
Government policy is not feasible	
Discrimination	
Elite's monopoly	
Production problems	
Hypocrisy	



# Research Questionnaire

## *Improving the Bargaining Power of Women Entrepreneurs*

Date of interview:	dd	mm	yy
Interviewer's name:			

QUALITY CONTROL <i>[to be filled in by supervisor after interview]</i>				
Checked by:		Corrected	Yes	No
Date checked:				
City:				

### RESPONDENT CRITERIA (to be asked by interviewer prior interview)

Please ensure that the respondent meets the following criteria by asking:	Yes	No
Do you own/Own shareholder/manager of this business?	1	2
Do you have 5 or more than 5 employees in your business	1	2
Do you operate this business from dedicated business premises other than your residence	1	2

## Part 1. Profile of the Entrepreneur

### 1.1 (Show Card) Which age bracket are you in?

Less than 20	1
20-39	2
40-49	3
50-59	4
60-above	5

### 1.2 (Show Card) What is the level of your education?

Postgraduate	1
Graduate/Vocational	2
Secondary/Primary	3
No formal education	4

### 1.3 (Show Card) what is the highest level of education completed by your mother?

Postgraduate	1
Graduate/Vocational	2
Secondary/Primary	3
Just Literate	4
No formal education	5

### 1.4 (Show Card) what is the highest level of education completed by your father?

Postgraduate	1
Graduate/Vocational	2
Secondary/Primary	3
Just Literate	4
No formal education	5

### 1.5 What is your marital status? (Show card)

Single	1 (Go to 1.9)
Married	2
Separated	3
Divorced	4
Widowed	5

### 1.6 Do you have Children?

Yes	1
No	2 (Go to 1.9)

### 1.7 How many children do you have (if yes to 1.8)?

Girl/(s) -----

Boy/(s) -----

**1.8 What are the ages of your children?**

Girl(s)	Boy(s)
1.	1.
2.	2.
3.	3.
4.	4.

**1.9 What kind of family structure are you living in? (Please explain the terms to the entrepreneur)**

Nuclear family <sup>64</sup>	1
Extended Family <sup>65</sup>	2
Alone	3 (go to 1.11)
Other (specify)	4

*(Ask this question from respondents who are married according to Q 1.5)*

**1.10 (Show card) what is the highest level of education completed by your spouse?**

Postgraduate	1
Graduate/Vocational	2
Secondary/Primary	3
Just Literate	4
No formal education	5

**1.11 What were you doing immediately before starting this business? (Get a single response)**

Student	1
Unemployed	2
Employed	3
House wife	4
Another business (specify)	5
Other (Specify)	6

**1.12 Did you had any prior work experience relating to this business? (Please explain)**

Yes-Substantial	1
Very little	2
No-Started from scratch	3

**1.13 Did you undergo any specific training or education to start/scale up this business?**

MBA/Accounting/Professional Training	1
Short Computer Course	2
Short Management Course	3
Small Business Course	4
Technical Training (specify)	5
Certificate course (specify)	6
Diploma (specify)	7
Other (specify)	8
None	9

**1.14 (Show Card) What computer skills do you have? (Multiple Response)**

I can compose a letter	1
I can use email and Internet	2
I can use spreadsheets and prepare power point presentation	3
My computer skills are more than 1, 2 and 3 above	4
No I cannot use a computer	0

**1.15 Who established this business?**

Already established by family	1 (If yes-specify father, mother etc.)
Myself	2
Myself and my family	3 (If yes-ask which person in the family)
Myself and my friends	4
Somebody else (specify)	5 (If yes — go to 1.19)

**1.16 What were the most important motivating factors to start this business? (Ask 1.16, 1.17, and 1.18 if the answer to 1.15 is not 1 and 5)**

- 1.
- 2.
- 3.

**1.17 Please tell the major factors that were helpful in starting this business?**

- 1.
- 2.
- 3.

**1.18 Were there any problems that you faced specifically as a women entrepreneur in starting this business?**

-----  
-----

**1.19 Do you want your business to grow?**

Yes: I want my business to grow	1
I want my business to remain almost like it is now	2
No: I want my business to grow	3

**1.20 What are the most important factors that can help your business to grow? (Up to 3)**

- 1.
- 2.
- 3.

**1.21 What are the most significant barriers in the growth of your business? (Up to 3)**

- 1.
- 2.
- 3.

## Part 2. Profile of the Enterprise

### Part 2.1: General

**2.1.22 What is the size of the enterprise in terms of number of employees?**

<b>Micro (5-9)</b>	
<b>Small (10-35)</b>	
<b>Medium (36-99)</b>	

**2.1.23 What kind of business is this?**

Trade	1
Manufacturing	2
Service	3
Other (specify)	4

**2.1.24 What are the main products/ services of your business?**

-----  
-----

**2.1.25 Where are the major operations of this business located?**

**City/Town:**

**2.1.26 When this business was established?**

**Year:**

**2.1.27 What is the legal status of your business? (Read out and get single response)**

Single Owner/Sole Proprietor	1
Partnership (Registered)	2
Partnership (Unregistered)	3
Private Company	4
Public Company	5
Cooperative Society/NGO	6
Other (specify)	7

**2.1.28 Do you own the business premises?**

Own	1
Rented	2
Other (specify)	3

**2.1.29 What is your management style?**

Hierarchical<sup>66</sup> 1  
Consensus based<sup>67</sup> 2  
Other (specify) 3

**2.1.30 What is the most important factor in adopting this management style? (Select one)**

It is more effective 1  
It is more productive 2  
It suits our culture 3  
Other (specify) 4

**2.1.31 Do you have a personal bank account?**

Yes 1  
No 2

**2.1.32 Do you have a separate bank account (other than your personal account) for this business?**

Yes 1  
No 2

**2.1.33 How many employees do you have?**

	Women	Men
Full Time		
Part Time		
Paid Family Member		
Unpaid Family Member		

**2.1.34 Has your business grown (experienced a positive change in sales etc.) in the past one year?**

Phenomenal Growth 1  
Normal Growth 2  
Stay the same 3  
Negative growth 4  
Drastic negative growth 5

**2.1.35 What are your long-term plans for your business?**

Continue/expand present business	1
Change to another line of business	2
Leave and take up wage employment	3
Pass the business onto someone else in my family	4
Sell the business	5
Hire a manager	6
Retire	7
Other (specify)	8

**2.1.36 How do you expect to continue your business over the next year?**

*(Do NOT read out; multi-mention: ask this question only if the respondent has answered 'Continue with present business' in questions 2.1.35)*

	Yes	No
No changes planned	1	2
Make new investments in the business	1	2
Expand/improve the business		
Increase the number of workers	1	2
Decrease the number of workers	1	2
Expand the range of products/services	1	2
Reduce the range of products/services	1	2
Don't know	1	2
Other (specify)	1	2

**2.1.37 How do you expect your business to perform in the next three years, compared to how it did in the past three years? (Read out: single mention)**

Very good	1
Good	2
OK	3
Poor	4
Very Poor	5

**2.1.38** What is your opinion on \_\_\_\_\_ (attribute mentioned below) on 5 point rating scale from +2 to - 2 where +2 means Strongly Agree and -2 means Strongly Disagree with this statement (Show Card) ?

	+2 Strongly Agree	+1 Agree	0 Can't say anything	-1 Disagree	-2 Strongly Disagree
The overall environment for women entrepreneurs is good					
Family and social commitments are growing					
Government support to women entrepreneurs is increasing					
The costs of running business are increasing					
Access to finance and credit for women entrepreneurs is increasing.					
Access to women business support networks is increasing					
Market for women entrepreneurs is expanding					
Business know how of women entrepreneurs is increasing					
Technical skills of women entrepreneurs are increasing					

**2.1.39** How do you obtain orders for your products and services?

-----  
 -----

**2.1.40** Who takes these orders?

Myself 1  
 Marketing staffs (specify male/female) 2  
 Other (specify) 3

**2.1.41** As a women entrepreneur do you feel any constraints in getting these orders?

Yes (specify) 1  
 No 2

**2.1.42** How do you get your products/services to the market?

Myself 1  
 Marketing staffs (specify male/female) 2  
 Other (specify) 3

**2.1.43** Who delivers your products/services to the market?

Myself 1  
 Marketing staffs (specify male/female) 2  
 Other (specify) 3

**2.1.44** As a women entrepreneur do you feel any constraints in delivery of your products/services?

Yes (specify) 1  
 No 2

-----  
 -----



**2.1.45 Which one of the following is your largest market? (Read out, Single Response)**

- |                                |   |
|--------------------------------|---|
| Local markets                  | 1 |
| Regional or provincial markets | 2 |
| National markets               | 3 |
| International markets          | 4 |
| Other (specify)                | 5 |

**2.1.46 What is the mode of marketing?**

- |                                    |   |
|------------------------------------|---|
| Managed by the company herself     | 1 |
| Through an intermediary            | 2 |
| Production is based on demand only | 3 |
| Sold to retailers                  | 4 |
| Others (Specify)                   | 5 |

**2.1.47 Have you always sold in the same markets?**

- |     |   |
|-----|---|
| Yes | 1 |
| No  | 2 |

**2.1.48 Which new markets are you now operating in?**  
(Ask this question if the answer is No in 2.1.47)

-----  
-----

**2.1.49 What are three major marketing constraints of your business? (Please explain)**

1. -----
2. -----
3. -----

**2.1.50 What promotional events or exhibitions have you participated in over the last three years?**

- 1.
- 2.
- 3.

**2.1.51 Do you have a web site to promote/market your business?**

- |                                     |   |
|-------------------------------------|---|
| Yes                                 | 1 |
| No                                  | 2 |
| We are in the process of developing | 3 |

**2.1.52 Have you made any technology improvement in your business in the past one-year and how?**  
(Read out and ask how if the response is 1, 2 or 3)

- |             |   |
|-------------|---|
| Substantial | 1 |
| Moderate    | 2 |
| Marginal    | 3 |
| Not at all  | 4 |

**2.1.53 What kind of technology is helpful for your business and how?**

Type of Technology	How it can help the business

**2.1.54 Do you happen to know any of the following institutions and their purpose?**

PCSIR (Pakistan Council for Scientific and Industrial Research)	1
STEDEC (Scientific and Technological Development Corporation)	2
PITAC (Pakistan Industrial and Technical Assistance Center)	3
NPO (National Productivity Organization)	4
PVTC (Punjab Vocational Training Council)	5
TEVTA (Technical Education and Vocational Training Authority)	6
None	7

**2.1.55 Do you think that Pakistan's accession to WTO is going to change your business in any of the following ways?**

Favorably	1
Moderately	2
Drastically	3
Have no idea	4

**2.1.56 Are you a member of any of the following organizations? (Read out, multiple response)**

Chamber of Commerce and Industry	1
Related Business Organization	2
Any Networking Group	3
Pakistan Association of Women Entrepreneurs	4
Export Promotion Bureau	5
Others (Specify)	6
None	7

**2.1.57 Have you received any help from any government or private agency in the last three years?**

Yes	1 (What kind of help? Please explain)
No	2

## *Part 2.2: Business and the Family*

**2.2.58 Are there some family members who help you in running this business? (Please specify sex)**

- |  |   |
|--|---|
| Nobody   | 1 |
| Close Blood Relations (father, mother, brother, sister etc.) | 2 |
| Relatives from in-laws (husband, mother in law etc.)         | 3 |
| Other relatives/friends                                      | 4 |

**2.2.59 How many family members are there in your management team (if yes in 2.2.58)?**

Management Staff (total)	Family Members		Others	
	Male:	Female	Male:	Female:

**2.2.60 How many family members are there in your supervisory staff?**

Supervisory Staff (total)	Family Members		Others	
	Male:	Female	Male:	Female:

**2.2.61 How many family members are there as workers?**

Workers (total)	Family Members		Others	
	Male:	Female	Male:	Female:

**2.2.62 What percentage of your monthly income from this business contributes to your total Household Income? (Read out, single response)**

- |               |   |
|---------------|---|
| None          | 1 |
| Up to 25%     | 2 |
| Up to 50%     | 3 |
| More than 50% | 4 |

**2.2.63 What percentage of your profit is reinvested in this business? (Read out, single response)**

- |               |   |
|---------------|---|
| None          | 1 |
| Up to 25%     | 2 |
| Up to 50%     | 3 |
| More than 50% | 4 |

**2.2.64 Who do you normally ask for advice on business problems?**

- |                                   |   |
|-----------------------------------|---|
| Family Member (Please specify)    | 1 |
| Relative/ Friend (Please specify) | 2 |
| General Manager/Director/Employee | 3 |
| Other (specify)                   | 4 |

**2.2.65 Who takes the final decision regarding investments in machinery/other fixed assets?**

.....

**2.2.66 How do you take this decision?** (Read out from the card)

On the basis of my own judgement	1
In consultation with a family member (specify)	2
In consultation with a relative/friend (specify)	3
In consultation with General Manager/Director/Employee	4
Other (specify)	5

**2.2.67 Who decides about new recruitment in the business?**

---

**2.2.68 How do you decide about new recruitment in the business?**

My own judgement	1
In consultation with a family member (specify)	2
In consultation with a relative/friend (specify)	3
In consultation with General Manager/Director/Employee (specify)	4
Other (specify)	5

**2.2.69 Who takes final decisions regarding marketing and sales?**

---

**2.2.70 Who is responsible in your business for making/maintaining Public contacts (Other than Marketing)?**

---

**2.2.71 Who signs legal documents like business contracts etc.?**

---

**2.2.72 What is the average number of hours/day that you spend for the business?**

---

**2.2.73 What is the average number of hours/day that you spend with the family/ household?**

---

**2.2.74 How many other members of the family contribute to the household income (specify number and gender)?**

---



**3.1.80 (Show Round Card) which was the most important factor that have POSITIVELY affected your business in the recent past (mark 1 in the box), Also assign 2, 3, 4, 5, and 6 as second, third, fourth, fifth, and sixth factors respectively?**

- Regulatory Environment (government policies, regulations and institutions)
- Law and order situation
- Adequate financing facilities
- Business development services (management, marketing, etc)
- Economic growth
- Other (Specify)


**3.1.81 (Show Round card) Which help by the Government is desired by you the most? Second? Third, Fourth, Fifth? (Rank the responses)**

- Lesser Government Regulations
- Reduced Costs of Utility Inputs (Electricity, Gas etc)
- Loans at Concessional rates of Interest
- Business Development Services
- Other (Please specify)


## 3.2 Finance

**3.2.82 How did you finance your business at the start? (Multiple Response)**

- My own savings 1
- Credit from the formal source 2
- Credit from the Informal source (Friends and Family) 3
- Somebody else invested 4
- Other (specify) 5

**3.2.83 Have you borrowed money for the business in the last three years?**

- No 1
- Yes 2 (If Yes then ask source as following)

Formal Source	
Commercial Banks	1
Leasing Companies	2
DFIs	3
PSIC	4
Other (specify)	5

Informal Source	
Friend	1
Family	2
Relative	3
Money Lender	4
Other (specify)	5

**3.2.84 (If Formal Source then ask) How was Collateral managed ?**

-----

-----

**3.2.85 For what purpose did you borrow money (if yes in 3.2.86)?**

Plant and Equipment Investment	1
Working Capital	2
Trade Finance	3
Real Estate	4
Other (specify)	5

**3.2.86 What problems did you face in borrowing money (if answer is formal source in 3.2.86)?**

Access to the Financial Institutions	1
Cumbersome procedures	2
High Interest Rates	3
Strict Terms and Conditions	4
Other (specify)	5

**3.2.87 Do you think that being a woman is a major constraint in getting formal finance?**

Yes	1
No	2

**3.2.88 (If yes in 3.2.90 how?)**

-----  
-----

### **3.3 Non-Financial Services**

**3.3.89 Did you or your staff undergo any training in the last three years?**

	<b>(a) Self</b>	<b>(b)Staff</b>
Yes	1	1
No	2	2 (Go to 3.3.90)

**3.3.90 (If Yes for self) What kind of training did you get?**

-----  
-----

**3.3.91 (If Yes for self) From where did you get that training?**

-----  
-----





**3.3.98 (Show Round card) Which is the most important factors for the growth of your business where you expect the Donors to extend help? Second, Third, Fourth, Fifth (Please prioritize)?**

- Networking
- Marketing
- Finance
- Training (specify)
- Legal
- Other (specify)


**3.3.99 Could you please list four non-financial business support services that are the most important for your business?**

- 1.
- 2.
- 3.
- 4.

**3.3.100 What do you think about the performance of existing women support organizations in terms of their out reach?**

- Good 1
- Not so good 2
- Bad 3
- Do not know 4

**3.3.101 How (in your opinion) this outreach can be improved?**

-----

-----

**3.3.102 What do you think about the performance of existing women support organizations in terms of the range of services that they provide?**

- Good 1
- No so good 2
- Bad 3
- Do not know 4

**3.3.103 How (in your opinion) this range of services can be improved?**

-----

-----

**3.3.104 Have you received help (non-financial) from the women support organization/(s) in the last three years?**

Year	Type of Help	Name of the Organization

**3.3.105 What should be the role of Women Business Forums in Pakistan to help the women entrepreneurs in their business-related problems?**

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**3.3.106 What do you think are the major business issues faced only by the woman entrepreneurs in Pakistan and not the male entrepreneurs?**

-----  
-----  
-----

### 3.4 Social/Cultural

**3.4.107 Are you the first woman member of your family who started business?**

Yes            1  
No             2

**3.4.108 What was the response of your family when you entered into this business?**

Very Supportive            1  
Supportive                 2  
Indifferent                 3  
Non supportive             4  
Reacted badly              5

**3.4.109 (Ask this question if the answer is 1 and 2 in 3.4.107) How your family was/is supportive?**

-----  
-----

**3.4.110 (Ask this question if the answer is 4 and 5 in 3.4.107) What hindrances you are facing from your family?**

-----  
-----

**3.4.111 How did the business affect your family life and in what ways? (Specify)**

- Very Positively 1
- Positively 2
- Can't Say anything 3
- Negatively 4
- Very Negatively 5

**3.4.112 What are social/cultural barriers that negatively affect your doing business in Pakistan?**

- 1.
- 2.
- 3.

**3.4.113 How do you think these barriers could be reduced/removed?**

-----  
-----

**3.4.114 What are social/ cultural aspects that positively contribute to your doing business in Pakistan?**

- 1.
- 2.
- 3.

**3.4.115 How do you think that doing business has affected your social image in the society?**

- Improved 1
- Remained the same 2
- Worsened 3

**3.4.116 What general comments you hear from society about your doing business?**

*Positive Comments:*

-----  
-----

*Negative Comments:*

-----  
-----

**3.4.117 How do you think that the perceptions about women doing business are changing in the society?  
What changes in the attitude of society you have noticed in the past three years?**

- Significantly improved towards doing business 1 (Go to 3.4.115)
- Improved 2 (Go to 3.4.115)
- Can not say anything 3
- Not Improved 4 (Go to 3.4.116)
- Worsened 5 (Go to 3.4.116)

**3.4.118 What positive improvement you have noticed in the social attitude?**

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**3.4.119 What negative trends you have noticed in the social attitude?**

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Name of Enterprise: -----

Name of Entrepreneur: -----

Qualification of Entrepreneur: -----

Business address: -----

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**Contact:**

Telephone: -----

Fax: -----

Email: -----

Website: -----

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**What is the value of Productive assets — excluding land and building? (including raw material, stocks and machinery)**

Up to Rs. 2,00,000.00	1
Rs. 200,001 to Rs. 2 Crore	2
Rs. 2 Crore to Rs. 4 Crore	3
More than 4 Crore*	4

**Total investment:**

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**Average Monthly Sales:**

-----

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Thank you very much for your cooperation

**Any Comments:**

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## ABSTRACT

In the growth and progress of any country, its small scale sectors are of equal importance as of other large scale sectors because without the progress of small sectors the country can not progress in true sense. Whether it is a developed economy like the USA, Japan, & Germany, or the developing economy like Thailand and Malaysia, small and medium enterprises (SMEs) form the backbone of the economy. A dynamic and vibrant SME sector plays a key role in the successful economic growth of these countries.

The developmental role of the small and medium scale enterprises (SMEs) sector in developing countries has been highly recognized. They serve as engines through which the growth objectives of developing countries can be achieved. It is estimated that SMEs employ 22% of the adult population in developing countries.

Almighty ALLAH has created every creation in pair. For man there is a woman, equally important, equally capable and equally productive. Then why business is dominated by men. Actually it is not now both wheels (man and woman) of life are running the business. Business, no matter big or small, is in our lives from the Stone Age to the twenty first century and women are in business since the beginning of Islam. As it is known that Hazrat Khadija used to do Tijarat in Mecca for which she seek the help of Hazrat Muhammad (P.B.U.H).

Women play an important and significant role in the economic progress of any country. Today approximately half of the world's population is of women and a large number of women are participating in all spheres of life. But in all countries women work is not fully recognized.

Resultantly, in a country like Pakistan women until recently not only had an insignificant representation in the total labor force, they also had a limited business ownership both in the urban and rural sectors. Women constitute almost 48 per cent of the total population in Pakistan. But most of the women work in the rural areas of the country and they do not

have access to all the facilities which women of urban areas are getting and at the same time their work is not recognized in the statistics of the country.

The working women have to perform more work than men besides their core job of house keeping, children brought up and others. Besides these works they are participating actively in all fields of work. To manage both home and job they have to work even harder. They face many problems either from their family side or at the working places.

What has been told above will be discussed in detail in the later part of this report. This report also contains a research study initiated and financed by ILO and survey of 150 women entrepreneurs in Pakistan, which covered the three major cities of Islamabad, Lahore and Rawalpindi. The sample was comprised of women entrepreneurs from a variety of sectors. In constructing the sample, the women entrepreneurs had to meet specific criteria: the women had to already be in business, they had to be operating from dedicated business premises outside of the home, and they had to be employing a minimum of 5 persons. In the study, efforts were made to determine the attitudes and commitment of the women to growing and expanding their enterprises. The report also describes the barriers and constraints, as well as the support and opportunities facing these women entrepreneurs. In addition to the quantitative findings, the report provides a brief pen picture of 20 of the women entrepreneurs.

Moreover the report highlights women entrepreneurship in India and Bangladesh. The last part of the report contains recommendations for Pakistan based on the analysis and findings.

## Chapter 1: INTRODUCTION

### 1.1 An Overview of Pakistan's Economy

With 148.72 million inhabitants in mid 2004, Pakistan is the world's 7<sup>th</sup> largest country in terms of population. Pakistan's land area is 803,943 square kilometers, out of which 25% is cultivated.

**Table 1: Pakistan's Economy at a Glance**

<b>Population, mid year (millions)</b>	148.72
<b>GDP per capita (US \$)</b>	652
<b>Population growth (1% of annual average)</b>	1.9
<b>Poverty (% of populations below national poverty line)</b>	33
<b>Life expectancy : Male</b>	64.00
<b>Female</b>	63.80
<b>Infant mortality (per 1000 live births)</b>	82
<b>Literacy Rate (%)</b>	54

Considering that Pakistan did not have much of a manufacturing base at the time of independence, the development of the industrial sector, which now accounts for 14% of GDP in year 2003-04, has been impressive. Agriculture, based in large part on an extensive canal irrigation system in the Indus plains, now is the smallest sector in terms of employment and export earnings, contributing 9 % to GDP. Services account for 45 % of GDP. Pakistan's GDP per capita, is equivalent to US\$ 652. The country experienced declining GDP growth from an annual average of 6% during the 1980s to 4.6% during the 1990s. Pakistan's exports continue to be dominated by textiles and apparel as well as agricultural products, despite the government's diversification efforts. Major imports

include crude oil and petroleum products, wheat, machinery, chemicals, fertilizers, cooking oil and consumer products.

While Pakistan's social welfare indicators have seen some improvements over the past two decades, progress remains too slow, and the challenges daunting. Population growth is at a high 1.9 %, and low levels of education and poor health constrain productivity growth throughout the economy. Life expectancy for male is 64 years and for females it is 63.8 years. Pakistan's social indicators, particularly for women, compare unfavorably with those of other countries at a comparable stage of development.

Poverty in Pakistan is generally believed to be on the rise. 33 percent of the population living below the poverty line in Pakistan in 2003-04, 63 percent of them were at the border line and were characterized as transitory poor. The available data imply that roughly one third of the population is affected, with poverty rising relatively faster in urban areas. Poor access to basic social services, inappropriate economic policies and lack of good governance are cited as underlying reasons for this development. Social inequalities in Pakistan find expression in an unequal land distribution. Land reforms were carried out in 1959, 1972 and 1977, but did either not achieve the desired results, or, as in the last case, remained largely unimplemented.

The Pakistan poverty reduction strategy proposes the distribution of about 3 million acres of available land linked with infrastructure support. On poverty alleviation the government is aiming for a comprehensive approach through preparation of a poverty reduction strategy and with economic reforms that are expected to show results in the medium term. Increases in pro-poor public expenditures address short-term needs through various programs for local community infrastructure, public works, micro-credit, food support, and provision of land and housing.

There are a number of dominant sectors in Pakistan where the presence of Micro-credit and the small enterprises can really give a boost to economy. Through a proper

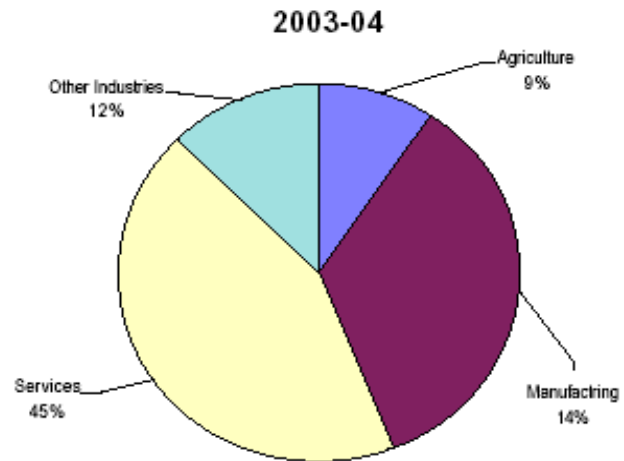


institutional support the unemployment figures cannot only be substantially reduced but the growth of these sectors is further ensured.

## 1.2 Sectoral Overview

### 1.2.1 Agricultural Sector

Pakistan's economy is heavily dependent on its agricultural sector. Employing 42.1 % of the workforce and contributing 9 % of total GDP in 2003-04, the sector is a cornerstone of the domestic economy and an important earner of foreign exchange. Drought has severely affected agricultural performance in recent years. In 2001-02, the average water flow in the country's major rivers dropped from 132 million acre feet (maf) to 91 maf. This has reduced the pasture area, irrigation channels and drinking water supplies for livestock. Despite these difficulties the sector's value-added output in 2003-04 rose by 4.5 % compared to the previous years.



The contribution of different sectors of Pakistan towards its GDP in 2003-04 is shown in the graph.

### 1.2.2 Textile Sector

Textile & Apparel Industry is the backbone of Pakistan's economy. According to 2003-04 estimates, it contributes more than 68% to the total export earnings of the country, accounts for 46% of the total manufacturing and provides employment to 38% of the manufacturing labor force. The value addition in the sector accounts for 9 % of GDP. The share of textiles in export earnings is 68 percent with a value of around \$ 7 billion.

### **1.2.3 Leather Sector**

In Pakistan, Leather is the second largest sector after textile, contributing more than 7% to the export earnings. It constitutes more than 5% of the manufacturing GDP of Pakistan. Apart from being a major export earner, Leather sector has a huge potential for employment generation. According to an estimate, more than 200,000 workers are directly employed by the sector.

Leather industry of Pakistan has made a remarkable progress in the last twenty years. Two decades back, Pakistan used to export raw hides and skins. Gradually the industry moved towards the value-addition by exporting wet blue leather in the first phase then finished leather and finally value-added finished leather products. Pakistani leather is considered to be one of the best quality leathers available in the international markets.

### **1.2.4 Fisheries**

Pakistan has a total coastline of 1,050 km and a total fishing area of approximately 300,270 sq. kms. Pakistan's fishing grounds are termed as highly rich in marine life with a vast variety of species having commercial value. However, this potential is not reflected in the export earning from fisheries sector, which has remained stagnant around 150 million US\$, during last decade. This situation is mainly attributed to highly unorganized nature of private sector, lack of focus in Government policies and little institutional investment (in public and private sector projects) in this sector.

Pakistan's exports for fisheries stood at Rs.7.9 billion in 2003-04. Whereas, a rough estimate based on maximum sustainable yield figures, existing value addition, and foreign benchmarks (Indian, Bangladesh and Malaysia benchmarks for %age of landed catch exported) puts the total export potential from this sector to around 1.0 billion US \$ from existing natural resources. Including a high potential area, i.e., aquaculture, in our fisheries sector, can yield even higher export earnings from fisheries sector in Pakistan.

### **1.2.5 Surgical Instruments Industry**

The surgical instruments manufacturing cluster is located in the city of Sialkot and its ancillary areas. It has been nearly hundred years that the people of this region have been manufacturing surgical instruments. The industry has transformed from a very small level and low technological base to a highly sophisticated level. The surgical instruments manufacturing has come a long way, from repair of ordinary scalpels and scissors to the manufacturing of complicated surgical instruments. The skill in the industry has reached a stage where it has enabled the industry to manufacture nearly 10,000 different types of surgical instruments.

### **1.2.6 Gems and Jewelry Sector**

Nature has gifted Pakistan with rich deposits of some of the finest and valuable gemstones in the world. Most of these deposits are concentrated in the Northern Areas of Pakistan, Malakand Division, Bajaur Agency etc. A variety of gemstones including Emerald, Ruby, Peridot, Aquamarine, Topaz, which have a world wide demand are mined and traded for local and foreign markets.

### **1.2.7 Bicycle Sector**

The Pakistani bicycle market is struggling to establish itself due to smuggled bicycles coming from China and high raw material prices. There is no export presence of Pakistan in this sector and one player monopolizes the local market. For a new manufacturer to establish in this sector, it would need to concentrate on the fancy bicycle segment and can only flourish if they enter into a joint venture agreement with some internationally reputed firm. If bicycle imports from India are allowed, then it will be difficult for the local bicycle industry to survive.

### **1.3 Small and Medium Enterprises**

Small and medium sized enterprises (SMEs) are one of the principal driving forces in economic development. They stimulate private ownership and entrepreneurial skills, they are flexible and can adapt quickly to changing market demand and supply situations, they generate employment, help diversify economic activity and make a significant contribution to exports and trade.

The contribution SMEs do and can make to economic development in developing countries cannot be understated. Through networking and clustering, as well as developing organizational approaches that ensure quality as well as corporate social responsibility, SMEs have an important role to play in a wider development agenda. At the same time, large corporations in their foreign direct investment and corporate responsibility strategies can engage with and support SMEs, in order to create a more consistent, holistic and equitable approach to economic development and poverty alleviation

As in most other countries, Small and Medium Enterprises are the backbone of Pakistan's economy, providing employment to 80 percent of the industrial labor force and contributing around 40 percent to GDP.

### **1.4 SMEs in Pakistan**

SMEs play an important role in Pakistan's economy. The entire small-scale industries are in the private sector, and majority of them are located in Punjab and Sindh provinces with a smaller proportion in NWFP and Balochistan. These, in fact, provide the base for industrial development and economic growth of the country. SMEs sector in Pakistan have a substantial share in the exports of textile, garments, carpets, leather, surgical instruments, fisheries, agricultural products, livestock, automobile parts, IT industries, sports and light engineering goods.

A strong SME sector helps achieve many important socioeconomic objectives of a country such as:

- ☞ SMEs are the biggest source of low cost employment.
- ☞ SMEs help in regional and local development.
- ☞ SMEs help achieve fair and equitable distribution of wealth.
- ☞ SMEs are key drivers for value-added exports.
- ☞ SMEs assist in fostering a self-help and entrepreneurial culture in the country.

#### 1.4.1 Small & Medium Enterprise Sector in Pakistan (in Brief)

Number of SME Units (Approx):	Two Million
Contribution to GDP:	50% (2003-04)
Employment Generation (non agriculture):	54%

#### **Categorization:**

<b>Micro Scale:</b>	Less than 10 people employed Productive Assets limit of Rs.2 million
<b>Small Scale:</b>	Between 10-35 people employed Productive Assets limit of Rs.20 million
<b>Medium:</b>	Between 36-99 people employed Productive Assets limit of Rs.40 million

#### 1.5 Definition of SMEs in Pakistan

There are different ways in which the informal sector was defined. In some cases, it is defined it as, a production unit which fulfils one or more of the below eight conditions comes under the informal sector or SMEs:

- Employs no more than 10 people
- Avoids social regulation
- Does not operate at fixed hours

- Employs workers from the household of the head of the enterprises
- Has an inherent nature or occupies temporary premises
- Does not use electrical or mechanical energy
- Does not use credit from formal institutions and
- Employs workers with fewer than six years of schooling

Some individuals categorize informal sectors activities according to the degree of complexity of accounting systems: enterprises with no accounting systems; those with a rudimentary system;

#### **1.5.1 SMEDA defines SMEs as:**

1. Micro Enterprise
  - a. Less than 10 people
  - b. Productive Assets limit of Rs. 2.0 million
2. Small Enterprise
  - a. Between 10-35 people employed
  - b. Productive Assets limit of Rs.20 million
3. Medium Enterprise
  - a. Between 36-99 people employed
  - b. Productive assets limit of Rs. 40 million

#### **1.5.2 The SME Bank defines SMEs as follows:**

1. Small enterprise as any business entity having a project cost of up to Rs. 20 million.
2. Medium enterprise as any business entity having a project cost of between Rs. 20 million.

**1.5.3 The Punjab Directorate of Industries (PDI)** defines a small unit as one with fixed assets worth Rupees 10 million or less, excluding the cost of land. The Punjab Small Industries Corporation (PSDI) sets this limit as Rupees 20 million. According to PDI, all

enterprises with assets excluding land, valued between Rupees 10 million and Rupees 100 million are medium scale units. PSDI defines medium scale units as enterprises with assets excluding land valued between Rupees 20 million and Rupees 100 million. All enterprises employing less than 10 persons are classified as cottage industries while those employing over 10 persons are categorized as small or medium sized enterprises.

## **1.6 Importance of SMEs**

It has been noticed, that whether it is a developed economy like the USA, Japan, & Germany, or the developing economy like Thailand and Malaysia, small and medium enterprises (SMEs) form the backbone of their economy. A dynamic and vibrant SME sector plays a key role in the successful economic growth of these countries.

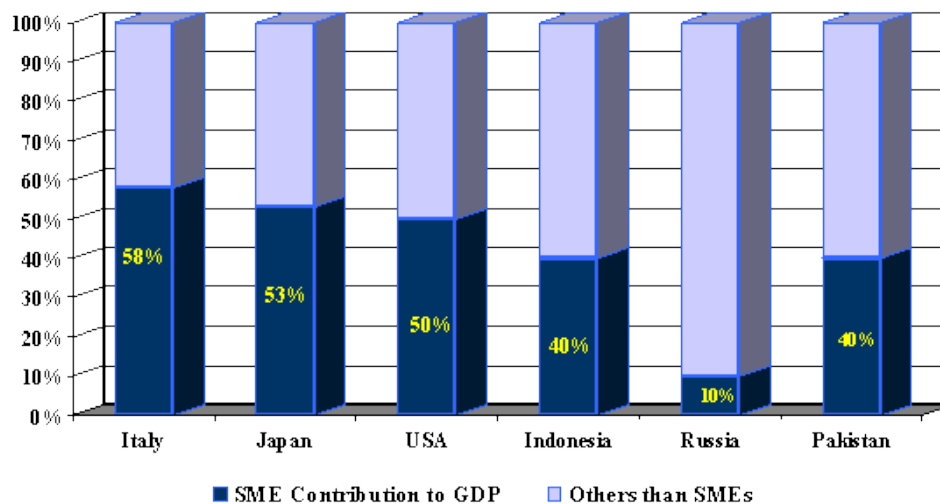
An effective SME sector helps to achieve many socioeconomic objectives of a country:

- It provides low cost employment since the unit cost of persons employed is lower for SMEs than the large-size units.
- Assists in regional and local development since SMEs accelerate rural industrialization by linking it with the more organized sector.
- Converts the raw material within the country into semi-finished items and later pass it on to the Large Scale Enterprises (LSEs) that have capital, skill and equipment to process these into finished goods.
- Contributes significantly to export revenues because of the low-cost labor intensive nature of products.
- Have a positive effect on the trade balance since SMEs generally use indigenous resources reducing dependence on imported machinery, technology and raw material;
- Are well placed to meet the demands of consumers in local and regional markets as they scatter throughout the country producing differentiated products at low costs. They satisfy end users more than the branded products of LSEs and the multinational companies.

- Provide rural women an opportunity for income generation and personal growth since they can work at home. This helps to achieve a fair and equitable distribution of wealth by creating nationwide non-discriminatory job opportunities.
- Assists in fostering a self-help and entrepreneurial culture by bringing together skills and capital through various lending and skill enhancement schemes.
- Attracts direct foreign investment since multinationals and big conglomerates have started to outsource from countries with strong SME sectors. The low labor cost makes production of semi-finished goods very economical for large concerns operating in international markets.
- They serve as engines through which the growth objectives of developing countries can be achieved.

**Chart 1**

**SME Contribution to GDP**



Source: US-SBA, Office of Advocacy/ Indonesia Central Bank/SMEs in Pakistan by SMEC-LUMS. / Assessment study of the Microenterprise Sub-sector in Pakistan, ISSAS, The Hague, The Netherlands.

Considering these advantages, almost all countries in the world aim at supporting and strengthening their SMEs. However, SMEs still need to overcome the economic and competitive disadvantages that they face due to their small size.



## 1.7 Problems Faced By SMEs

The SME sector in Pakistan has always been taken as risky and non-bankable, even though they have default rate that is far less than that for Large Scale Enterprises (15% for SMEs against 65% for Large Scale Enterprise). Despite strong figures favoring SMEs, financial institutions have been shy of providing finance to SMEs because of following reasons:

- ✓ Poor record keeping by SMEs, particularly accounting information and other business documentation.
- ✓ Low productivity and their inability to improve quality of products over time.
- ✓ Poor operational performance.
- ✓ Problems with packaging bankable loan requests by SMEs.
- ✓ Limited knowledge of financing options for SMEs.
- ✓ Lengthy and cumbersome application procedures, which discourage both SMEs and Banks.
- ✓ High transaction costs owing to size of transaction, vis-à-vis volume of transactions which discourages banks.
- ✓ High turn around time owing to lack of timely and quality information from SMEs.
- ✓ Lack of skills in banks for identifying needs and structuring the delivery of financial assistance to SMEs.
- ✓ Lack of expertise in banks for appraising/structuring SME Projects.
- ✓ Stringent collateral requirements and other banking regulations.
- ✓ General risk aversion by banks.

All these factors have created a gap between lenders and SMEs. This has deprived SMEs from getting financing for setting up, or the expansion of the business.

## **1.8 Women Entrepreneurship in SME Sector**

The society of women is the foundation of good manners; of course a pre-requisite to achieve brilliant results especially for success in business. The increasing trend developed among the women to be self-employed suggests that time is not far away when women factor would also have an important role in the economic growth of the country. Possessing the natural gift of politeness, women entrepreneurs, and if provided the level ground, are expected to bring new milestones to the country.

Today, women represent over 40% of the global labor force. Approximately 70% of women in developed countries and 60% in developing countries are engaged in paid employment. Worldwide, more women than ever before are completing higher levels of education. Better job opportunities have increased many women's independence and resulted in a new status and role in their families and society done by women continues to go.

## **1.9 Research Objective**

The business environment for women in Pakistan reflects the complex interplay of many factors, which fall into two basic categories. The first is made up of social, cultural, traditional and religious elements. This aspect of the environment has taken shape over many centuries; it is anchored in the patriarchal system and clearly manifested in the lower status of women. The gender bias of this type of system is rigid and deep-rooted as it draws legitimacy from the perpetuation of a traditional mind-set, established rituals and a firm belief system.

The second group of factors derives from the first group, taking the form of constitutional structures, policy documents, regulatory arrangements and institutional mechanisms. This category is contemporary rather than traditional, so it is cosmetically impartial. The traditional systems pose difficulties for women in general and entrepreneurs in particular in two ways. First, they are inherently discriminatory; and second, they inhibit the equity-based composition of modern institutions and their fair working, as modern institutions are derived from traditional ones.

Gender-biased practices, a global phenomenon, apart from casting a negative effect on the social status of women, also impede their participation in the economic development programmes.

Resultantly, in a country like Pakistan women until recently not only had an insignificant representation in the total labor force, they also had a limited business ownership both in the urban and rural sectors. Women constitute almost 48 per cent of the total population. So, instead of categorizing them as a dependent segment of the population, they need to be motivated to actively participate in the economic process of the country.

As the women are participating in all fields shoulder to shoulder with men so this topic inspired me a lot to further dig out the details of women entrepreneurship, their problems, their contribution towards economic development of the country like Pakistan and the stories of successful women in different sectors of the economy.

### **1.9.1 Research Methodology**

To conduct the above mentioned research following research methodology has been adopted:

- ✧ Internet Search
- ✧ Periodicals like Economist
- ✧ Economic Survey
- ✧ Newspapers
- ✧ Personal meetings with the management of various banks

### **1.9.2 Limitations**

In case of Pakistan, visits were made to the banks by me but data for Bangladesh and India is totally based on the internet search and periodicals. The whole research is secondary based on data already available.

## Chapter 2: LITERATURE REVIEW

Small and medium enterprises (SMEs) and entrepreneurship has been the subject of interest in the literature in the past two decades. The reality that “small business” plays an important role in the economies of many nations has also been recognized (Hall, 1995). Moreover, the ability of small and medium enterprises (SMEs) to participate in international trade has also been the subject of interest to researchers in recent years.

### 2.1 Small and Medium Enterprises

There is no single, uniformly acceptable, definition of a small firm (Storey, 1994). Firms differ in their levels of capitalization, sales and employment. Hence, definitions that employ measures of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result. The first attempt to overcome this definition problem was by the Bolton Committee (1971) when they formulated an “economic” and a “statistical” definition. Presented in Table 2 is a summary of alternative definitions.

**Table 2: Definition of SMEs**

	<b>Definition</b>
<b>World Bank since 1996</b>	Firms with fixed assets (excluding land) less than US \$ 250,000 in value is a small scale enterprise
<b>Grindle et al (1989:9-10)</b>	Small-scale enterprises are firms with less than or equal to 25 permanent members and with fixed assets ( excluding land) worth up to US \$ 50,000
<b>USAID in the 1990s</b>	Firms with less than 50 employees and at least half the output is sold
<b>UNIDO’s Definition for Developing Countries</b>	<p><b>Large-firms</b> with 100+ workers</p> <p><b>Medium-firms</b> with 20-99 workers</p> <p><b>Small-firms</b> with 5-19 workers</p> <p><b>Micro-firms</b> with &lt; 5 workers</p>

<b>UNIDO's Definition for Industrialized Countries</b>	<b>Large-firms</b> with 500+ workers
	<b>Medium-firms</b> with 100-499 workers
	<b>Small-firms</b> with $\leq 19$ workers

From the various definitions above, it can be said that there is no unique definition for a small and medium scale enterprise. In a study carried by the ILO, more than 50 definitions were identified in 75 different countries, with considerable ambiguity in the terminology used. The enormous variety of criteria applied includes size of workforce or capital, form of management or ownership, production techniques, volume of sales, client numbers, levels of energy consumption etc.

## 2.2 Definitions of SMEs in Some of the Asian Countries

One of the questions frequently asked is “How do you define the SME sector?” It is interesting to see what norms, if any different countries use and why? Is there a universal definition and, and if not, should one be developed? Will such an exercise serve any purpose?

Countries do not use the same definition for classifying their SME sector. Nor does universal definition appear to be necessary. The definition in use, depend on the purposes these definitions are required serve and the policies, which govern the SME sector thus defined. The three parameters generally applied by most countries, singly or in combination are:

- ☞ Capital investment in plant and machinery.
- ☞ Number of workers employed.
- ☞ Volume of production or turnover of business.

Despite the lack of universal quantitative norms, the SMEs as a class are clearly distinguishable in any country, developed or developing. The factors that set them apart are essentially qualitative and comparative.

On the qualitative side are their internal management structures, decision-making processes, financial practices, trading styles, attendant risks factors etc. Most SMEs are one person shows or are run by two three individuals, usually relatives, friends or business partners, who take most of the decisions. There is no distinction between private and business assets and subjective and personal factors play a large role in decision-making. The personal stakes SMEs have in their businesses are much higher than those of corporate executives in their companies. This enhances the attendant risk and commits entrepreneurs more strongly to the success of their ventures.

The comparative factors have to do with the way SMEs are situated vis-à-vis large enterprises in the corporate sector. They are small and medium sized in comparison with the large entities with which they share a given economic space. SMEs therefore come in varying sizes and SMEs in one country may well be larger than the “big” companies in another. The interesting feature is that, notwithstanding their absolute sizes, the problems confronting SMEs appears to be similar in most countries whether developing or developed. It is these features, which set them apart as a distinct group and it is these factors and not the quantitative definition, which are common and have universal applicability.

### **Need for a Definition**

A quantitative definition in each national context is, however, advantageous, as it makes it easier to target macro policies to a specific group of enterprises. It facilitates the provision of technical assistance and the channeling of benefits under various policies, fiscal and financial concessions, and other incentives. It makes possible the physical identification of SMEs on the micro level, encourages the formation of SME associations at the meso -level and facilitates better articulation of the problems and prospects of the sector.

The countries with such definitions are also the countries that have seen a faster growth of the SME sector. It appears that the more precise the definition, more effective has been the transaction of policies intended to benefit the sector into actual results. In countries

where no definition exists, the enterprises feel they are in a disadvantageous position and are empathetic in their demand for such a definition. In some cases, the definition seems to lend itself to differing interpretations, thus opening up the scene for disputes and dissatisfaction.

Given below are the SME definitions are in use by some of the Asian Countries.

### **2.2.1 Bangladesh**

The government's Industrial policy of 1991 defines "cottage" and "small" enterprises. While large scale enterprises are also defined, there is no official classification for medium sized enterprises. This can however be inferred. The Bangladesh authorities use amount of fixed investment including initial working capital but excluding the cost of land, expenses on inland transportation, commissioning of machinery, and duties and taxes as the classifying criterion. For cottage and small-scale businesses and informal definition based on the number of employees also exist.

❖ A "small enterprise" is defined as an industrial undertaking engaged either in manufacturing or in a service activity and whose total fixed investment including initial working capital but excluding the cost of land, expenses on inland transportation, commissioning of machinery, and duties and taxes (does not exceed Taka 30 million). An investment for "Balancing Modernization, Replacement and Expansion" (BMRE) would not entail a change in category.

❖ However, the investment on BMRE should not be more than 50% of the total investment limit.

The term "cottage enterprise" is used for an industrial unit engaged in manufacturing or servicing that is generally run by family members on a full time or part time basis and whose total investment does not exceed Taka 500,000.

Under the aforementioned policy, any enterprise whose fixed investment exceeds Taka 30 million is classified as a large scale enterprise. However, it is fairly common to consider those with a fixed investment not exceeding Taka 100.000 million as medium sized enterprises.

Small units and cottage industries had originally been defined in terms of the numbers of workers employed. Though this definition is no longer officially in use, it provides a readily applicable criterion for purposes of comparison. According to this definition, a small scale unit is on with between 10 and 20 workers if it uses mechanical power and between 20 and 150 workers if it does not. Along the same line, a cottage industry is allowed up to 10 workers if it uses mechanical owe, and up to 20 workers if it does not.

### **2.2.2 China**

Generally, there are qualitative and quantitative criteria to define SMEs. Qualitative criteria refer to those enterprises with a relatively small –scale production and operation. For quantitative criteria, Western Countries usually take employment, sales turnover and invested capital etc. as measuring standards. Quantitative criteria have been used by many countries. In that way, enterprises employ less than 500 people are considered to be SMEs, with enterprises employing less than 50 –100 being treated as small enterprises.

Following the planned economic system over a relatively long period, China has classified enterprises into large, medium and small sized enterprises based on production capacity and the size of fixed assets. Different criteria have been set in accordance with the characteristics of different sectors, where as there is no strict requirement regarding the employment and sales volume of each enterprise. Those factors constitute the major differences between China and Western countries. At present China is still using the criteria set by the State Economic and Trade Commission in 1988 to classify enterprises. Those criteria are mainly targeted at state owned industrial enterprises and there are no clear and unified criteria for enterprises of other types.



### 2.2.3 India

The definition used by the Indian authorities is based on the level of investment in plant, machinery or other fixed assets whether held on an ownership, lease or hire purchase basis. It seeks to keep in view the socio economic environment in India, where capital is scarce and labor is abundant. However, a definition exist only for tiny and small units, medium sized enterprises are not defined either technically or legally.

The definition as recently revised places an investment limit on plant and machinery of Rupees 30 million for a small-scale unit. Units with investment not exceeding Rupees 2.5 million are classified as tiny units.

### 2.2.4 Indonesia

According to Undang-Undang (Regulation) No 9 Tabun (year ) 1995, small businesses have a maximum net worth ( excluding land and building ) Rupiahs 200 million or maximum sales of Rupiahs 1 billion, are owned by Indonesian citizens and are independent i.e. not a subsidiary of , or owned by, or affiliated directly or indirectly with, medium size or big enterprises.

### 2.2.5 Japan

The definitions of SMEs used in Japan are as follows:

<b>Sector</b>	<b>Number of employees / Capitalization</b>
Manufacturing, Mining and others	Not more than 300 employees or Y 100 million.
Wholesale	Not more than 100 employees or Y 30 million.
Retail and Services	Not more than 50 employees or Y 10 million.

The definitions of Small Scale Enterprises (SSIs) used in Japan are as follows:

<b>Sector</b>	<b>Number of employees / Capitalization</b>
Manufacturing and others	Not more than 20 employees.
Commercial and Services	Not more than 5 employees.

### **2.2.6 Malaysia**

The definition of SMEs in Malaysia is tied to Industrial Coordination Act of 1986. It states that SMEs are those companies that employ less than 75 full-time workers or with a shareholders' fund of less than M\$ 2.5 million (US\$ 1 million). The small scale industries (SIs) refer to manufacturing establishments employing between 5 and 50 workers or with a shareholder's fund of up to M\$ 500,000 (US\$ 200,000). Medium Industries (MIs) are those manufacturing establishments with a share holders fund of more than M\$ 500,000 and up to M\$ 2.5 million or employing 50-75 full-time staff.

### **2.2.7 Pakistan**

Different agencies define SMEs in their own way and there is no single nationally accepted definition.

The Punjab Directorate of Industries (PDI) defines a small unit as one with fixed assets worth Rupees 10 million or less, excluding the cost of land. The Punjab Small Industries Corporation (PSDI) sets this limit as Rupees 20 million. According to PDI, all enterprises with assets excluding land, valued between Rupees 10 million and Rupees 100 million are medium scale units. PSDI defines medium scale units as enterprises with assets excluding land valued between Rupees 20 million and Rupees 100 million. All enterprises employing less than 10 persons are classified as cottage industries while those employing over 10 persons are categorized as small or medium sized enterprises.

### **2.2.8 Philippines**

In the Philippines, an SMEs is defined as any business activity or enterprise engaged in industry, agri business and/or services whether a single proprietorship, a cooperative, a partnership or a corporation with a value of total assets inclusive of those arising from loans but exclusive of the land on which the office, plant and equipment of a particular business entity are situated, coming under one of the following categories:

- a) Micro (up to P 150,000).
- b) Cottage (over P 150, 00 – P 1.5 million).

- c) Small (over P 1.5 million and up to P 15 million).
- d) Medium (over P 15 million up to p. 60 million).

## 2.3 Entrepreneurship

The term "entrepreneurship" comes from the French verb "entreprendre" and the German word "unternehmen," both which mean to "undertake."

Researchers have been inconsistent in their definitions of entrepreneurship (Brockhaus & Horwitz, 1986, Sexton & Smilor, Wortman, 1987; Gartner, 1988). Definitions have emphasized a broad range of activities including the creation of organizations (Gartner, 1988), the carrying out of new combinations (Schumpeter, 1934), the exploration of opportunities (Kirzner, 1973), the bearing of uncertainty (Knight 1921), the bringing together of factors of production (Say, 1803), and others. The outline below presents some authors definitions of entrepreneurship and attempts to summarize these viewpoints into a more meaningful whole.

**Richard Cantillon (circa 1730);** Entrepreneurship is defined as self-employment of any sort. Entrepreneurs buy at certain prices in the present and sell at uncertain prices in the future. The entrepreneur is a bearer of uncertainty.

**Jean Baptiste Say (1816);** The entrepreneur is the agent "who unites all means of production and who finds in the value of the products...the reestablishment of the entire capital he employs, and the value of the wages, the interest, and rent which he pays, as well as profits belonging to himself."

**Frank Knight (1921);** Entrepreneurs attempt to predict and act upon change within markets. Knight emphasizes the entrepreneur's role in bearing the uncertainty of market dynamics. Entrepreneurs are required to perform such fundamental managerial functions as direction and control.

**Joseph Schumpeter (1934);** The entrepreneur is the innovator who implements change within markets through the carrying out of new combinations. The carrying out of new

combinations can take several forms; 1) the introduction of a new good or quality thereof, 2) the introduction of a new method of production, 3) the opening of a new market, 4) the conquest of a new source of supply of new materials or parts, 5) the carrying out of the new organization of any industry. Schumpeter equated entrepreneurship with the concept of innovation applied to a business context. As such, the entrepreneur moves the market away from equilibrium. Schumpeter's definition also emphasized the combination of resources. Yet, the managers of already established business are not entrepreneurs to Schumpeter.

**Penrose (1963);** Entrepreneurial activity involves identifying opportunities within the economic system. Managerial capacities are different from entrepreneurial capacities

**Harvey Leibenstein (1968, 1979);** The entrepreneur fills market deficiencies through input-completing activities. Entrepreneurship involves "activities necessary to create or carry on an enterprise where not all markets are well established or clearly defined and/or in which relevant parts of the production function are not completely known.

**Israel Kirzner (1979);** The entrepreneur recognizes and acts upon market opportunities. The entrepreneur is essentially an arbitrageur. In contrast to Schumpeter's viewpoint, the entrepreneur moves the market toward equilibrium.

**Gartner (1988);** The creation of new organizations.

**The Entrepreneurship Center at Miami University of Ohio** has an interesting definition of entrepreneurship: "Entrepreneurship is the process of identifying, developing, and bringing a vision to life. The vision may be an innovative idea, an opportunity, or simply a better way to do something. The end result of this process is the creation of a new venture, formed under conditions of risk and considerable uncertainty."

**Scholars Bygrave and Hofer in 1891** defined the entrepreneurial process as involving all the functions, activities, and actions associated with the perceiving of opportunities and the creation of organizations to pursue them (as cited in Carton, Hofer & Meeks, 1998). The modern definition of entrepreneurship was introduced by Joseph Schumpeter

in 1934. According to Schumpeter, "*the carrying out of new combinations we call 'enterprise'*" and "*the individuals whose function it is to carry them out we call 'entrepreneurs'*".

**Carton, Hofer, and Meeks (1998)**; provide an operational definition of entrepreneurship that attempts to encompass definitions from scholars like Schumpeter into a comprehensive and adequate concept: "Entrepreneurship is the pursuit of a discontinuous opportunity involving the creation of an organization (or sub-organization) with the expectation of value creation to the participants. The entrepreneur is the individual (or team) that identifies the opportunity, gathers the necessary resources, creates and is ultimately responsible for the performance of the organization. Therefore, entrepreneurship is the means by which new organizations are formed with their resultant job and wealth creation". An important criterion of the Carton, Hofer, and Meeks definition is that the organizations must provide goods or services to society. Though this definition will not satisfy everyone, it does capture the important aspects of entrepreneurship.

## 2.4 Women Entrepreneurship

The theme female entrepreneur as an individual *owner* in control of her own business, exploring new possibilities in a previously male-dominated world of commerce is implicit in much of the academic small business literature. Many other similar studies emphasize female individualism through identifying female entrepreneurial characteristics. Yet, does entrepreneurship represent a chance for freedom for women, or it is just another type of subordination for them in an exploitative capitalist system in which ownership "promises autonomy, but in fact offers serfdom?"

Women entrepreneurs may be defined as "*the women or a group of women who initiate, organize and operate a business enterprise*". Women who innovate, imitate or adopt an economic activity can be called as women entrepreneurs.

**The Government of India** has defined a woman entrepreneur as "an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women".

A woman entrepreneur has five functions to perform just like any male entrepreneur. They are

1. Exploring the prospects of starting new enterprises.
2. Undertaking risks and handling economic and non-economic uncertainties.
3. Introduction of new innovations or imitation of successful ones in existence.
4. Co-ordination, administration and control.
5. Supervision and providing leadership in all aspects of the business.

These functions are not always of equal importance. Risk taking and innovation are paramount for establishing or diversifying an enterprise. Co-ordination and supervision become increasingly important in improving the efficiency in the operation of the undertaking. Generally it is found that the same lady performs all these functions.

### **Canadian definition**

A person, who alone or with partners founded, bought or accepted in inheritance a business for which she assumes the financial, administrative and social responsibilities and who participates in its daily administration.

A person who takes financial risks starting up or acquiring a business, and who directs it in an innovative and creative way by developing new products and conquering new markets.

## Chapter 3: ANALYSIS

### 3.1 Women Entrepreneurship in SME Sector of Pakistan

Throughout the world, women make a vital contribution to industrial output. Over 200 million women are employed across all industry sectors, with half of this number in developing countries. Their work not only sustains their families, but also makes a major contribution to socio-economic progress. Most women are employed in low-skilled, poorly paid positions, where they are often exposed to health hazards. On the other hand, it has been seen that the advance of an increasing number of highly educated women into senior decision-making positions. The creativity and talents of all women are an invaluable resource, which can and should be developed both for their own self realization and for the benefit of society as a whole.

The key to enhancing women's opportunities, and hence their position in industry and the economy, is to provide them with access to know-how, technologies and credit. Training to upgrade women's technological capabilities and to enhance their entrepreneurial and business skills, whether in simple artisanal production or in high technology industries, is at the heart of allowing women to advance to more rewarding positions.

The status of women in Pakistan is not homogenous because of the interconnection of gender with other forms of exclusion in the society. There is considerable diversity in the status of women across classes, regions, and the rural/urban divide due to uneven socio-economic development and the impact of tribal, feudal, and capitalist social formations on women's lives. However, women's situation vis-à-vis men, is one of systemic subordination, determined by the forces of patriarchy across classes, regions, and the rural/urban divide.

Women in Pakistan participate fully in economic activities in the productive and reproductive sphere. The economic value of women's activities in the reproductive sphere and unpaid work as a family laborer in the productive sphere has not been recognized as productive and is not accounted for in the national statistics.

## **3.2 Overview of the Situation of Women in Pakistan**

There is considerable disparity between the status of men and women in Pakistan. While some indicators relating to women's status have improved marginally in recent years, several have remained static, and there has been further deterioration in other areas. The reasons for disparities in almost all areas are diverse. They include negative social bases and cultural practices, discriminatory legislation, and inadequate policies, plans and programs, including budget allocations. The lack of political will and the absence of meaningful or effective affirmative action ensure that the disparities continue without any significant change.

In 1995, the Pakistan National Report for the Fourth World Conference on Women in Beijing noted that Pakistani women continued to suffer in the face of oppressive patriarchal structures, rigid orthodox norms, and stifling socio-cultural customs and traditions. In 1997, the Report of the Commission of Inquiry for Women observed that socio-economic indicators pointed to discriminatory laws and practices widening the gap between men and women in almost all key sectors. The Report also noted that certain forms of violence against women had increased and that handicaps faced by women in the matter of their legal status had obviously increased in certain areas. A report on the State of Human Rights in 1998 noted that the goal of equality between the sexes and elimination of discrimination against women, instead of advancing, received a setback during the year.

According to the 1998 Human Development Reports, Pakistan ranks 138 on a list of 174 developing countries on the Human Development Index (HDI); 131 on a list of 163 countries on the gender.

### **3.2.1 Population**

- With a population of 148.72 million (estimated, mid-year 2004) Pakistan is the seventh most populous country in the world. The population of Pakistan has grown more than four folds after independence in 1947. The current growth rate



of population is estimated around 1.9 percent which higher among countries of the region. If this rate of population growth continues, the population of Pakistan will double in next 35 years.

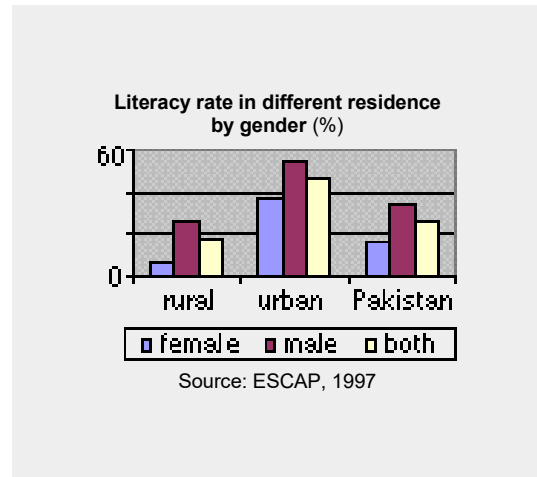
- 43.3 percent of the population is under 15 years of age
- 33 percent of the population lives in urban areas
- Karachi, with a population of 9.34 million ( Census, 1998) is the largest city of the country
- Karachi has about 7.2 percent of the total population of the country and 30.7 percent of the total population of the Sindh province
- The estimated current rate of growth of population is 1.9 percent
- The average annual growth rate during 1981-1998 was 2.7 percent
- Annual urban population growth rate during 1981-1998 was 3.54 percent
- Annual rural population growth rate during 1981-1998 was 2.23 percent

**Table 3: Population of Pakistan in 1983 to 2004**

Mid Year (End June)	(Population 000)				
	All Areas	Rural areas	Urban areas	Male	Female
1981	85.09	61.01	24.08	44.67	40.42
1991	112.61	77.95	34.66	58.82	53.79
1992	115.54	79.60	35.79	60.31	55.23
1993	118.50	81.45	37.05	61.83	56.67
1994	121.48	93.19	28.29	63.35	58.13
1995	124.49	94.95	29.54	64.88	59.61
1996	127.51	86.69	40.82	66.42	61.09
1997	130.56	88.44	42.12	67.98	62.58
1998	133.48	89.98	43.52	69.45	64.03
1999	136.69	91.91	44.78	71.09	65.60
2000	139.96	93.63	46.13	72.65	67.11
2001	142.86	95.36	47.50	74.23	68.63
2002	145.96	97.06	48.89	75.79	70.17
2003	148.28	99.12	49.91	77.38	71.65
2004	151.60				

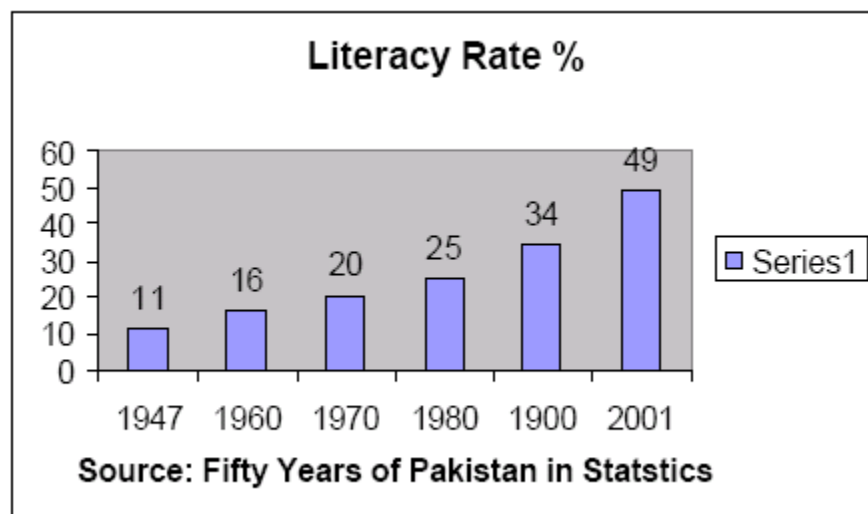
### 3.2.2 Education

In Pakistan, educational attainment shows poor results. Particularly the educational status of Pakistani women is among the lowest in the world. According to the 1981 census, the literacy rate for the population of 10 years and above is 26.2%. However, there are distinct gender and rural/urban differentials concealed in the literacy rate. Women have a literacy rate of 16%, as against



35% for men. Similarly, the literacy rate for the urban population only is 47.1%, whereas the literacy rate for the rural population is 17.3%. Moreover, this rural/urban differential is more pronounced in the case of women than men. The literacy rate for urban men (55.3%) is more than twice the rate for rural men (26.2%). However, the literacy rate for urban women (37.3%) is more than five times the rate for rural women (7.3%).

Literacy rate has increased since 1997, as the new government is taking bold steps in the spread of education in Pakistan.



In year 2003-04 literacy rate for both sexes is estimated at 54.0 percent in the current year. Literacy rates for male and female are estimated at 66.25 percent and 41.75 percent in the current year respectively and up from 56.48 percent and 32.59 percent in 1998. Under the Education Sector Reforms, the National Literacy Campaign envisages making 13.5 million people literate to enhance the literacy rate to 60% by 2006. In this connection, around 270,000 adult literacy centers will be opened for this purpose. The following table reports statistics on literacy rate and population growth.

### **Literacy Rate and Population Growth**

Year	Literacy Rate	Change by Percent-age Point	Population Growth*
1996	40.9	1.3	2.47
1997	42.2	1.3	2.45
1998	43.6	1.4	2.42
1999	45.0	1.4	2.34
2000	47.1	2.1	3.40
2001	49.0	1.9	2.06
2002	50.5	1.5	2.00
2003	51.6	1.1	1.94
2004	54.0	1.5	1.90

### **3.2.3 Labor**

In Pakistan's economy women play an active role. But their contribution has been grossly underreported in various censuses and surveys. Consequently, official labor force statistics show a very minimal participation of women. For example, the 1991-92 Labor Force Survey revealed that only about 16% of women aged 10 years and over were in the labor force and in comparison, the men's participation rate was 84%. On the contrary, the 1980 agricultural census showed that women's participation rate in agriculture was 73% and that women accounted for 25% of all full-time and 75% of all part-time workers in agricultural households. Also, the 1990-1991 Pakistan Integrated Household Survey indicated that the female labor force participation rate was 45% in rural areas and 17%

the urban areas. Thus it is clear that if women's contribution to economic production is assessed accurately, a conservative estimate of women's labor force participation would be between 30% and 40%.

The participation of women in labor force in 2000-01 can be seen from the following figure:

<b>Labor Force</b>		<b>Percentage of Women in Labor Force</b>	<b>Share of Income of Women</b>
<b>Urban</b>	12.5 million	8.4	26% (U/R)
<b>Rural</b>	26.9 million	16.3	

### **3.2.4 Agriculture**

Agriculture occupies a strategic place in Pakistani economy. It directly supports three-quarters of the population, employs half the labor force and accounts for 9 % of Gross Domestic Product.

Pakistani women play a major role in agricultural production, livestock rising and cottage industries. Women often devote more time to these tasks than men do. They participate in all operations related to crop production such as sowing, transplanting, weeding and harvesting, as well as in post-harvest operations such as threshing, winnowing, drying, grinding, husking and storage (including making mud bins for storage). Rural Women in Pakistan carry out these tasks in addition to their normal domestic chores of cooking, taking care of children, elderly and disabled, fetching water and fuel, cleaning and maintaining the house as well as some of its construction.

Obviously, these women work longer than men do. Surveys have revealed that a woman works 12 to 15 hours a day on various economic activities and household chores. Women from an average farm family remain extremely busy during the two farming seasons in sowing and harvesting. In some ethnic groups, especially in the southern regions of Pakistan, a husband may marry more than one woman to supply additional farm labor. In Barani (rainfed) agriculture, where crop production is not sufficient to meet subsistence

needs of the households, men have traditionally sought employment in the non-farm sector. As a result, women have to take over a substantial burden of the work in agricultural production. Moreover, dramatic growth rates in cotton production have generated tremendous demand for female labor. Such production-labor interactions have led to the increasing feminization of agriculture. Though Islamic laws do not deny equality between the sexes, women receive differential treatment due to misinterpretations of religious teaching. Due to various social beliefs and cultural bias, women's access to property, education, employment, etc. remain considerably lower compared to men's. Purdah norms are followed in most communities.

### **3.2.5 Forestry**

Pakistan is a land of great diversity which has yielded a variety of vegetation type. However, forest and woodland amounted to only 4.8% of the land area in 2004 any of wooded areas are severely depleted as a result of overexploitation.

Rural women in Pakistan use forests as a source of items essential for survival of their households. Fetching water and collecting fuel-wood for cooking and fodder for domestic animals come in the daily routine work of rural Pakistani women. Grazing animals is a very important component of the daily work life of rural women.

### **3.2.6 Fisheries**

Fishery plays an important role in Pakistan's economy and is considered to be an important source of livelihood for the coastal inhabitants. Apart from marine fisheries, inland fisheries (based in rivers, lakes, ponds, dams etc) are also very important activity throughout the country. Fisheries' share in GDP, though very little contributes substantially to the national income through export earnings. During the period July-March 2003-04, 101256 m. tonnes valued at Rs.7.9 billion fish and fishery products were estimated to be exported to Japan, USA, UK, Germany, Middle East, Sri Lanka, China etc. During the same period, the total fish production is estimated at 630,000 m. tonnes. Of which, share of marine sector is 452,000 m. tonnes and inland contribution is 178,000 m. tonnes.

Fisheries are an area of interest to women. It has been found that traditionally, women were involved in fishing business as entrepreneurs. But presently with the expansion of fishing business into an industry, women no longer manage the business as they did in the past. Rather they are involved in peeling shrimps, weaving nets, making fish baskets, etc. as laborers.

### **3.2.7 Livestock**

In Pakistan, livestock is an important component of farming systems. According to 2003-04 estimates, it accounts for 49.1 % of all the value of agricultural production and about 11.4 % of the GDP. Livestock is raised for draft power, milk and meat. Poultry, sheep and goats are very important to rural women for they are often the only source of income fully under their control.

Women make a considerable contribution to livestock production and this contribution is more visible than their work in crop production. A rural woman in Pakistan works 15.50 hours a day, spending 5.50 hours in caring for livestock, but provide only 50 minutes for the care of her own children. Women involved in caring and rearing of livestock and poultry, carry out wide range of tasks such as making feed concentrates, feeding, collecting fodder, grazing, cleaning animals and their sheds, making dung cakes, collecting manure for organic fertilizer, as well as milking, processing and marketing of animal products (making ghee, selling eggs), etc. In Pakistan, women are responsible for 60% to 80% of the feeding and milking of cattle. With the exception of a few large cities, all fresh milk consumed in Pakistan is based on small domestic production run and managed by women. Women are playing a crucial role in rural poultry farming. Over 90% of the rural families keep an average of 12 adult birds per family and hatch chicks under a brood hen. The women apply their own methods of rearing, brooding, breeding, and management based on the experience handed down from the elder family members.

### **3.2.8 Rural production**

Women generate income through various non-farm activities. Cottage industry is one of the major areas of involvement of rural Pakistani women. Weaving cloth and rugs, and

sewing constitute important components of rural women's non-routine tasks. Rural women in Sindh are skillful in producing Rilee (hand-made bed sheets) and Sindhi Toppees (caps), etc. of export quality. Women also generate cash income through the sale of livestock products. Though to a lesser extent, rural women also work on others' holdings outside their homes. They account for 16.1% of the total agricultural labor and 10.2% of non-agricultural labor. Nonetheless, there is significant variation by agro-ecological zones in opportunities for wage employment. The demand for female labor which is seasonal and limited to specific tasks is mainly concentrated in the southern cotton belt and irrigated regions.

### **3.2.9 Food security**

The divergence between economic growth and human development is greater in Pakistan than in most other countries and the country treats its women very poorly, with some of the lowest achievement on indicators of gender development. In Pakistan women considerably contribute to the food security. Women's overall involvement in crop and livestock production has a direct bearing on household food security. They dominate food processing thereby contributing to diversity in diet, supplying important vitamins and minerals and reducing food losses. For example, Sindhi women indigenously practice drying vegetables and preparing different kinds of pickles. Moreover, women prepare food for their households and thus are responsible for ensuring nutrition and healthy lives in the family. Women as wage earners provide cash income to purchase food for the families. In the poorest families women's earnings are critical to the subsistence of the households and considerable number of working women is the principal income earners in low income families.

### **3.2.10 Garments**

Textile sector also offers diversified business opening opportunities to women. Apart from some spinning and weaving units which are owned by women from affluent class, a large number of women from middle-income level have set up readymade garment factories. Majority of these factories on account of quality and exclusive designs of their products have captured a wide range of export markets.

In the garments business, one needs a modest capital at the initial stage and if the owner is quick in response to the changing trends of the fashion world, a rapid growth in the business can be expected provided no compromise is made on quality.

In textile sector, there are vast business opportunities for women from low and lower middle income groups also. Women having expertise in embroidery work and tailoring are getting orders/ business from large and medium-size garment factories for designer garments' embroidery and tailoring work. A large number of boutiques are successfully run by women. The dresses which are worn on special occasions like weddings are also prepared by women at homes and are displayed in big shops of big cities. Women are also entering the woollen textile-related knitted items business. Machine-knitted sweaters, shawls, stoles, socks and gloves have a vast market both within and outside the country. Quite a number of women passed out from the textile designing institutes set up in Karachi and Lahore in the recent past.

### **3.2.11 Leather goods**

Manufacturing of leather goods both on large and small scale has also been found a suitable business for women. Since all the exportable leather goods items are subject to frequent change in fashion and design, women having a strong aesthetic sense and an aptitude for designing are capable of giving an innovative approach to their business and thus can succeed. Leather goods like hand-bags, purses, jackets, coats and shoes, command a perennial export market. As such, women even with a moderate investment capacity are finding good prospects in this business.

### **3.2.12 Interior designing**

Interior designing and furnishing business should be a close preserve of women. Quite a number of women in Karachi, Lahore and Islamabad have made a big name in interior designing and furnishing of houses and offices. The enrolment of women in architectural engineering and discipline of interior designing is rapidly increasing in related professional institutions.



### **3.2.13 Electronic media and film producing**

The advent of cable television has opened new vistas for women in films and drama production. Women already associated with the state-owned Pakistan television and its subsidiary channels, with a sizable investment are acquiring a license for starting a private channel to add to the sources of entertainment both within home and abroad. Besides, increasing number of private TV channels has created a demand for plays, documentaries and other programmes. Women having special aptitude for drama production are venturing into this field.

### **3.2.14 Catering**

Catering is the most ideal business for women belonging to low and lower income groups. This is the basic skill they employ in the kitchen. As such, by operating from their own homes, they are making it a source of earning. They are creating a market for their services by supplying lunch to employees in offices and educational institutions and are also supplying desired dishes to household clients, who for one reason or the other, cannot cook themselves a variety of dishes for their invited guests.

### **3.2.15 Eateries**

Moderate-size fast food restaurants and eating houses is another business in which women are excelling in view of their aptitude and skills. These days, apart from food, decor of a restaurant also plays an important part in attracting customers. The aesthetic sense of a woman entrepreneur is helping her in looking after both aspects of this business effectively. Owing to the fast turnover of restaurants and catering business, owners are enjoying a good profit margin provided rates of the food items offered are modest and location is within the reach of middle-income group families.

### **3.3 Problems Faced by Women Entrepreneurs**

As the entrepreneurial process (the establishment of the firm and its possible growth) is assumed to be path dependent, initial financing and continued financing for growth become related issues. Hence, the outcome of the entrepreneurial process is sensitive to the effect of a wide range of initial conditions, but also to the contingent events in altering these conditions over time. Therefore, it is not enough to review the general conditions that affect women's entrepreneurship, but it is also necessary to review how these different conditions actually translate into different barriers women might meet when being engaged in the entrepreneurial process.

This section is divided into four different parts: general problems to women engaging in entrepreneurship (opportunity recognition and willingness to start firms); specific problems to start-ups (assembling necessary information, financial and human resources to start a firm); specific problems to managing a small firm; and specific problems to growing firms.

#### **3.3.1 General Problems**

##### ***The lack of role models in entrepreneurship***

There exists a strong connection between the presence of role models and the emergence of entrepreneurs and women as they historically have not been present as entrepreneurs in general lack close role models. Role models are persons that by their attitudes, behaviors and actions establish the desirability and credibility of a choice (in this case becoming an entrepreneur) for an individual. Furthermore, the influence of role models is gender related. That is, an individual will be more influenced by another individual of the same sex, as one's aspirations and choices tend to be more influenced by persons of the same sex. As women in Pakistan has to do more work than men, so most of their time is devoted to do their traditional job of house keeping. So no role models are there for women who want to start their own business.

### ***Lack of experience***

All stages in entrepreneurship are dependent on relevant experience, from the identification of opportunities to the execution of running a business. Human capital theory posits that individuals with more or higher quality human capital achieve higher performance in executing relevant tasks. Human capital refers here to the knowledge and skills that assist people in successfully discovering and exploiting.

Depending on their levels of human capital, individuals differ in their ability to discover and exploit opportunities. People have access to different information and process it differently depending on idiosyncratic knowledge and preferences. Therefore, the ability to discover and exploit opportunities depends largely on previous education and work experience. In case of Pakistan, women lack the experience needed to identify and exploit opportunities due to lack of time which is mostly devoted to their typical job of house keeping.

### ***Lack of relevant networks and of societal position***

Women have in general a lower social position than men, which affects the kind of networks they can access or are part of. There is evidence to prove that women are less involved in networks than men are, and their type of network is different. For business it is as important to have weak-tie networks as strong-ties. The strong and personal networks that women traditionally engage in are well suited to purposes linked to the family related tasks that may prove to be a hindrance in the marketplace. Thus, women differ to men in the kind of networks they use and in the social capital available to them through the network. Women have therefore less access to critical resources, support and information needed to successfully start and manage a new firm compared to men.

### ***Lack of wealth***

A prerequisite for starting a firm is to have capital in terms of financial assets and in terms of relevant knowledge assets. Women's position in society has led to a lack of

assets in both these aspects. The constraints of family obligations make it harder for women to take on work on a full time basis and to engage in a career. This in turn decreases the range of possible work opportunities for women, leading to jobs in lower paid sectors. Being a part-time worker with low pay is not a good basis for creating personal wealth.

### ***Competing demands on time***

Another recurring obstacle for women to engage in entrepreneurship is the perceived lack of time or competing demands on time. Because women are responsible for so many different domestic chores and the raising of children, they do not have enough free time to develop either their entrepreneurial skills to become entrepreneurs or to develop an existing business. The lack of free time does not allow them time to travel to support institutions, banks and other finance houses for advice and information on credit, to attend training programmes to acquire skills, or to seek out better customers or suppliers.

### ***Low Health and Literacy rate***

The low health and literacy status of women is the result of women's lower social, economic, and cultural standing. Social and familial control over women's sexuality, their economic dependence on men, and restrictions on their mobility determines differential access of males and females to health services. The rise of poverty exacerbates conditions of oppression for women and children.

### ***Lack of productive resources***

Women lack ownership of productive resources. Despite women's legal rights to own and inherit property from their families, there are very few women who have access and control over these resources. Similarly, formal financial institutions do not cater to women's credit needs due to the underlying assumption of women's role in the reproductive sphere. Commercial banks ignore women clients due to their preconceived views on women's creditworthiness because of their dependency on men for physical collateral, high transaction cost of small loans, and difficulties in gaining information

about a borrower's reliability. Zarai Tarakiati Bank Ltd, Kushhali Bank and First Women's Bank Limited are the only banks that have small-scale credit programmes that cater to women. Other sources of credit to women include informal sources such as non-government organizations, friends, relatives, and moneylenders.

### **3.3.2 Problems Specific to Starting New Firms**

#### ***External finance and sex discrimination***

In general, women have lower personal financial assets than men. This means that for a given opportunity and equally capable individual, women must secure additional resources compared to men in order to exploit the opportunity because they control less capital. Sexual discrimination occurs when an action is taken based upon the sex of the person. That is, in this case women have a lower probability to receive external funding because of their gender.

Four areas have been identified as potential or real problems for women when it comes to financing:

- a) Women may be disadvantaged in raising the initial capital to start a new firm.
- b) Collateral needed for external financing may be above the wealth level of most women.
- c) Finance for an existing firm may be less available, because women are less likely than men to penetrate informal financial networks.
- d) Women entrepreneurs' relationship with different financial institutions might suffer because of gender stereotyping and discrimination.

A specific solution for solving women's difficulties for obtaining financing has been Micro-financing. Micro-finance is a financial institution that has become exceptionally popular especially in developing economies. As in Pakistan there are institutions like SME Bank, First Women Bank and Micro-finance Bank and other institutions have

proven able to reach poor individuals, particularly women. Micro-finance appears therefore to offer a “win-win” solution, where both financial institutions and poor clients benefit.

### **3.3.3 Problems Specific to Managing a Small Firm**

#### *The special case of the family business*

Women have been shown by many studies to be heavily engaged in family businesses, often taking an invisible role. When spouses have a business together, business and private life are mixed and intertwined. In such situations women tend to take a back-seat position engaging in those tasks that are in line with traditional female roles. This pattern has been found in such knowledge intensive industries, as law firms as well as in more service oriented industries such as retail.

### **3.3.4 Problems Specific to Growing Firms**

A specific problem of women entrepreneurs seems to be their inability to achieve growth especially sales growth. One factor contributing may be the lack of motivation and another may be the lack of finance. Women are disadvantaged from the beginning, which makes it less probable for them to “catch up” with men-managed firms. Despite that many women entrepreneurs face growth barriers; they are still able to achieve substantial firm growth. This has been analyzed in the further sections of this report.

## **3.4 Organizations Working for Women**

### **3.4.1 Small & Medium Enterprise Development Authority (SMEDA)**

The Small and Medium Enterprise Development Authority (SMEDA) was established in 1998, with the objective to provide fresh impetus to the economy through the launch of an aggressive SME development strategy. SMEDA initially focused on nine priority sectors with the intention of developing sector strategies and proposing regulatory reforms to stimulate growth on the sole criterion of SME presence. In depth research was conducted and comprehensive plans were formulated after identification of impediments and retardants. These strategies as proposed by SMEDA comprehensively covered all important areas of business operation such as regulatory environment, finance, marketing, technology and human resource development. Resultantly, SMEDA successfully formulated strategies for sectors, including fruits and vegetables, marble and granite, gems and jewellery, marine fisheries, leather and footwear, textiles, surgical instruments, transport and dairy. The task of SME development at a broader scale still required more coverage and enhanced reach in terms of SMEDA's areas of operation. Therefore, after successfully qualifying in the first phase of sector development SMEDA reorganized its operations in January 2001.

Currently, SMEDA along with the sectoral focus offers a range of services to the SMEs including over the counter support systems, exclusive business development facilities, training and development for SMEs and information dissemination through wide range of publications. SMEDA's activities can now be classified into following three broad areas: makers to devise facilitating mechanisms for SMEs by removing regulatory impediments across numerous policy areas:

- Creation of a Conducive Business Environment.
- Cluster/Sector Development; comprises formulation and implementation of projects for SME clusters/sectors in collaboration with industry/trade associations and chambers.

- Enhancing Access to Business Development Services (BDS); take into account development and provision of services to meet the business management, strategic and operational requirements of SMEs.

The aforementioned reorganization of SMEDA is driven by enhanced interaction with the stakeholders and suggests that SMEDA is a true learning organization and always ready to take lead in the SME development arena.

### **SMEDA's Women Entrepreneurship Development Cell**

All services that are provided to SMEs are also provided to Women Entrepreneurs through SMEDA's Women Entrepreneurship Development Cell. These include:

<b>Trouble Shooting</b>	<b>Counseling</b>	<b>Information Dissemination</b>
<b>Project Appraisal</b>	<b>Training</b>	<b>Project Development</b>
<b>In House Consultancy</b>	<b>Marketing Assistance</b>	<b>Assistance Technology &amp; New Project Research</b>
<b>Technology Development</b>	<b>International Linkages</b>	<b>Exhibition &amp; Fairs</b>
<b>Export Markets</b>	<b>Facilitation of Loans</b>	<b>Regulatory Compliance</b>

Apart from the above services;

- SMEDA conducted a study in collaboration with ILO on "Women Entrepreneurs in Pakistan- A Study to understand and improve their Bargaining Power". It is a study of 150 Women entrepreneurs in Pakistan.
- A Memorandum of Understanding (MoU) has been signed between First Women Bank Limited (FWBL) and SMEDA. Liaison is taking place between FWBL and SMEDA focusing on SMEDA providing business development services to WEs and FWBL providing financial services.



- A formal understanding has also been developed with Punjab Small Industries Corporation (PSIC) to extend financial services to Women Entrepreneurs.
- Training Programs are regularly conducted for Sanatzars of Ministry of Social Welfare, Women Development & Bait-ul-Mal, Qasr-e-Behbud, and District Industrial Homes. These include special programs for skilled managers.
- Training of trainers is also a regular feature of SMEDA's Women Entrepreneurship Development Cell.
- SMEDA works closely with EPB on "WEXNET" and other exhibitions by sponsoring women to participate in these exhibitions.
- SMEDA's Helpdesk directly facilitates walk-in Women Entrepreneurs and extends assistance in business development services.

### **3.4.2 Asian Pacific Center for Transfer of Technology (APCTT)**

APCTT is a United Nations regional institution under the Economic and Social Commission for Asia and the Pacific (ESCAP). The Centre was established in 1977 in Bangalore, India. In 1993, the Centre moved to New Delhi, India. The objectives of the Centre are to assist the members and associate members of ESCAP through strengthening their capabilities to develop, transfer, adapt and apply technology, improve the terms of transfer of technology; and identify and promote the development and transfer of technologies relevant to the region.

APCTT designs and implements a variety of programs which are aimed at encouraging more effective participation of women in the field of technology. This is done through:

- Facilitation of Women Entrepreneurship Development Programs (WEDPs)

- Mobilization of women entrepreneur's participation at international, technology focused trade fairs
- Facilitation of technical training in selected sectors, including non-traditional areas
- Preparation of relevant training materials and publications
- Supporting advocacy initiatives which highlight issues related to Women Entrepreneurship Development and Women & Technology
- Networking support and advisory services for women's grass roots groups concerning enterprise development and transfer of technology
- APCTT has developed a state-of-the-art Information Centre to provide technology information services, with internet access, to small and medium-scale entrepreneurs.

APCTT offers Pakistani Women Entrepreneurs an opportunity to explore new technology and enhance their production processes leading to growth. It is a platform for networking and learning from experiences of women entrepreneurs else where.

### **3.4.3 Export Promotion Bureau (EPB)**

Export Promotion Bureau was established to provide leadership, direction and re-activate facilitation, to an aggressive national drive for sustainable growth of Pakistan's Exports. EPB's vision and export strategy has been developed providing clarity of product & geographic focus and the strategic way forward. Their strategy is to lead the nation to economic prosperity through;

- Enhancement in world share market of total exports
- Value addition in core categories of exportable products through enhancement of manufacturing and marketing capabilities
- Diversification of exports where Pakistan enjoys a strong competitive edge
- Geographical expansion in terms of access to new markets and expansion in existing ones

- Women Entrepreneurship development
- Bilateral trade enhancement
- Leverage in international trade blocks/agreements for increased market access and efficient use of good relations

Since the last 10 years, the Export Promotion Bureau has been endeavoring to develop the Women Entrepreneur sector to streamline the economic and export potential of women in a systematic manner so that the twin objectives of women development and export enhancement could be achieved. During this period, a Commonwealth Integrated Marketing Program for Women was implemented in 1994, surveys were carried out in 1995, and a directory was published in 1997.

#### **3.4.4 Federation of Pakistan's Chamber of Commerce & Industry (FPCCI)**

The Federation of Pakistan's Chamber of Commerce and Industry (FPCCI), the apex body of trade and industry, has a significant and most distinguished role in the economic development of the country. FPCCI is a representing body of the private business and industry in the country.

FPCCI's primary aim is to promote, encourage and safeguard the interest of private sector in Pakistan and to serve as a bridge between the business community and the government. It facilitates collective opinion, concerns and aspirations of the private sector in the country and offers helpful advice, solid assistance and accumulated experience of the business community to the government.

FPCCI offers the above mentioned services to all businesses regardless of gender. However to promote Women Entrepreneurship, a Standing Committee for Women Entrepreneurs has been established for their special facilitation. To encourage women owned businesses, a *Best Lady Exporter Gold Medal* has been instituted which is conferred on a lady who in the Judgment of FPCCI has made best export performance during the year. The Women Entrepreneurs Standing Committee offers business women a forum to voice their business concerns and work collectively to devise strategies to

enhance their businesses. It also offers women to exchange their personal experiences and network with each other.

#### **3.4.5 First Women Bank Limited**

First Women Bank Ltd. commenced its business on 2nd December 1989. The basic aim of the Bank is to empower women, especially those from low and middle income groups economically through facilitating their induction in economic process. The bank is not rigidly restricted to women only. Male clients are also welcomed provided they maintain joint personal accounts with female members of their family or if they are partners and directors in firms where major share holding in Paid up capital and management is with women. Male exclusive accounts can also be opened if recommended/introduced by a female account holder.

FWBL is the only financial institution established for the sole purpose to provide financial assistance to Women Entrepreneurs. To achieve this, the Bank offers not only conventional Banking services but also various non traditional services to women folk in a feasible & productive manner, enhance socio economic status by encouraging & providing opportunities for their self development, professional as well as social. Provide job opportunities to both divorced & indorsed.

#### **3.4.6 Khushhali Bank**

In August 2000, Khushhali Bank was established as part of the Government's Poverty Reduction Strategy and its Microfinance Sector Development Program (MSDP) that was developed with the assistance of Asian Development Bank.

Therefore the bank supports and offers its services to women who are in need of financial assistance.

#### **3.4.7 Lahore Chamber of Commerce & Industry (LCCI)**

The Lahore Chamber of Commerce and Industry (LCCI) aim at business promotion and acts as a link between private businesses and the government. Women are increasingly making their presence felt in business activities. The Chamber has established a separate

Standing Committee for Women Entrepreneurs where women entrepreneurs get an opportunity to meet and discuss matters of relevance. The Department functions as the secretariat for these activities and coordinates with the relevant governmental agencies and departments to facilitate their business activities. The main objective of this Standing Committee is to develop and encourage the women entrepreneurs in the country. The Standing Committee performs the following function:

- Resolve the problems women face while operating their business such as getting loans from the banks, developing contacts with various government departments
- Educates women entrepreneurs about the techniques and strategies of national and international marketing
- The committee formulates proposal for the national budget, aimed at increasing involvement of women entrepreneurs in national economic activities

#### **3.4.8 Ministry of Women Development, Social Welfare & Special Education**

The Ministry of Women Development, Social Welfare and Special Education is a national focal Ministry for the advancement of women, social welfare and special education. It plays the role of advocate, planner and coordinator of women, children, elderly and special person. It is responsible for formulation of policies and laws to meet the special needs of women ensuring that women interests and needs are adequately represented in public policy formulation by various organizations and agencies of government, promotion and undertaking of projects for development of women, matters relating to equality of opportunity in education, training, employment and facilities in health care and community development. The Ministry has a similar mandate for the children, elderly, special person and destitute. Whilst the Ministry of Women's Development promotes gender equality and upholds the status of women in Pakistan at the Federal level, Women's Development Departments (WDD) also exists at the local government level.

The functions of the Ministry include:

- Ensuring that women's needs and interests are represented in laws and public policy by various government bodies and agencies.
- Registrations of and assistance to women's organization.
- Promotion and undertaking of projects that provide special facilities for women.
- Promotion and undertaking of research on the conditions and problems of women.
- Pakistan's representation in international organizations dealing with problems of women National Policy for Development and Empowerment of Women.

#### **3.4.9 National Commission on the Status of Women (NCSW)**

The National Commission on the Status of Women (NCSW) was established in July 2000 carrying on the legacy of the Pakistan Commission on the Status of Women established in 1983. NCSW endeavors, in partnership with civil society and the government, to overcome obstacles to gender equality. The Commission aims at promoting initiatives for empowerment of women and ensuring their fundamental human rights in order to facilitate an environment in which women realize their full potential and participate equally with men to create and sustain a social order envisaged by the enlightened values enshrined in Islam.

The functions of the NCSW are as under:

- Examine the policy, programs and other measures taken by the Government for women development and gender equality to assess implementation and make suitable recommendations to the concerned authorities where considered necessary for effective impact.
- Review all laws, rules and regulations affecting the status and rights of women and suggest repeal, amendment or new legislation essential to eliminate discrimination, safeguard and promote the interests of women and achieve gender equality in accordance with the Constitution and obligations under international covenants and commitments.

- Monitor the mechanism and institutional procedures for redress of violation of women's rights, individual grievances, and facilities for social care, and undertake initiatives for better management and efficient provision of justice and social services through the concerned forums and authorities.
- Encourage and sponsor research to generate information, analysis and studies relating to women and gender issues to provide knowledge and awareness for rational policy and strategic action.

#### **3.4.10 SME Bank**

Small & Medium Enterprise (SME) Bank was established on January 1, 2002 by merging Small Business Finance Corporation (SBFC) and Regional Development Finance Corporation (RDFC). The bank has an exclusive mandate to provide financial services to the hitherto neglected SME sector.

The Bank's mission is to support and develop the SME sector by providing the necessary financial and technical assistance on sustainable basis to enable the SME sector to contribute to economic development through value addition & exports, promote entrepreneurship and create employment opportunities.

The bank serves all those business ventures that fall within the criteria laid down for small and medium enterprises by SME Bank i.e. having fixed assets less than Rs.100m (excluding cost of land and building).

SME bank's extends two financial assistance packages;

- Program Lending Scheme
- Project Lending Scheme

These above mentioned products are available to Women Entrepreneurs. Through their Program Lending Scheme, a specific program has been launched for Women Entrepreneurs. In order to provide an opportunity to the women to successfully expand their business ventures, SME Bank offers financial assistance through its Women Entrepreneurs Program.

## **Women Entrepreneurs Program**

- To facilitate women entrepreneurs in their business and product-line expansion, roll-outs and franchising
- Financing Limit: Rs.50,000/- to Rs.300,000/-
- Mark-up rate: 4 %-8 % per annum
- Repayment Period: Tenure of 1 – 3 years with no grace period. Payments in monthly and/or quarterly installments
- Debt/Equity Ratio: 50:50
- Security/Collateral: 2 personal guarantees acceptable to SME Bank  
Hypothecation of assets/machinery/stocks
- Sector Preference: Women Entrepreneurs involved in the following line of business are particularly encouraged;
  - Personal care and grooming (salons, parlours, beauty clinics)
  - Fitness (gyms, Swimming pools, aerobic centers)
  - Eateries (restaurants, fast food, bakeries, ice-cream parlours)
  - Vocational institutes (stitching, cooking, painting, designing, arts and crafts)
  - Clothing (cloth shops, boutiques, embroidery work)
  - Educational & Teaching institutes
  - Other unique and feasible projects that are commercially viable
- Must be a graduate or vocationally qualified
- Resident of urban area
- Age bracket of 25-55 years
- Should have business premises (either owned or rented)
- Should have an established product line
- Track record of 2 – 3 years in the same field of business
- Enjoys good reputation in the market



### **3.4.11 Sustainable Development Policy Institute (SDPI)**

SDPI is a non-government organization founded in August 1992. It is an independent, public-interest, think-tank that provides advice to public, private and voluntary organizations and undertakes policy-oriented research, advocacy and training. SDPI's mission statement is to catalyze the transition towards sustainable development defined as the enhancement of peace, social justice and well being, within and across generations. SDPI can assist women entrepreneurs by empowering them with knowledge.

- SDPI has recently added a portal to its website, titled “Know your Rights” ([www.sdpi.org/know\\_your\\_rights](http://www.sdpi.org/know_your_rights)). It lists non-governmental organizations working for women as well as the legal rights Pakistani women are entitled to. Information about non-governmental organizations that can assist in securing loans and developing technical/professional expertise can be obtained from this.
- It has focused on women workers in the context of the labor sector. It has conducted research on the effects of Structural Adjustment Policies upon women in the manufacturing sector, upon the effects of globalization and market dynamics upon sub contracted women workers, as well as other home based workers.
- SDPI has established a non-profit daycare center for its employee's children. Women entrepreneur, who require information about the practicalities of setting up and running a day care center.
- SDPI holds 10 to 12 training annually, ranging from topics as diverse as executive time management to gender sensitization.
- SDPI's Resource Center contains about 16000 books and documents, aside from audio video material, and 44 subscribed journals. Women Entrepreneurs can access this facility by depositing Rs.3000/- refundable security deposit. The annual fee is Rs.500/-

### 3.4.12 Women in Technology (WIT)

Women in Technology is a task force of Technology Mobilization Unit (TReMU) which has been established to: ***“Promote technology related education, career, entrepreneurship and to empower women and enhance their participation in policy and decision making in the field of technology and business in general.”***

WIT is striving to:

- Provide a documented vision/mission and direction for diffusion and acceptance of Technology & Science among the Pakistani women and Muslim women across the world.
- Identify key areas and activities in which WIT will be involved in line with its mission/vision to develop the appropriate strategies to implement, manage and communicate the programs required.
- Ensure that an inter-active website is developed and maintained. The website will be a tool to network with other global organizations and Ministries working in the field of Technology & Science and Women Empowerment.
- Organize regular National and International seminars, workshops and functions that will highlight the importance and value of “Women in general” and in the field of Technology & Science with respect to Business and education.
- Identify key areas and activities in which this working group will be involved in line with its mission/vision and develop appropriate strategies to implement and manage them.
- Prepare Terms of References for Projects, evaluation of submitted proposals, allocation and monitoring of application of funds and resources, for different associated projects through a transparent and competitive process.
- Interact with other local and International initiatives for main streaming women into technology.
- Work on creation of awareness to encourage women entrepreneurs especially in IT related fields.

### **3.4.14 Women's Chamber of Commerce & Industry (WCCI)**

Women's Chamber of Commerce & Industry has been established to solely promote and develop women entrepreneurship in Pakistan. Their mission is to establish an organization whereby women entrepreneurs belonging to all tiers of society will find a forum to voice their concerns from, to seek assistance from and to return to for purposes of research and further development. To assist women entrepreneurship at all levels by instilling the importance of entrepreneurship as a means of empowerment in general public.

For potential women entrepreneurs, the chamber aims to provide a one-window facility whereby they will be able to receive all the required assistance and facilitation under one roof alone.

For established women entrepreneurs, the chamber will provide a forum for debate and discussion, the opportunity to interact with both local and international personnel as well as facilities for research and development. Its main objectives include:

- To provide a forum for local women entrepreneurs where they can discuss, debate, identify and resolve issues pertinent to promoting their business interest.
- To highlight solutions to the problems faced by women entrepreneurs in first establishing and then expanding their business interest.
- To create a network linking women entrepreneurs all over Pakistan so that they can solve their problems by mutual interaction and assistance.
- To award and recognize outstanding performances by women entrepreneurs.
- To invite delegations of women entrepreneurs from abroad to interact with and impart training to local entrepreneurs which should lead to mutually beneficial relationships.
- To equip women entrepreneurs with required skills.
- To organize seminars, workshops and conferences for the purposes of raising awareness amongst the general public and disseminating information on different issues.

- To instill in members the need for research and to help them in developing such modalities.
- To provide official and residential facilities for visiting members from other chapters.
- To create a network with other like minded organizations.

Since WCCI has just recently been established, projects and plans that have been envisaged are the following:

- At the grassroots, it plans to promulgate the concept of women entrepreneurship amongst severely impoverished women in the villages and suburbs, who due to a lack of education, resources or/and cultural constraints are unable to make valuable contributions to their family's income.
- WCCI plans to focus on research and development where studies will be carried out to identify new carrier avenues, which will ideally require less investment and produce better returns. Additionally potential areas of research include training programs, skill development and marketing strategies. Their R&D department will also provide statistics, conduct customized researches, produce syndicated reports and be involved in industrial reports.
- WCCI plans to operate on a one-window operation, where entrepreneurs will have access to all facilities under one roof. Through this operation, they hope to assist women entrepreneurs in basic jobs such as preparing feasibilities, obtaining registrations, and establishing infrastructure etc.
- Micro-credit programs in lieu with the highly successful Grameen Bank model will be established. Micro-credit finance schemes will prove to be a major launching pad for women entrepreneurs who lack the financial resources to establish themselves.
- A Gem Institute is being planned to equip women with skills and later employment in a decisively women friendly environment. Through the Gem Institute, WCCI hopes to introduce value addition to women entrepreneurs in this potential sector.

- For those women who are already working but are grossly underpaid such as tailors, carpet weavers and other craftswomen, their plans are to equip these women with marketing expertise, quality control, value addition and to help promote their products in trade fairs, delegations and exhibitions, both locally and internationally.
- For existing Women Entrepreneurs such as fashion designers, pottery makers, herbicinal product manufacturers, producers of home furnishings and even pharmaceutical manufacturers, they plan to provide them a forum where their problems can be discussed and solutions envisaged.
- Establishing a buying house, this will purchase clothes from local designers and sell them abroad thus facilitating export to countries abroad. By accumulating cottage manufacturers they plan to meet the volume requirements of buyers and by standardizing local productions also ensure that the quality standards abroad are easily met. Also for such women WCCI hopes to provide them with the means of entry into the international arena where they can compete with manufacturers from all over the world.
- The chamber will also prove instrumental in integrating and communicating with similar international organizations leading to a regular exchange of personnel between Pakistan and other countries as well as providing a forum where numerous international delegations will be invited and entertained for the purpose of debates and discussions as well as training locals.

### **3.5 Initiatives of Government of Pakistan**

The Women's Division established in 1979 as a part of the Cabinet Division was upgraded to become the Ministry of Women's Development (MoWD) in 1989. This apparently showed a government commitment to address the issues of Pakistani women in a serious way. The Government of Pakistan signed the Convention on the Elimination of all forms of Discrimination against Women (CEDAW) in 1995. A National Plan of Action was prepared and issued in 1998 by the MoWD, which detailed the strategic objectives of 12 targeted areas and their respective plans. The Government of Pakistan (GoP) and Pakistani NGOs participated in the Beijing +5 meeting in New York and

submitted two reports on the initiatives taken by the respective sectors on the 12 areas of the National Plan of Action including "Women and Poverty" and "Women and the Economy".

The National Policy of Development and Empowerment of Women is a statement of intent of the government of Pakistan to specify its measures for the development and empowerment of women. With the policy providing the guidelines, the Ministry of Women Development (MoWD) is responsible to ensure within the overall operating framework of the government that the gender perspective is reflected in all national policies and plans. Vision Achievement of gender equity and equality; social, political and economic empowerment of all Pakistani women at all levels; a just, humane and democratic society; economic prosperity through sustainable development; goal is to empowerment of Pakistani women, irrespective of caste, creed, religion, or other consideration for the realization of their full potential in all spheres of life, especially social, economic, personal and political and in keeping with our Islamic way of life.

### **3.5.1 Aims & Objectives**

- To remove inequities and imbalances in all sectors of socio-economic development and to ensure women's equal access to all development benefits and social services.
- To ensure the participation of women as equal partners in national development & decision making processes in the community and society.
- To ensure the full participation of women in all political processes and to enhance women's representation in all elective bodies.
- To safeguard and ensure the protection of women's human rights including economic, legal, political and social rights, especially the rights of minority women, rural and poor women, girls & women with disabilities, elderly women and women in vulnerable circumstances and situations.
- To provide women and girls access to quality health care services and all other pre-requisites to enjoy full health, including reproductive and mental health.

- To expeditiously and substantially enhance women's literacy rates, improve attainment levels of girls and women at all levels of education (both academic & professional) to reduce the gender gap, and to reorient existing curricula by making them gender sensitive.

### **3.5.2 Key Policy Measures for Economic Empowerment of Women**

- Ensuring that government agencies adopt a gender sensitive approach to development preparing needs based, participatory and implementable programs and projects.
- Gender sensitization to be institutionalized and integrated into all sectors of development and to include the private sector as well.
- Developing multi-sectoral and inter-disciplinary approaches for women's development, with horizontal and vertical linkages at every level.
- Mainstreaming gender issues through integration into all sectors of national development.
- Eliminating all negative social practices.
- Sectors of policy dealing with economic Empowerment of Women.

Though women are an essential part of the country's economy, their share in economic benefits, opportunities and access to resources is not proportionate to their share in the population. Furthermore increasing poverty as a result of structural adjustment programs and globalization disproportionately impacts women.

### **3.5.3 Poverty**

Affirming government policies for poverty alleviation of the poorest of the poor, in particular women and endorses the provision of safety nets, food support schemes, and of provision of funds through zakat. Providing adequate relief and safety measures to alleviate the disproportionate impact of poverty on women by ensuring access of poor rural women to land, agriculture and livestock extension services and support mechanisms and facilities, creating access to affordable housing schemes for women and

promoting equality and the empowerment of women in all housing activities as espoused in the Government Housing policy 2001.

#### **3.5.4 Access to Credit**

Providing women easy access to micro-credit especially through available windows such as Pakistan Poverty Alleviation Fund (PPAF); Rural Support Programs (RSPs); First Women Bank Limited (FWBL); Zarai Taraqati Bank, Khushhali Bank. Ensuring that women in general and female headed households, women bread earners, and women with disability in particular, have priority in accessing credit on soft term from FWBL and Khushhali Banks and other financial institutions for setting up their business, for buying properties and for housing building.

#### **3.5.5 Remunerated Work**

Increasing women's capacity to earn by improving access to sources of livelihood, particularly in agriculture and livestock production. Providing equal opportunities for women in remunerated employment which also accommodate women-oriented work patterns. Improving facilities for the education, training and skill development for women, to enter and re-enter the labor force, including special arrangements, as specified in the draft Labor Policy for women relatives of workers. Ensuring appropriate legislation, including the following measures as proposed in the draft Labor Policy. Give effect to the ILO convention 100 ratified by Pakistan in 2001 by enacting a law to ensure equal remuneration for men and women for work of equal value. Under take measures to make work places conducive for women workers so they can work without fear of discrimination and arrestment. Enact a law and guidelines to provide protection against sexual harassment at the work place and relief/remedy in cases where it occurs. Providing special courses for women in entrepreneurial skills to assist and engage them to establish their own small scale enterprises.



### 3.5.6 Initiatives for Subsistence (Micro) Businesses

The last decade has seen a number of initiatives using micro-credit as a tool for poverty alleviation. Examples include the Pakistan Poverty Alleviation Fund (PPAF), the National Rural Support Program (NRSP), other Rural Support Programs (RSPs), and more recently the Khushhali Bank. These programs have tried to target women in their lending programs for two reasons. **First**, because the success of micro-credit in Bangladesh is partly linked with lending to women borrowers whose conservative and trustworthy behavior has made it possible for the bank to sustain its lending operations. **Second**, the rising levels of poverty in Pakistan and the preponderance of poor women have forced policy makers to give special attention to women who intend to start a tiny or micro business activity. It is ironical, though, that despite this focus, the best ever outreach recorded for the RSPs is 25% coverage of women as borrowers. NGO programs offer micro-credit to women much more frequently than the RSPs but their overall coverage is very small. The Agricultural Development Bank of Pakistan (ADBP) which is the largest development finance institution in the country has also started a small-scale credit scheme for women. The micro-credit programs focus on the survival skills of the beneficiaries and their major thrust is on poverty alleviation. Business Development Services. Besides the above financial assistance, the government has also established institutions to support businesses. These include Small & Medium Enterprise Development Authority (SMEDA), Export Promotion Bureau (EPB), Punjab Small Industries Department (PSIC), Sindh Small Industries Department (SSIC) etc. Each of these institutions offers a number of incentives for business promotion to both women and men.

It is quiet apparent from above that besides working towards creating a conducive business environment in general, women specific policy measures to induce Women Entrepreneurship Development is a priority of the government and various incentives towards the attainment of this objective have already been initiated and other programs are in the pipeline.

### **3.6 ILO Study of Women Entrepreneurs in Pakistan**

International Labor Organization (ILO) has conducted and financed the survey of the Pakistani Women Entrepreneurs and prepared a comprehensive report. The report is aimed at obtaining a better understanding of Pakistani women entrepreneurs and their problems.

This report is based on a survey of 150 women entrepreneurs in Pakistan, and covered the three major cities of Islamabad, Lahore and Rawalpindi. The sample was comprised of women entrepreneurs from a variety of sectors. In constructing the sample, the women entrepreneurs had to meet specific criteria: the women had to already be in business, they had to be operating from dedicated business premises outside of the home, and they had to be employing a minimum of 5 persons. In the study, efforts were made to determine the attitudes and commitment of the women to growing and expanding their enterprises. The report also describes the barriers and constraints, as well as the support and opportunities facing these women entrepreneurs. In addition to the quantitative findings, the report provides a brief pen picture of 20 of the women entrepreneurs. It provides updates based on an ILO conference held in February 2002 at which the preliminary findings were discussed and a set of recommendations formulated.

#### **3.6.1 Situational analysis of women entrepreneurs in Pakistan: Supply-side issues**

##### **The Business Environment for Women Entrepreneurs**

###### ***Conceptual framework***

Women entrepreneurs do not operate in isolation. They work under the same macro, regulatory and institutional framework as their male counterparts in a free market mechanism in Pakistan. It is necessary to dig deeper to understand the gender biases embedded in society which limit women's mobility, interactions, active economic participation and access to business development services.

The business environment for women in Pakistan reflects the complex interplay of many factors, which fall into two basic categories. The first is made up of social, cultural, traditional and religious elements. This aspect of the environment has taken shape over many centuries: it is anchored in the patriarchal system and clearly manifested in the lower status of women. The gender bias of this type of system is rigid and deep-rooted as it draws legitimacy from the perpetuation of a traditional mind-set, established rituals and a firm belief system.

The second group of factors derives from the first group, taking the form of constitutional structures, policy documents, regulatory arrangements and institutional mechanisms. This category is contemporary rather than traditional, so it is cosmetically impartial. The traditional systems pose difficulties for women in general and entrepreneurs in particular in two ways. First, they are inherently discriminatory; and second, they inhibit the equity-based composition of modern institutions and their fair working, as modern institutions are derived from traditional ones.

The social and cultural picture — with slight variations according to geographical region and social class — perpetuates a traditional patriarchal structure with compartmentalized gender roles. The stereotyped functions of production and reproduction assigned to women and men determine the overall ambiance of Pakistani society and also establish the status of both sexes. The reproductive role limits women to the home, where they bear children and raise the family, playing only an auxiliary part in production activity. The tradition of male honor associated with the chastity of their female relations restricts women's mobility, limits social interaction and imposes a check on their economic activity. The social, cultural and traditional taboos on women allow men to carve legitimacy for themselves in public affairs, as well as in the sphere of production and related economic activity.

The modern institutional environment has a cosmetic tinge of equality and sometimes even discriminates positively in favor of women, but the underlying power of tradition and the vested interests of the patriarchal system work to maintain the status quo. The legal framework, the policy environment and the regulatory structures thus embed — or

are interpreted — to discriminate against the economic activity of women. Article 25 of the Constitution of Pakistan (1973), for example, guarantees equality of rights to all citizens irrespective of sex, race and class and also empowers the government to take action to protect and promote women's rights. But contemporary legislation covertly discriminates against women's economic activity as producers and providers of services. The policy and regulatory environments are cosmetically better as they sometimes positively discriminate in favor of women. The most recent example is the draft Labor Policy of the Government of Pakistan that pays lip service to female labor force issues without announcing any tangible steps to redress the problems of women workers.

The regulatory environment does not generally discriminate against women, but even well-intentioned provisions can sometimes result in negative discrimination. An example would be the highly skewed labor structure of the apparel industry in Pakistan. Employment figures show that about 90 per cent of workers in this sector are male. This is exactly opposite to the situation in other South Asian countries where 90 per cent of workers in the apparel industry are women. The difference is explained by a labor regulation in Pakistan that restricts the employment of women after 7 p.m. Hence the long hours often required in this industry provide a disincentive to employ women. The problem is further compounded by the complex interplay of traditional and contemporary factors. The male head of a Pakistani family would not allow his female relations to work in a factory after sunset. The domestic responsibilities of women workers make it impossible for them to work long hours outside the home. Employers do not like to hire women who might ask for maternity leave/benefits. And last but not least, women trainees would not be welcome at all the production places where Ustad-Shagird is the predominant mode of apprenticeship.

### **3.6.1.1 Perceptions of women in Pakistan**

The common perceptions of Pakistani women in general and their economic participation in particular reflect what has been said in the previous paragraphs. The World Bank Country Gender Profile of Pakistan deplors the fact that the status of women in Pakistan is among the lowest in the world. UNDP (1996) describes the strong “inside/outside”

dichotomy in Pakistan, where women are restricted to the “inside” space of home and household, embodied in the tradition of veiling. This restricts women's access to education, employment, training opportunities and social services. Samina (1997) highlights another important aspect by stating that the social disapproval of women working outside the home translates into the invisibility of women in the labor force. Although they participate actively in the family and farm affairs, their unpaid work is perceived as a social duty rather than an economic contribution. Stiglitz (1998) in his paper on gender has lamented the poor indicators of Pakistan compared with other developing countries.

### **3.6.1.2 Women in development planning**

Development planning in Pakistan has generally remained hostage to the welfare approach which makes women the passive recipients of the various programmes. The gender aspect of development planning can be divided into different phases. The first phase started with the First Five-Year Plan (1955-60) and continued with a short break (the transition phase) until the Sixth Five-Year Plan (1983-88). In the first phase development planning treated women as the passive recipients of interventions such as skill training and income generation. No significant progress was made through small initiatives as the government programmes focused on teaching traditional skills such as sewing, embroidery, or knitting. Such training was primarily aimed at enhancing women's domestic role and had little relation to market demand and employment prospects.

The transition phase started in 1973 with the advent of a secular and socialist democratic regime. Medium-term planning (5-year plans) remained absent from the national scene during these years and only annual development plans were formulated and implemented. The transition phase differed from the first phase in that it was less conservative and a more liberal attitude was maintained towards women. Employment quotas were fixed for women and seats were reserved for them in the national and provincial assemblies.

The transition phase ended abruptly with the imposition of martial law in 1977 and the restoration of a conservative and fundamentalist regime. The period from 1977 to 1983 was one of the worst in the history of Pakistan when discriminatory legislation and gender bias in planning and development reached a peak.

There was another major policy shift in the Sixth Five-Year Plan (1983-88), which had a positive bias to women. That was mainly due to external pressure from international donors and partly to the social backlash that occurred due to the stringent policies of a conservative military regime. For the first time a special chapter on women in development was included in the five year plan. This chapter reflected the findings of a working group of 28 professional women and emphasized the importance of an integrated approach to improving the status of women. The Seventh (1988-93) and Eighth Five-Year Plans (1993-98) also stressed the full integration of women into society. A number of measures such as the establishment of a special unit for women (later upgraded as the Ministry of Women Development) and a National Commission on the Status of Women have been taken but the lack of commitment in implementation means that there has been little change in the status of Pakistani women.

The Ten-Year Perspective Development Plan (2001-11) and the Three-Year Development Programme (2001-2004) of the Government of Pakistan emphasize micro-credit as the main approach to improving the conditions of Pakistani women.

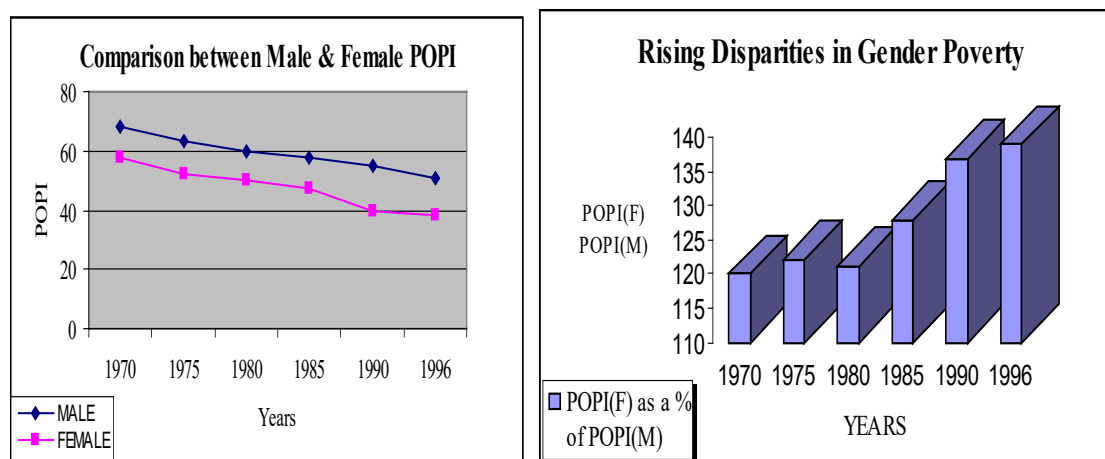
### **3.6.1.3 National and international comparisons**

The logical outcome of a gender-biased environment is the low status and weak bargaining position of women. The sex-disaggregated comparison of national statistics and comparative regional benchmarking indicate the disadvantaged position of women who try to start or run a business in Pakistan.

Chart 2 shows trends in the Poverty of Opportunity Index (POPI) for women and men in Pakistan. Graph (a) shows the acute incidence of poverty among women and demonstrates that women have always been more deprived than men. However, the

downward slope for both sexes depicts an improving trend, although there is a widening gap between the two indices. The bar chart (b) was plotted by dividing POPI for females (F) by POPI for males (M) to show this phenomenon clearly. The comparative rise in female poverty and deprivation means that women are becoming progressively poorer compared to men.

**Chart 2: Disparities in opportunity**



Source: Prepared from the data set of the Pakistan Poverty Monitor Project 1998

The following figures show some snapshots of women’s participation in global labor markets, including relevant figures for Pakistan.

**Global labor market: Percentage of female labor**

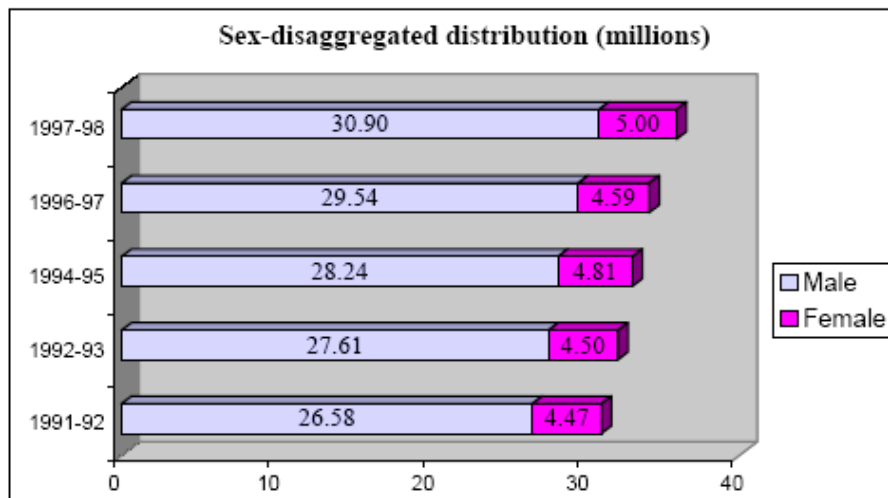
- In Europe, the activity rate of women in the labor market has increased in the last two decades.
- In Denmark it is 46.9 per cent.
- In the Netherlands it increased from 24.2 per cent in 1975 to 40.6 per cent in 1993.
- In the USA and Canada it grew from 37 per cent and 32 per cent respectively in 1970 to 45 per cent in 1990.

- In Pakistan it merely increased from 6.6 per cent in 1968/69 to 13.6 per cent in 1996/97.

Sources: UNDP Human Development Report, 1987; World Development Report; World Bank 200/2001; Federal Bureau of Statistics.

Chart 3 shows that the distribution of formal employment in Pakistan is heavily biased in favor of men: approximately six times more men than women work in the formal economy. The chart plots statistics obtained from the Annual Labor Force Surveys prepared by the Federal Bureau of Statistics (FBS) which surveys more than 20,000 households.

**Chart 3: Gaps in employment**

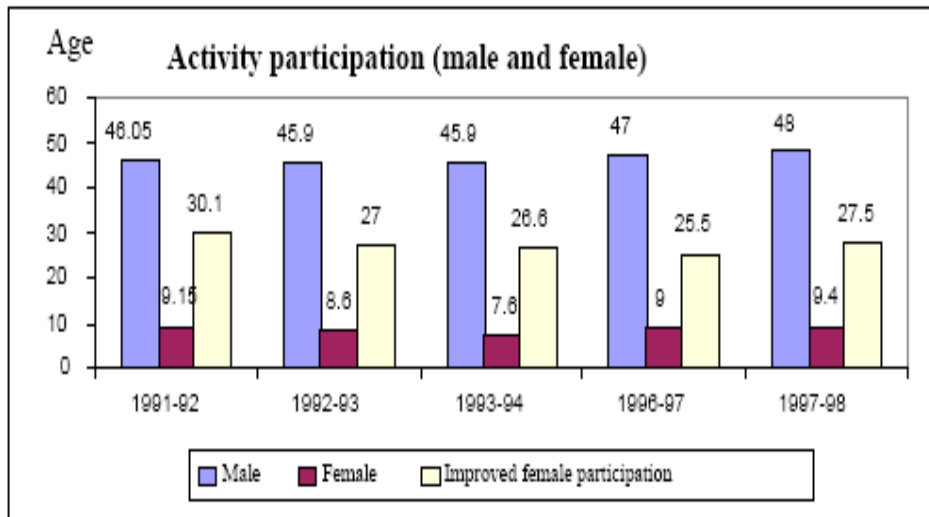


Source: Labor Force Surveys of Pakistan

Chart 4 shows both the crude and the improved estimates of female labor force participation, based upon earlier labor force surveys. Even the improved estimates, however, show women's labor force participation to be little more than half the crude male rate.



**Chart 4: Inequalities in labor force participation rates**



Source: Labor Force Surveys of Pakistan

Pakistan ranks exactly in the middle (fourth) compared to its South Asian neighbors in the **Gender Related Development Index (GDI)** which is a composite index of gender disparity (shown in Table 4) developed almost on the same lines as the Human Development Index.

**Table 4: GDI rankings for South Asia**

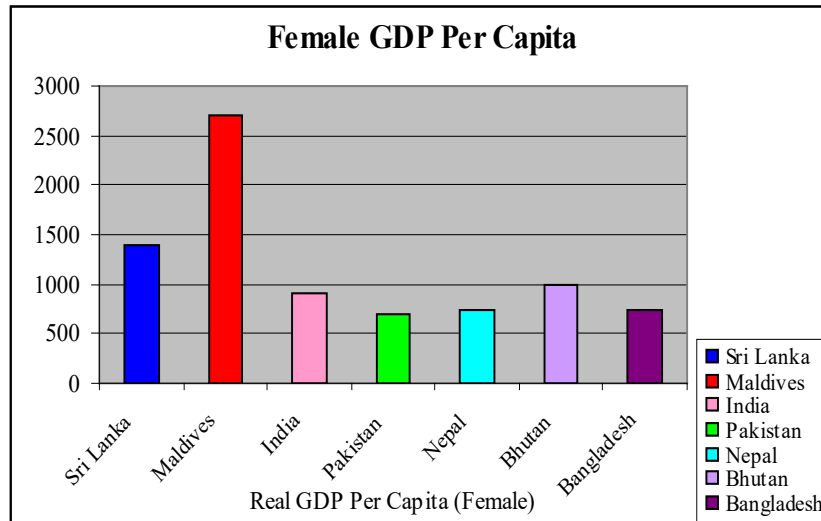
GDI rank	Country
84	Sri Lanka
89	Maldives
128	India
<b>135</b>	<b>Pakistan</b>
144	Nepal
142	Bhutan
146	Bangladesh

Source: Human Development Report 2000

In terms of GNP, Pakistan ranks third in South Asia after Sri Lanka and the Maldives. But Pakistan ranks lowest in the South Asian region in terms of GDP per capita for

women. Chart 5 shows that the real GDP per capita — defined in terms of Purchasing Power Parity — for Pakistani women is the lowest in South Asia.

**Chart 5: Real GDP Per Capita**



### 3.7 Survey of 150 women entrepreneurs

As mentioned above ILO has conducted a survey of women entrepreneurs of Pakistan. Following criteria was adopted for survey.

#### 3.7.1 Survey framework

A team of female interviewers carried out the survey using a questionnaire (see Appendix) to collect primary information. The instrument was designed to elicit extensive data on the women, their businesses and operating environments.

#### 3.7.2 Definition of a women entrepreneur for survey purposes

The working definition of a woman entrepreneur was very carefully framed after a series of consultations with officials from the International Labor Organization (ILO) in Islamabad, New Delhi and Geneva. The lower end of the business spectrum represented by subsistence enterprises was screened out in order to focus the survey on those

enterprises which have potential for growth and upgrading. Three types of qualifying question regarding ownership, number of employees and business premises were included at the beginning to eliminate subsistence and household businesses. The first question on ownership made sure that the interviewee owns or manages, or has a majority share in the business. It was decided to include in the survey only those businesses that had five or more employees, and the second question ascertained that point. The third question was aimed at excluding household businesses from the survey. Only enterprises operating from dedicated premises (owned or rented) were selected.

### **3.7.3 Sampling frame**

There is no readily available sampling frame for choosing a statistical sample of women entrepreneurs in Pakistan, or even for small and medium enterprises. The Federal Bureau of Statistics (FBS) has recently started the first economic census of Pakistan, which is expected to provide the necessary frame for future surveys, but this is not likely to happen before 2004. The Survey of Small and Household Manufacturing Industries (SHMI 1996/97) and the Census of Manufacturing Industries (CMI 1996/97) were considered inadequate. The SHMI includes household business, which was excluded from the survey, while the CMI excludes services and trade sectors, which were an integral part of this study.

### **3.7.4 Sample composition**

The sample was stratified according to geographical location, size of enterprise and sector of operation (see Table 5). A brief description of each of these factors is given below.

***Geographical location:*** The survey was carried out in Lahore, Rawalpindi and Islamabad Capital Territory (ICT). Rawalpindi and ICT were surveyed together as they are twin cities; the sample distribution was made even by interviewing 75 women in Lahore and 75 in Rawalpindi/ICT.

**Table 5: Overview of the composition of the sample of women entrepreneurs**

	All	City		Size of enterprise			Kind of business		
		Lhzh	Isb	Micro	Small	Medium	Trade	Manufacturing	Service
<b>Total sample (Nos.)</b>	<b>150</b>	<b>75</b>	<b>75</b>	<b>78</b>	<b>58</b>	<b>14</b>	<b>29</b>	<b>40</b>	<b>81</b>
<b>Age group</b>	<b>Percentages</b>								
20-39	49	45	52	56	43	29	41	38	57
40-49	31	37	25	26	40	29	31	43	26
50-59	15	13	17	13	16	29	24	13	14
60 above	3	3	3	1	2	14	3	8	-
No response	1	-	3	3	-	-	-	-	2
Less than 20 years	1	1	-	1	-	-	-	-	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Level of education</b>									
Graduate-Vocational	43	49	37	42	41	57	45	50	40
Postgraduate	32	29	35	29	34	36	31	20	38
Secondary-Primary	22	20	24	24	22	7	21	28	20
No formal education	2	1	3	3	2	-	3	3	1
No response	1	-	1	1	-	-	-	-	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Marital status</b>									
Married	75	79	71	73	72	93	90	80	67
Single	21	17	24	24	19	7	10	15	27
Divorced	4	4	4	3	7	-	-	5	5
Separated	1	-	1	-	2	-	-	-	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Family structure</b>									
Nuclear family	59	65	53	53	64	79	62	63	57
Extended family	35	32	39	38	34	21	34	35	36
Alone	5	3	8	9	2	-	3	3	7
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Engagement prior to business</b>									
Housewife	47	52	41	44	50	50	66	65	31
Employed	28	28	28	24	33	29	21	20	35
Student	21	19	23	28	14	7	7	13	30
Unemployed	2	-	4	3	-	7	3	-	2
Another business	2	1	3	1	2	7	3	-	2
No response	1	-	1	-	2	-	-	3	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

***Size of enterprise:*** Household and tiny enterprises were screened out. The survey, however, distinguished between micro, small and medium enterprises. An enterprise was defined as micro if it employed 5 to 9 workers, small for 10 to 35, and medium for 36 to 99 workers. At least ten women entrepreneurs from each category were included.

***Allocation by sector:*** The sample was further divided into manufacturing, retail trade and services. There are approximately 400,000 small-scale manufacturing units, 600,000 service sector units and one million retailers in Pakistan, making a total of approximately 2 million units. It was agreed that a minimum of 25 women entrepreneurs would be included from each sector in the total sample.

### **3.7.5 Methodology**

The survey was carried out using the snowballing technique for identifying respondents. The initial contacts were the most difficult to establish as there are very few resources that could be used for this purpose. The Directory of Women Entrepreneurs published by Export Promotion Board (EPB) and the respective Chambers of Commerce and Industry were the starting points. The women who were interviewed first were requested to provide the names and addresses of other women entrepreneurs who might take part in the survey.

### **3.7.6 Survey results**

The questionnaire was divided into four major parts to obtain general and specific information related to the women entrepreneurs, their business and the business environment.

- ◆ Profile of the entrepreneur
- ◆ Profile of the enterprise
  - a. General
  - b. Business and the family
- ◆ Business environment

- c. Government policies, regulations and institutions
  - d. Financial services
  - e. Non-financial services
- ◆ Social/cultural influences

The questionnaire included structured and open-ended questions to elicit both quantitative and qualitative information. The sections below provide a description and analysis of the results.

### **3.7.7 Profile of the Women Entrepreneurs**

*Age:* 49 per cent of respondents were aged between 20-39 and 31 per cent were between 40-49. The probability of starting and running a business falls dramatically after the age of 50, dropping to 15 per cent for the age bracket 50-59 and to 3 per cent after 60. On the other hand, only one respondent was below the age of 20.

*Children:* The other significant finding is the below-average number of children of women entrepreneurs compared to other Pakistani women. Sixty-five per cent of respondents had only one or two children.

*Family context:*

The likelihood of a Pakistani women being in business is greater if she lives in a nuclear family structure. While the predominant mode in Pakistan is an extended family structure, 59 per cent of the respondents were found to be living in a nuclear family. This would mean relatively less interaction with the older generation and less exposure to their social/cultural influence. Conventional wisdom would expect better mobility and improved chances of being in some economic activity, especially when coupled with better education.

*Literacy and education:* The literacy rate of women entrepreneurs and their close relatives is well above the national average. The female literacy rate is 32.6 per cent in

Pakistan and 35.3 per cent in the province of Punjab. Table 6 shows the educational attainment of respondents, 97 per cent of whom are literate.

**Table 6: Educational levels of respondents and their close relations  
(% of responses)**

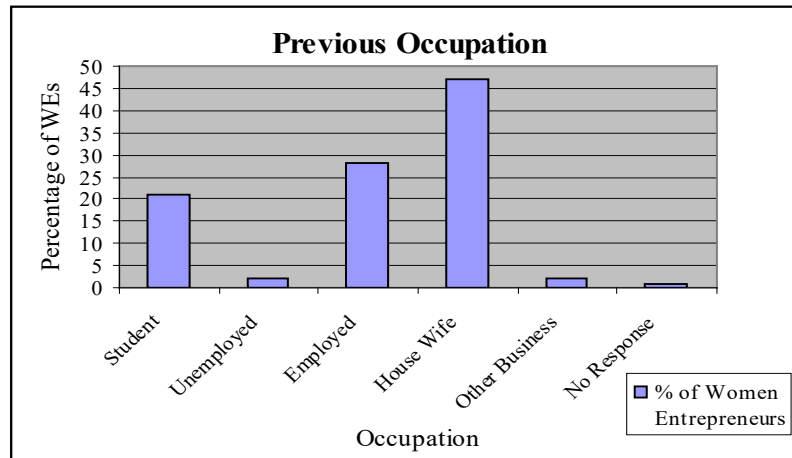
Level of education	Self	Mother	Father	Spouse*
Postgraduate	32	3	26	43
Graduate/vocational	43	12	37	39
Secondary/primary	22	52	26	14
Just literate	0	19	6	1
No formal education	2	12	5	1
No response	0	2	0	2

\* The percentages in this column are not based upon all the respondents but only the married women (75 per cent)

Information regarding the level of education is revealing as it indicates that the majority of women entrepreneurs belonged to the upper tiers of graduates (43 per cent) and post-graduates (32 per cent). The educational levels of the respondents' mothers were generally lower than their fathers but they were still far above the national average. As most of the women entrepreneurs were married (75 per cent) the educational level of their husbands was also ascertained. This was also significantly above the national average, 82 per cent being in the graduate/vocational or postgraduate categories. This shows that an educated woman with an educated family background is much more likely than an average Pakistani woman to start or run a business.

**Training and work experience:** More than half of the respondents had attained a professional diploma, certificate or technical training (nursing, make-up, beautician etc.) before going into business. Forty-three per cent had substantial work experience, 21 per cent had little experience, and 35 per cent started from scratch. **Chart 6** shows that 47 per cent of women entrepreneurs were housewives before starting business, 28 per cent were employed in different capacities with different organizations, and 21 per cent were students.

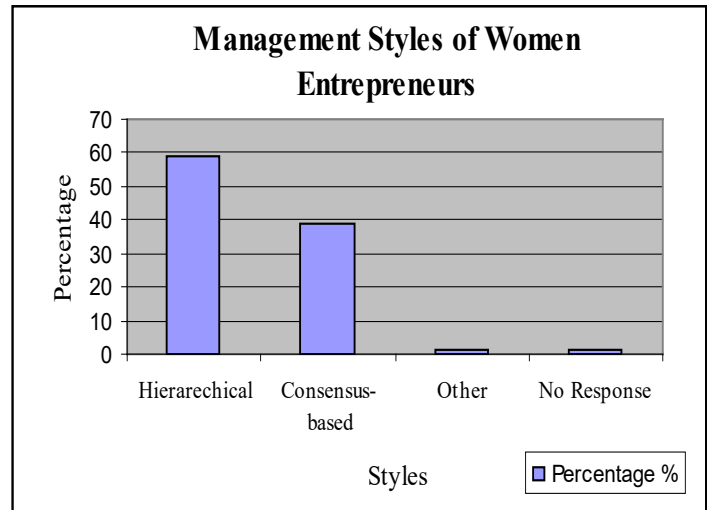
**Chart 6: Previous Occupation of WEs**



**Chart 7: Management Styles of WEs**

**Management style:**

Fifty-nine per cent of women entrepreneurs use a hierarchical management style while 39 per cent believe in a consensus-based approach. A majority of 77 per cent believes that this is more effective; 14 per cent say that it suits the culture and 7 per cent are convinced that it is more productive. However, the questionnaire invited only a limited range of responses to this topic, and the information obtained would require closer investigation.



**Computer literacy:** The computer skills of women entrepreneurs are also better than average: 31 per cent felt confident that they could compose a letter on a personal computer; 37 per cent could use e-mail and Internet, 11 per cent were able to use spreadsheets and prepare power point presentations while the remaining 8 per cent had even better skills than all those mentioned above. These figures are also above the



national average, according to which 84 per cent of the computer literate population in Pakistan are men.

## START-UP

***Start-up and Ownership:*** Concerning the pattern of start-up, the majority of respondents claimed that they established the business by themselves. Nine per cent inherited their business. Further examination revealed that male family members set up 67 per cent of “already established” business: 21 per cent were established jointly by the woman entrepreneur and the family — 81 per cent of whom sought the help of their male relatives to establish the business. Hence the dependence on male relatives remains strong for those who seek family help.

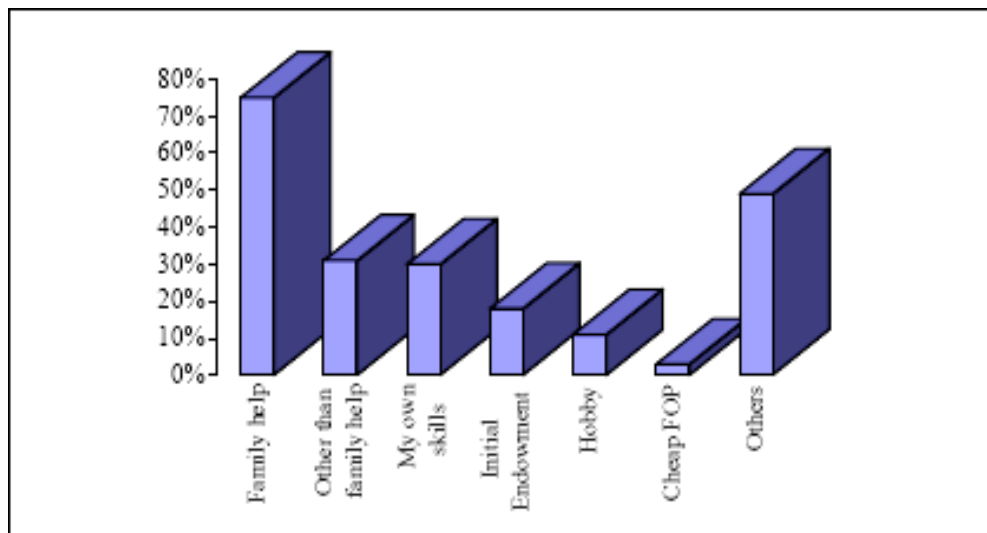
**Table 7: Establishment of business: Sex-disaggregated**

	Percent of responses	Female	Male
Already established by family (Sex disaggregated)	9	3	6
Myself	64		
Myself and my family (Sex disaggregated)	21	4	17
Myself and my friends	5		
Somebody else	1		

***Motivation to start business:*** What motivates women in Pakistan to start a business? This was a multiple response question addressed only to respondents who had started a business by themselves. Seventy-six per cent mentioned economic reasons that varied between the “urge to make money” to “financial crisis in the family”. The other significant reasons were continuation of hobby (53 per cent), productive occupation (47 per cent), desire for recognition and economic independence (24 per cent) and philanthropy (9 per cent). The predominance of economic reasons is understandable when we relate it to the difficulties experienced by the Pakistan economy since the 1990s.

**Factors contributing to start-up:** The survey attempted to identify any gender-specific factors that were helpful in business start-up, and any problems that may have hindered the establishment of business. A high response rate of 75 per cent suggested family help as the most important enabling factor; 30 per cent of women entrepreneurs believed that their own skills helped them to establish the business; 11 per cent attributed their commitment to developing a hobby as a major factor, while only 3 per cent said that cheap factors of production (FOP) was a helping factor. Chart 8 provides a schematic diagram of the responses.

**Chart 8: Helpful factors in business start-up**



**Problems and barriers at start-up:** The surveyed sample was also asked to indicate three major problems faced during the start-up phase. The various problems indicated by the respondents were grouped into nine categories. Table 8 provides a complete picture of the results, for which titles have been assigned to the clusters of answers, and sub-titles show the actual problems mentioned by the women entrepreneurs.

**Table 8: Retarding factors in business start-up**

	Percentage of responses
<b>Gender biases</b>	<b>51</b>
People were not cooperative towards women	12
Hostile attitude of men towards working women	11
Dealing with men is difficult	7
Labour attitude/dealing with male workers	7
Male-dominated society	4
Non-professional behaviour of male entrepreneurs	4
Credit recovery was a problem (weak bargaining position)	3
No one to guide/support females	2
No contact in the male-dominated society	1
<b>Marketing</b>	<b>28</b>
It was a problem to attract customers	7
No sale point was available	7
Unfavourable market behaviour	4
Finding market was a difficult job	3
No outlet for marketing	1
<b>Family/social</b>	<b>26</b>
Non-supportive family	9
Household responsibility/engagements	7
Time distribution between family and business	6
Children were neglected	4
<b>Finance</b>	<b>24</b>
Lack of finance	24
<b>Related to government</b>	<b>16</b>
Government departments were not cooperative	7
Government policies/ regulations were stringent	2
Bribery	1
To get registered was a big problem	1
Lack of government facilities	2
Police harassment	1
Electricity connection	1
To get national tax number was a problem	1
<b>Mobility</b>	<b>6</b>
Transport problems	6
<b>Others</b>	<b>28</b>
Convincing people	9
Raw material was not easily available	7
Expenses were higher than income	3
Lack of knowledge	1
I was not experienced enough to run a business	2
Incurred high costs on purchasing machinery/equipment	1
Felt difficulties to fulfill big orders	1
Labour was not easily available	4
<b>Did not face any problems</b>	<b>14</b>
<b>No response</b>	<b>1</b>

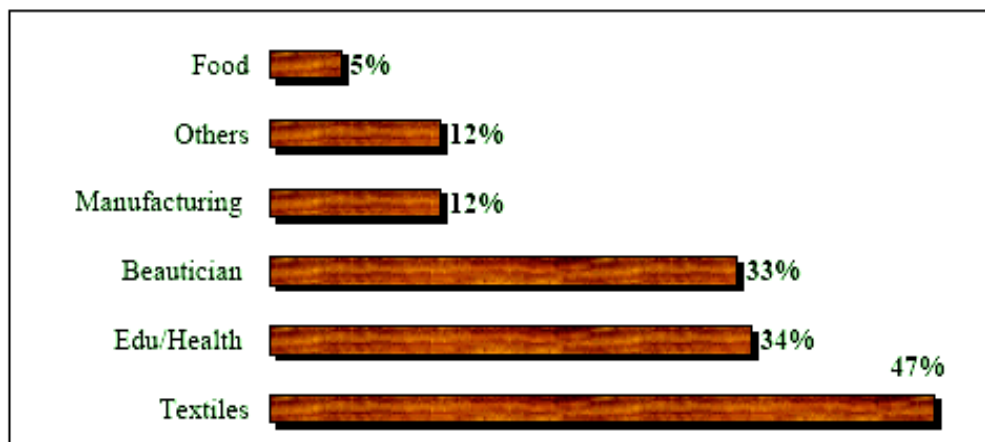
### 3.7.8 Profile of the Enterprise

*Scale:* Women's enterprises were defined in terms of employment and divided into micro (5-9 workers), small (10-35) and medium (36-99) enterprises. Fifty-two per cent of the surveyed sample was in the first group, 39 per cent in the second and 9 per cent in the

third. Nineteen per cent were engaged in trading, 27 per cent in manufacturing and 54 per cent were in the service sector. Given the range of social and cultural barriers facing women in Pakistan, this might be seen as a pragmatic entrepreneurial response to their restricted participation in the economy.

**Sector:** A further probe reflected the conservative attitude of women entrepreneurs where most women (135 per cent – this figure is based on the women entrepreneurs having more than one business) were engaged in traditional business and a tiny minority (7 per cent) were in non-traditional business. The main business areas that attract their interest seem to be those which involve minimal interaction with men. Chart 9 shows the main areas of engagement.

**Chart 9: Women’s businesses by sector**



Textiles and apparel is the prime area of activity. The full range includes ready-made garments, bridal wear, embroidery, stitching, lace-making and ladies’ boutiques; education and health services ranging from running tuition centers to secondary schools and clinics; beautician covering all activities related to beauty and health; food business comprising of bakeries and restaurants, while manufacturing generally includes making small items like lamp-shades, plastic toys and buttons.

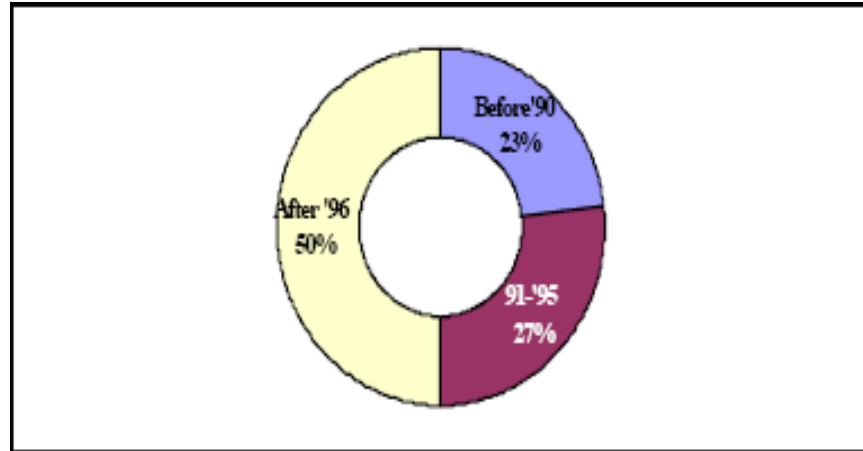
**Number and sex of workers:** Another revealing finding of the survey was that women entrepreneurs employ more women workers than their male counterparts. Table 9 shows the average numbers employed by women entrepreneurs. The survey results indicate an average of eight full-time women employees (53 per cent) in each business as compared to seven men. This means that there is a more balanced labor force in enterprises owned by women. The average ratio in reporting factories in Pakistan is around 5:95 which indicates a strong negative bias against women in the labor force. Hence the results indicate that the probability of employment for women is very much higher in an enterprise owned by a woman than in a male-owned business. The average percentage for part-time employees in the table is similar. Another interesting finding is the dominance of male family members in the paid category compared to female relatives who dominate in the unpaid category.

**Table 9: Pattern of employees**

Type of employees	Women (average of % of responses)	Men (average of % of responses)
Full-time	8	7
Part-time	5	5
Paid family member	2	5
Unpaid family member	2	1

**Age of business:** Answers to the question on “year of establishment of business” reflect an increasing trend towards women’s business start-up. Chart 10 shows that only 23 per cent of businesses in the survey sample were established before 1990 (the oldest was established in 1951); 27 per cent were started between 1991 to 1995 while 50 per cent have been established since 1996.

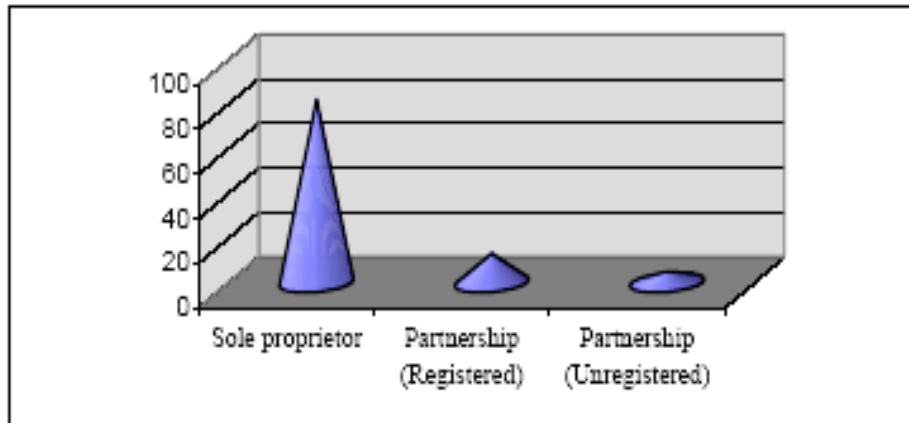
**Chart 10: Accelerated trend of business start-up in 1990s**



**Location and ownership of premises:** Some other manifestations of the conservative approach of women entrepreneurs are the concentration of business operations in the same city and the preponderance of sole proprietorship in terms of legal status. Once again, this can be seen as a pragmatic entrepreneurial response given women's limited mobility in society. Ninety-seven per cent of the businesses exist and operate in the same city. There was an almost equal split between owned and rented premises: 47 per cent of respondents were operating in their own premises (belonging to them or a member of the family) while 53 per cent were in rented accommodation.

**Legal structure:** Eighty-two per cent have the legal status of a sole proprietorship, which is the simplest form of business organization requiring no legal formalities. Thirteen per cent of the sample surveyed operates as registered partnerships, and none was incorporated as a private company or a public listed company. It is interesting to note that the proportion of partnerships in the businesses owned by women is twice the national average. The Integrated Survey of Services and Manufacturing Industries (ISSMI) 1991/92 shows that 92.5 per cent of small businesses in Pakistan are sole proprietorships and 5.9 per cent are partnerships.

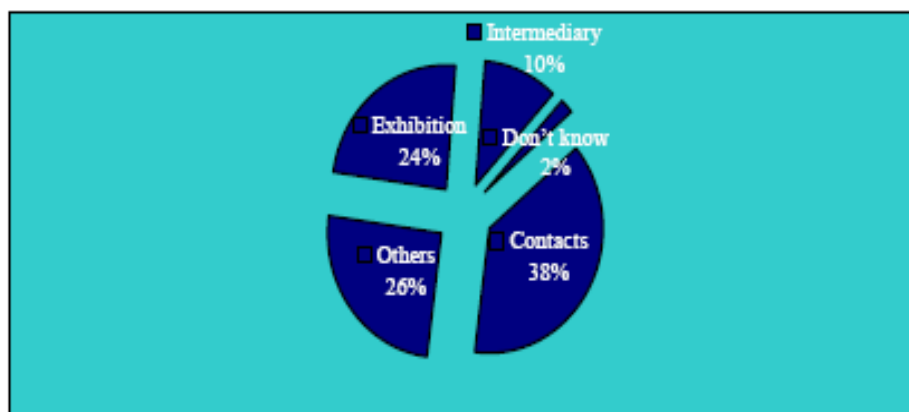
**Chart 11: Legal forms of women's businesses**



### 3.7.9 Marketing

**Importance of Marketing:** Marketing is one of the most important aspects of business and it impacts considerably on the entrepreneur's standing in the supply chain. Consequently, it was investigated in some detail. The findings reported below show that the dominant mode of marketing among businesswomen is relationship-based: 38 per cent resort to personal contacts; 24 per cent market through exhibitions and social gatherings and 10 per cent use intermediaries. Others (26 per cent) referred to telephone orders.

**Chart 12: Mode of marketing**



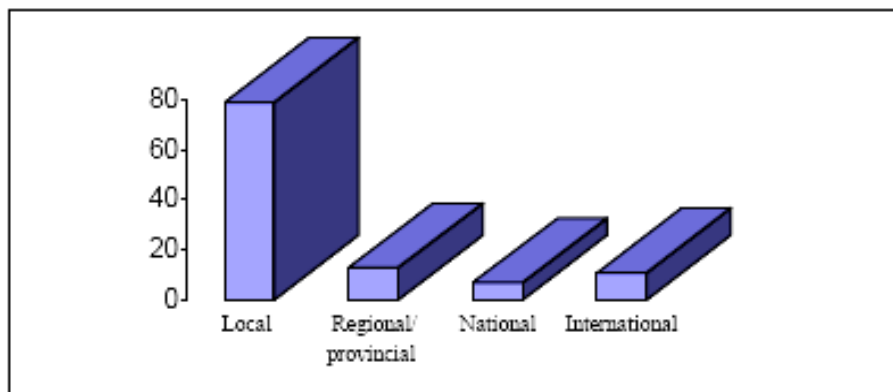
**Getting orders:** Sixty-five per cent of women entrepreneurs take orders themselves while 23 per cent receive orders through their marketing staff. Ninety-five per cent of businesswomen do not feel any constraint in getting orders, and 93 per cent provide a delivery service. As mentioned earlier, most of the respondents are in businesses that do not require extensive male interaction, so that marketing is not a daunting challenge. However, they employ marketing staff and the gender composition of the marketing personnel is shown in Table 10.

**Table 10: Male and female marketing staff**

Male	Female	Both	No response
37%	26%	14%	23%
Base is 23% (n = 34)			

**Location of market:** Chart 13 shows that 79 per cent of respondents deal in the local markets; 13 per cent sell their products/services in the regional markets, 7 per cent extend to national markets while 11 per cent of the sample is also in the export category. Sixty-five per cent of women entrepreneurs have kept within the same markets while the rest have explored other outlets.

**Chart 13: Markets of women entrepreneurs**





**Marketing trends and strategies:** A question was asked about marketing trends: 37 per cent wanted to explore further in the local markets; 33 per cent were content and wanted to remain in their existing markets; 9 per cent indicated regional markets, 7 per cent intended to look for national markets and 19 per cent were interested in international markets. In relation to the marketing strategies adopted, only 9 per cent of women entrepreneurs had a web-site to promote their business. Sixty per cent had not participated in any promotional event or exhibition in the last three years; 33 per cent had attended national exhibitions; 11 had exposure to some networking event related to marketing while 11 per cent had taken an opportunity to go abroad for international marketing events.

**Marketing constraints:** Respondents were asked to indicate three major marketing constraints; Table 11 shows their responses. The major constraints identified (interaction and weak bargaining position, information gaps and lack of mobility) are deemed to be greater problems for women than for men in many countries.

**Table 11: Marketing constraints**

No problem/constraints	48%
Interaction/weak bargaining position	34%
Information gaps	27%
General constraints	17%
Mobility	7%
Don't know	2%
No response	1%

The question of marketing constraints was further probed among the respondents who experienced problems (7 per cent). It transpired that 120 per cent of their problems were gender-related while 20 per cent were of a common nature.

### **3.7.10 Technology**

**Use of Technology:** The survey found that the technological level of women's enterprises was very low. Half of the surveyed sample had made no technology improvement in their business in the last year; 18 per cent had made marginal additions, 27 per cent had made

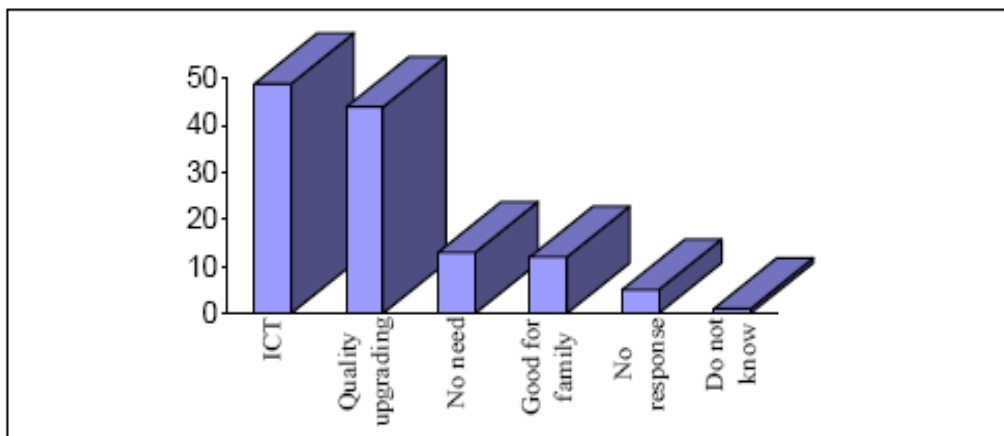
moderate improvements while 5 per cent claimed to have made a substantial input. Those respondents who had made improvements were asked to give details (see Table 12).

**Table 12: Technology improvement in the business**

Technology improvement	Percentage of responses
New computers	37
Advanced equipment	33
Purchased massage machines	15
Embroidery machine	8
Mobile phones	4
Lap-top computers	4
Internet marketing	4
Steam machine	4
Air conditioners	4

*Type of Technology needed:* One question was designed to ascertain the kind of technology that could be useful for women’s business: 49 per cent of respondents placed information and communication technologies (ICT) at the top. It is also interesting to note that 15 per cent wanted to add technologies that could be helpful for the education of their family, especially the children. This highlights an important convergence between women’s productive and reproductive roles, and indicates practical ways in which women entrepreneurs balance the two.

**Chart 14: Type of technology helpful for business**



**Awareness of technology and trade institutions:** Two questions were asked to ascertain the respondents' knowledge of the technology-related national institutions, as well as their understanding of the World Trade Organization (WTO) and Pakistan's accession to it. Thirty per cent knew about the Pakistan Council for Scientific and Industrial Research (PCSIR); 5 per cent were aware of the Scientific and Technological Development Corporation (STEDEC); 9 per cent knew of the Pakistan Industrial and Technical Assistance Center (PITAC); 5 per cent knew of the National Productivity Organization (NPO); 25 per cent knew about the Punjab Vocational Training Council (PVTC) and 21 per cent about the Technical Education and Vocational Training Authority (TEVTA). This finding also highlights a gap in the supply and demand for technology. On the supply side, many technology support service providers are gender blind and make no special effort to include and assist women. On the demand side, many women are not aware that such support is available, or they view it as a "man's world". This situation serves to reinforce women's low awareness of and poor access to technology support, and contributes to women entrepreneurs' continued presence in low investment, low technology enterprises operating at the economic margins.

**Pakistan and WTO:** Regarding Pakistan's accession to WTO, 53 per cent of women entrepreneurs had no idea how this was going to affect their business. 26 per cent of respondents expected that it would affect their business favorably; 18 per cent believed that it would have a moderate effect on their business; 2 per cent thought it could have extremely bad consequences, while 1 per cent did not respond.

**Table 13: Perceptions about Pakistan's accession to WTO**

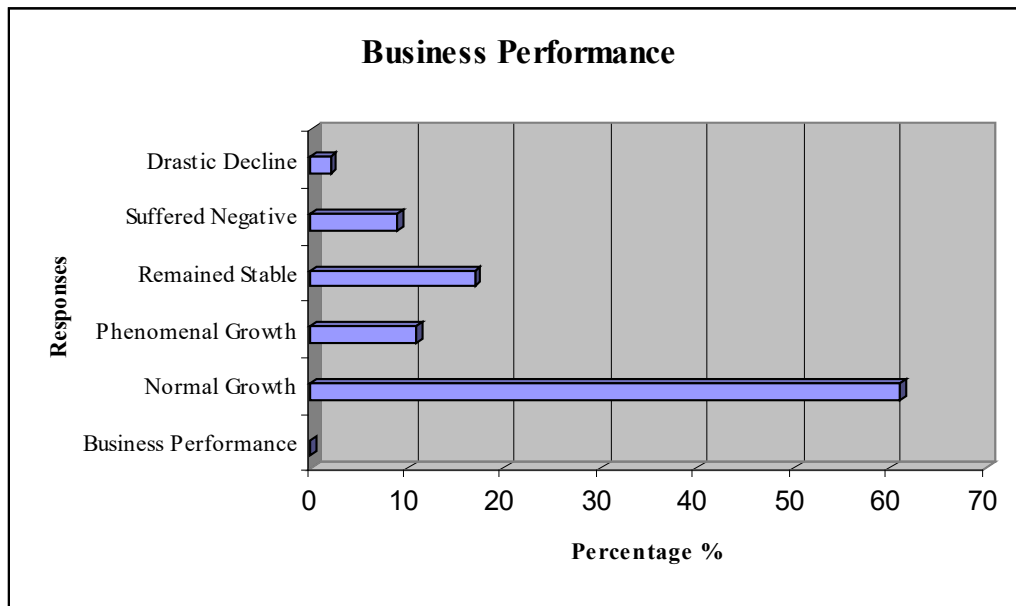
<b>Will affect my business</b>	<b>Percentage response</b>
Favourably	26
Moderately	18
Drastically	2
Have no idea	53
No response	1

### 3.7.11 Overall Business Performance and Prospects

#### *Business performance - Past, present and future:*

When asked about their business experience of the last year and expectations about future growth, the majority of women entrepreneurs responded positively: 61 per cent reported that their business had experienced normal growth during the previous year; 11 per cent reported phenomenal growth; 17 per cent remained stable; 9 per cent suffered negative growth and 2 per cent had suffered a drastic decline in their business.

**Chart 15: Overall Business Performance**



Ninety-two per cent intend to continue and expand their business. They were asked to explain how they intend to expand: Table 14 shows their plans.

**Table 14: Plans for future expansion (multiple response questions)**

	<b>Percentage of responses</b>
Expand/improve the business	69
Make new investments in the business	42
Increase the number of workers	27
Expand the range of products/services	26
Don't know	11
Other	3

***Hopes and aspirations:***

Eighty-three per cent of respondents said they wanted their business to grow, while 16 per cent wished to retain the level they had already achieved.

***Future expectations:***

Responding to another question 42 per cent said they expected their business to perform very well in the next 3 years; 40 per cent anticipated good performance, while 16 per cent foresaw moderate achievement.

***Influence of business environment:***

An overall perception about the business environment was investigated by posing nine questions and asking for the respondents' opinions on a 5-point rating scale. Table 15 provides the detailed responses.

**Table 15: Perceptions of the business environment**

	Percentage of responses					Cumulative Value	Rank
	+2 Strongly agree	+1 Agree	0 Can't say anything	-1 Disagree	-2 Strongly disagree		
The overall environment for women entrepreneurs is good	25	52	5	6	12	+72	(5)
Family and social commitments are growing	56	21	17	5	1	+126	(1)
Government support to women entrepreneurs is increasing	4	17	36	15	28	-46	(8)
The costs of running a business are increasing	53	21	12	11	3	+110	(2)
Access to finance/credit for women entrepreneurs is increasing	1	14	38	13	34	-63	(9)
Access to women business support networks is increasing	3	39	19	13	26	-24	(7)
Market for women entrepreneurs is expanding	24	47	8	13	9	+64	(6)
Business know how of women entrepreneurs is increasing	29	46	12	9	5	+85	(4)
Technical skills of women entrepreneurs are increasing	32	43	13	9	3	+92	(3)

***Factors influencing business growth:***

Answering multiple responses the interviewees were asked to indicate the most important factors that could help their business grow: 49 per cent marked less and better government; 47 per cent desired business development services, and 46 per cent asked for concessionary finance.

***Perceived barriers to growth:***

Answering another multiple response question on the significant barriers to business growth, many respondents (45 per cent) indicated gender-specific social barriers, 41 per cent blamed the government for creating an unhealthy business environment, and 31 per cent mentioned lack of finance while 20 per cent indicated the absence of adequate business development services.

### **3.8 The Business Environment**

#### **3.8.1 Government Policies, Regulations and Institutions**

***Policy environment:***

The opinions of women entrepreneurs are divided on the present policy environment in Pakistan: 26 per cent are of the view that the present environment discriminates against them; 19 per cent think otherwise. As many as 35 per cent think that it is neutral and 21 per cent have no opinion about it. The survey revealed that more than half of the women entrepreneurs did not know about government policies related to investment, trade and export promotion, income and sales tax, concessionary finance and labor regulations. None of the respondents knew about the Statutory Regulatory Ordinances (SROs) that are issued by the Central Bureau of Revenue (CBR) for business and tariff concessions. Table 16 provides details of the responses.

**Table 16: Knowledge of government policies**

	Percentage of responses		
	Yes	No	No response
Policies of the Board of Investment that provide incentives for new and existing investments	34	65	1
Policies of the Ministry of Commerce and Industry for trade and export promotion	41	58	1
Policies of the Ministry of Finance (income and sales tax concessions)	53	47	-
Policies of the State Bank of Pakistan for concession in loans	35	65	-
SROs issued by the Central Bureau of Revenue for tariff concessions	0	100	-
Policies of the Ministry of Labour that entail labour-related regulations	35	65	-

***Taxation and regulations:***

Taxation regulations were singled out by 71 per cent of respondents as the most troublesome area of government regulations to comply with; 14 per cent mentioned licensing; 10 per cent indicated trade regulations; 5 per cent referred to business regulations, while 3 per cent found that labor laws were the most difficult to observe.

***Negative factors affecting women's business:***

One-third of the women entrepreneurs thought that lack of adequate financing facilities was a major factor that had negatively affected their business in the recent past. Others referred to the regulatory environment (23 per cent), law and order (18 per cent), lack of business development support (BDS) (10 per cent), and economic slowdown (9 per cent).

***Supportive policy suggestions:***

The respondents were asked to suggest policy inputs that the government should incorporate to promote women entrepreneurs. The majority regarded “over-government” as a major constraint in running their business. Others suggested financing, BDS and networking opportunities as valid options. There were a large number of references to gender-related factors. Table 17 provides a complete picture with titles and sub-titles.



**Table 17: Suggested changes in government policies  
(Percentage of responses)**

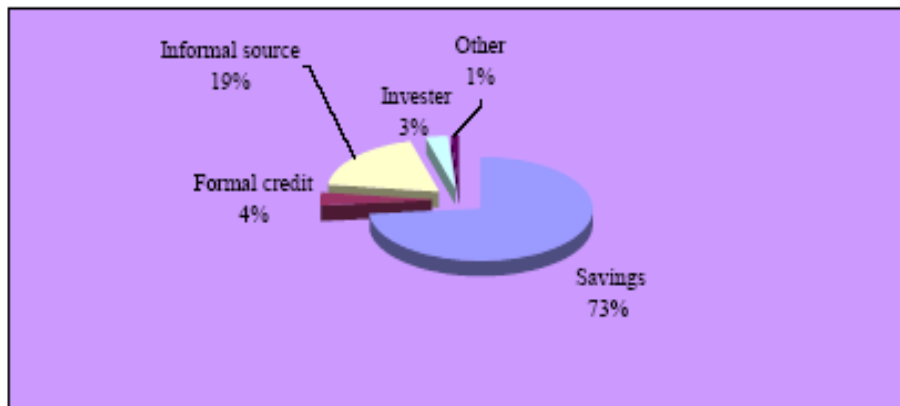
<b>Less and easy government (This was an open-ended question. Some specific responses are shown below)</b>	<b>64</b>
Policies should be in favour of women entrepreneurs	15
Loans-sanctioning procedure must be simplified	12
Separate policies for women entrepreneurs should be brought in	12
Policies should be stable	6
Reduce taxes	4
There should be proper implementation of policies	3
Government officials should be ethically trained	2
Quota system should be changed	1
Income tax should decrease to a normal limit	1
Sales tax should decrease to a normal limit	1
There should not be red tape	1
Less documentation and easy paper work	1
All policies should be fair/practical	1
<b>Financing (Some specific responses are shown below)</b>	<b>29</b>
Loans should be provided to women entrepreneurs at low interest rates	18
Finance policies should be favourable	5
Interest-free loans should be provided to women entrepreneur	3
Easy access to banks for loans/funds	3
There should not be collateral restrictions for women entrepreneurs	1
<b>Business Development Services (Some specific responses are shown below)</b>	<b>19</b>
More technical training centres should be established	8
There should be exhibitions for women only and separate markets	4
Government should provide assistance in marketing to women entrepreneurs	3
Proper outlets should be provided to women	2
Policies for special training of women entrepreneurs	1
There should be proper technical schools where women can have training	1
Women should be trained in legal matters	1
<b>Information/networking fora (Some specific responses are shown below)</b>	<b>17</b>
Information fora for women entrepreneurs regarding government policies	9
Government should develop women's network to promote women entrepreneur	5
There should be a club for skilled women, where they can get all facilities	3
<b>Others (Some specific responses are shown below)</b>	<b>23</b>
Policies regarding social protection to women entrepreneurs should be formulated	
Women should be appointed at govt. offices to handle all matters regarding women entrepreneurs	5
Payment recovery system should be developed	1
Government policies cannot be changed	2
<b>Don't know</b>	<b>3</b>
<b>No response</b>	<b>1</b>

### 3.9 Financial Services

**Bank accounts:** Eighteen per cent of the women running a formal business did not have a personal bank account. Fifty-five per cent of the account holders had a separate account for the business while 44 per cent did not differentiate between their personal account and their business bank account.

**Start-up capital:** The predominant source of start-up capital for business was reported as personal savings (73 per cent); informal sources were in second position at 19 per cent. Only 4 per cent of respondents had access to formal sources of credit (see Chart 16). The survey did not reveal how many respondents had been refused formal credit.

**Chart 16: Source of start-up capital**



**Finance for development:** The same pattern continues after start-up. During the last three years of business only 23 per cent had borrowed money while 77 per cent had not. The 34 women who had taken loans were questioned about the source of financing; eight had borrowed from formal sources while 24 had borrowed from informal sources; two had borrowed from both formal and informal sources.

**Purpose of borrowing:** A multiple response question was asked related to the purpose of borrowing: 68 per cent of borrowers (n = 34) needed money to buy equipment; 44 per cent needed working capital; 18 per cent borrowed for trade finance and 9 per cent for land and buildings. The women who borrowed from formal sources were asked two more

questions about collateral and about any problems they faced in obtaining credit. Twenty-seven per cent had used their personal belongings as collateral, 18 per cent pledged their house, 18 per cent used the guarantee of government officers, 9 per cent used dollar account security, and 9 per cent used their immovable property.

**Financial information:** Women entrepreneurs were asked to give the approximate value of their productive assets, total investment and volume of monthly sales. The following tables provide the responses.

**Table 18: Value of productive assets**  
(Rs. million)  
(Excluding land and building)

	Percentage of responses
More than 40	1
From 20 to 40	1
From 0.2 to 20	31
Up to 0.2	61
No response	7

**Table 19: Total investment**  
(Rs. million)

	Percentage of responses
From 10 to 40	2
From 0.5 to 10	1
From 0.2 to 0.5	36
Up to 0.2	61

**Table 20: Monthly sales**

	Percentage of responses
Rs. 1 million to 5 million	2
Rs. 0.1 million to 1 million	6
Rs. 50,000 to Rs. 0.1 million	6
Rs. 20,001 to Rs. 50,000	39
Up to Rs. 20,000	48

***Reinvesting profits:*** On the subject of reinvesting profits back into the business 39 per cent reinvested more than half their profits in the business; 31 per cent reinvested up to 50 per cent, while 21 per cent reinvested less than a quarter; and 7 per cent said that they did not plough any profits back.

***Perceived gender biases in obtaining finance:*** Respondents were asked whether they thought that being a woman was a major constraint in obtaining formal finance: 66 per cent believed that this was so, while the rest disagreed. The larger group was asked why this should be so: 90 per cent mentioned procedural snags relating to their sex and strict terms of financing.

### **3.10 Non-Financial Services**

#### **Business Support**

***Non-financial needs:***

The respondents were specifically asked to indicate four non-financial services that would help their business: 56 per cent indicated marketing; 39 per cent information and business advice; 14 per cent networking with women's organizations; 12 per cent requested subsidized inputs.

***Desire for Business Development Services (BDS) and financial assistance:***

The respondents were asked to indicate the most important area of their business where they would welcome help from the respective Chamber of Commerce and Industry, related business association and donors. Finance and marketing were at the top, with the following responses.

**Table 21: Form of help desired by the women entrepreneurs**

Type of help	From Chamber of Commerce	From related business organization	From donors
Finance	39	41	59
Marketing	28	20	26
Training	13	14	7
Networking	10	12	5
Legal	8	11	3

***Sources of Business Support:***

A question was designed to find out if the respondents had received help from any government or private agency in the last three years. Very few (19 per cent) declared that they had received assistance, while the majority (81 per cent) had not received help.

***Take-up of business support services:***

One-quarter of the respondents and 28 per cent of their staff had received some training in the last 3 years while three-quarters had not. The majority of those who received training (92 per cent of women entrepreneurs and 93 per cent of their staff) had undergone skill upgrading. The private sector played a key role in imparting that training. Table 22 shows the percentage share of training by source.

**Table 22: Sources of training**

Source	Women entrepreneurs	Staff
Private institutions	42%	63%
Government institutions	29%	15%
NGO/welfare	10%	15%
Abroad	8%	0%
Others	8%	2%
No response	3%	5%

All the women entrepreneurs said that the training they received was useful, and 83 per cent of employees said the same: 17 per cent thought that it was not useful.

***Sources of advice:***

Respondents were then asked about the person who advised them on business problems. Table 23 provides a sex-disaggregated picture of the answers.

**Table 23: Advice on business problems**

		Percentage of responses		
Family member				71
*Breakdown by sex	Male 81	Female 15	Both 3	No response 1
Relative/friend				17
*Breakdown by sex	Male 2	Female 72	Both 12	No response 8
General manager/Director/Employee				4
Other				12
No response				1

***Advice from family and friends:***

The table above shows that 71 per cent of respondents sought advice from a family member in case of business problems. It is interesting to note that 81 per cent of these referred to their male relatives while only 15 per cent depended on female family members. Only 17 per cent resorted to distant relatives and friends. However, in case of consultation with distant relatives and friends, 72 per cent are likely to be women.

***Who makes and assists business decisions?***

Respondents were then asked about the decision-making process in their business. Although the women entrepreneurs ask for business advice from their male family members it seems that they make most of the business decisions by themselves. The incidence is generally high, particularly in recruitment decisions, but relatively low in legal matters.

**Table 24: Role of family and others in business decision-making**

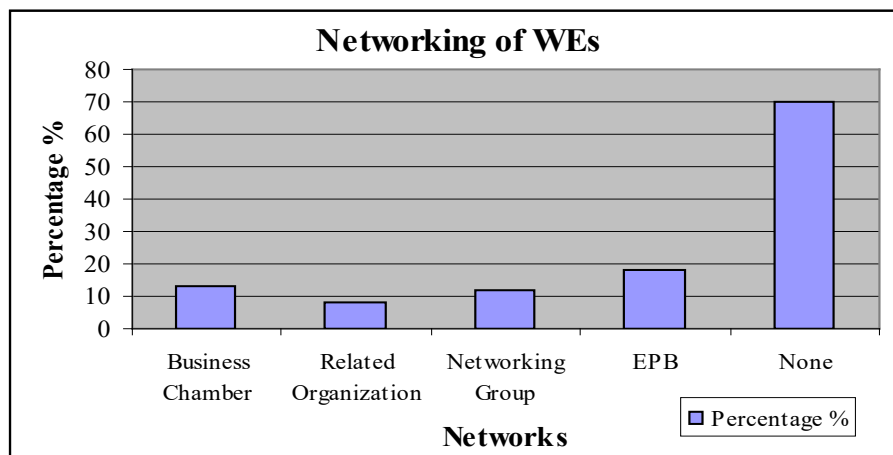
Decision taker/(s)	Decisions regarding				
	Investments (%)	Recruitment (%)	Marketing/ sales (%)	Public contacts (%)	Signing legal documents (%)
Self	60	72	65	64	59
Husband	8	4	8	4	12
Self/husband	17	9	10	5	8
Relative/friend	7	0	2	9	3
Consultation with management	2	5	5	10	4
Others	6	5	5	7	6
No response	2	5	6	3	7

### 3.11 Associations

***Links to networks and associations:***

Most women run their enterprise in isolation and do not interact with business associations and networks. Chart 17 shows that 69 per cent had no membership, affiliation or association: 14 per cent were members of Chambers of Commerce and Industry; 17 per cent had registered with the EPB, and 13 per cent belonged to some networking group (with 4 per cent as members of the Pakistan Association of Women Entrepreneurs).

**Chart 17: Networking of women entrepreneurs**



***Support from women's organizations:***

Questions were asked about the respondents' perceptions and expectations of women's support organizations and about their level of outreach. Sixty-six per cent did not know of any such organizations; 7 per cent thought that their range of services was poor; 17 per cent found that their services were not very good, and only 8 per cent said they were good. Thirty-one per cent believed that these organizations needed to improve their outreach; 25 per cent thought they needed to market themselves better, while 15 per cent felt that they should provide business development services. Only 3 per cent of respondents had received assistance from these organizations in the last three years.

***Suggestions for women's support organizations:***

The women entrepreneurs were asked for their recommendations on the role of women's business fora/organizations and their suggestions appear in Table 25.



**Table 25: Expected role of women business fora/organizations**

	Percentage of responses
<b>Business development services/solving business issues</b>	<b>47</b>
Help women arrange finance	9
Help/solve/advise on business problems/issues	8
Help solve legal problems	7
Suggest solutions to problems at local level	5
Provide business support and facilities for women (exhibitions/seminars)	3
Provide marketing facilities for women (exhibitions)	3
Give training to women	3
Help in solving tax issues	2
Provide assistance in self help	1
Help in making separate market for women	1
Their role is not helpful to us as they don't reach us	4
<b>Lobbying for better business environment</b>	<b>39</b>
Special representation of women in administration, policy making to help solve women entrepreneurs' problems	11
Project women entrepreneurs problems through media	7
Create peaceful and safe environment/workplace for women	6
Special treatment for convenience of women	5
Proper representation of small-scale businesswomen in such forums	3
Properly investigate problems by conducting surveys to formulate policies	3
Fight for women's rights	3
Protect from hostile attitude of men	1
<b>Information provision/networking</b>	<b>26</b>
Give awareness to women by sharing information	9
Organize themselves/work for betterment/ network for rights	7
Educate women that such helpful organizations exist	4
There should be women clubs at places within easy reach/platforms	3
Play active role by regular meetings/seminars	2
Facilitate women by interactive networking	1
<b>Government-related</b>	<b>14</b>
Simplify laws and regulations about business/loans/tax	11
Help women in their interaction with the government	2
Facilitate help from the government	1
<b>Don't know</b>	<b>8</b>
<b>No need</b>	<b>3</b>
<b>No response</b>	<b>3</b>

The information gained from these questions is particularly useful in the context of women entrepreneurs' perceptions of the role, value and potential of various associations, business fora and employers' organizations in supporting women entrepreneurs.

### 3.12 External Influences

*Major business issues:* An open-ended question was used to elicit respondents' views on the major business issues, which — in their opinion — are faced only by women entrepreneurs. This information is valuable as it provides important insights into the range of gender-related issues faced by relatively advantaged women entrepreneurs. The range of responses is listed below.

- Process of getting help from business support organizations is difficult
- Marketing problems
- Household responsibilities
- Getting orders is difficult
- Women are not considered trustworthy and are discouraged from doing business
- Conveyance /transportation problem
- Lack of protection
- Difficulties in management of business
- Dealing with men is difficult/misbehavior
- Image of working women is bad in society/criticism
- Financial matters /loans
- Men create obstacles to women's success
- Women are dishonored in market/not considered respectful
- Late night working hours is a big problem
- Females are ridiculed for being business women
- Male domination in the society and business
- Women don't have decision-making power
- Women's business is dependent on others
- To get out in the field/mobility
- Lack of training facilities for women
- Social restrictions
- Problems in legal matters
- Women get deceived by men retailers

- Problems related to business premises
- People's attitude is negative
- Business conditions are not favorable for women in a male dominated society
- Being women, women have to be more formal
- Purdah system (the tradition of veiling)
- To deal with government departments/tax/labor etc. is difficult

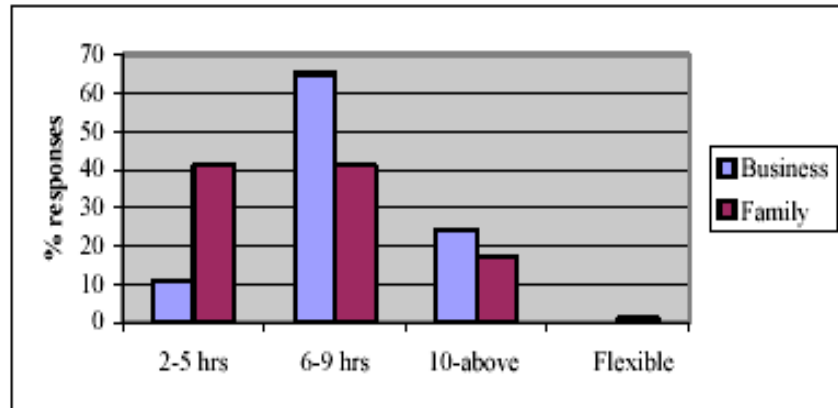
**Major socio-cultural factors:** Respondents were asked to identify the positive and negative social/cultural factors that affect their business activity in Pakistan. Table 26 summarizes their statements, which is provided in annexure.

**Public attitudes to women in business:** It is encouraging to note that Pakistani society is increasingly accepting businesswomen. The majority of women entrepreneurs share this perception: 32 per cent believed that the general perception of women in business had improved significantly in the past three years; 36 per cent said that it had improved; 31 per cent did not comment, and only 1 per cent believed that it had worsened. The majority mentioned a positive change of attitudes, new-found trust and confidence in women entrepreneurs, acceptance of women in the business community, greater domestic freedom, and more mobility.

### 3.13 Business and the Family

**Balancing business and family:** Allocating time for the family and business is a difficult area for most Pakistani women as business engagements normally do not free them from family responsibilities. Chart 18 shows that 11 per cent of respondents devoted 2-5 hours a day to the business while 41 per cent spent that much time with the family. Most of them (65 per cent) devoted 6-9 hours to the business while 41 per cent gave that much time to their family. The highest time commitment of 10 hours or more was given by 24 per cent to business and 17 per cent to the family.

**Chart 18: Average number of hours devoted to business and family**



**Business and family support:** A special section of the questionnaire dealt with family-related matters, and included questions about the level and type of family involvement in the business. Micro and small businesses normally have extensive family connections, and significant family involvement was reported by the respondents. More than 60 per cent had family members helping them to run their business in one way or another; 37 per cent said they were running the business without any family help. Table 27 presents this information broken down by city, size and kind of business. The percentages show that women in manufacturing behave more independently and are less likely to seek family help.

**Table 27: Family help in running the business**

	All	City		Size of enterprise			Kind of business		
		Lhr.	Isb.	Micro	Small	Medium	Trade	Manufacturing	Service
<b>Base</b>	<b>150</b>	<b>75</b>	<b>75</b>	<b>78</b>	<b>58</b>	<b>14</b>	<b>29</b>	<b>40</b>	<b>81</b>
Nobody	37%	40%	35%	41%	34%	29%	28%	50%	35%
Close blood relations	32%	35%	29%	37%	23%	39%	30%	26%	35%
Relatives by marriage	28%	22%	32%	21%	36%	32%	42%	22%	26%
Other relatives-friends	2%	1%	3%	1%	3%	0%	0%	3%	2%
No response	1%	1%	0%	0%	2%	0%	0%	0%	1%

**Nature of family involvement:** The respondents were further questioned about the patterns of engagement of family members in the business. Table 28 shows that most of the businesses (62 per cent) have one family member in the management team. Further

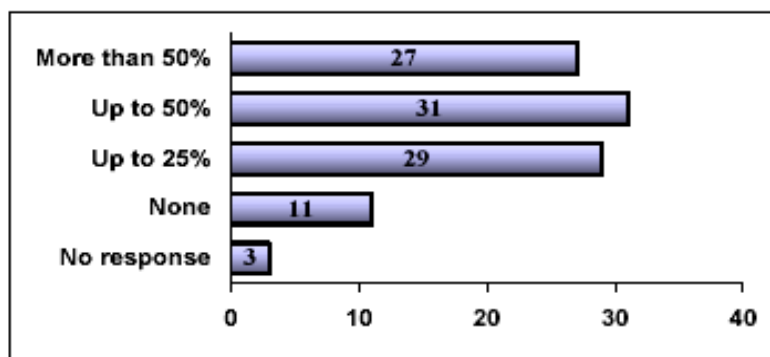
desegregation of the figures by sex shows that this is much more likely to be a woman (56 per cent) than a man (32 per cent). On the other hand, many businesses (45 per cent) do not have a family member on the supervisory staff, while 42 per cent have one relative. Among supervisory staff the probability is 50 per cent for a woman and 23 per cent for a female relative. The last column shows that the vast majority of women entrepreneurs (87 per cent) employ more than three family workers in their business.

**Table 28: Family members employed in the business**

No. of family members	Management staff	Supervisory staff	Workers
0	6%	45%	8%
1	62%	42%	4%
2	19%	10%	1%
3 and above	13%	3%	87%

**Contribution to household income:** The profits generated by women entrepreneurs make a notable contribution to their total household income. Chart 19 shows that 27 per cent of the respondents contribute more than half of the household income; 31 per cent contribute between a quarter and a half; 29 per cent contribute less than a quarter and 11 per cent contribute nothing.

**Chart 19: Women entrepreneurs' contribution to household income**



**Contribution of others to household income:** Another question related to the other family members contributing to the household income. Table 29 provides a comprehensive picture; the first column gives the number of contributing members from 0 to 6 persons, showing that almost every family has more than one income earner. The second column shows that many women entrepreneurs have two or three income earners in the family, most of them men.

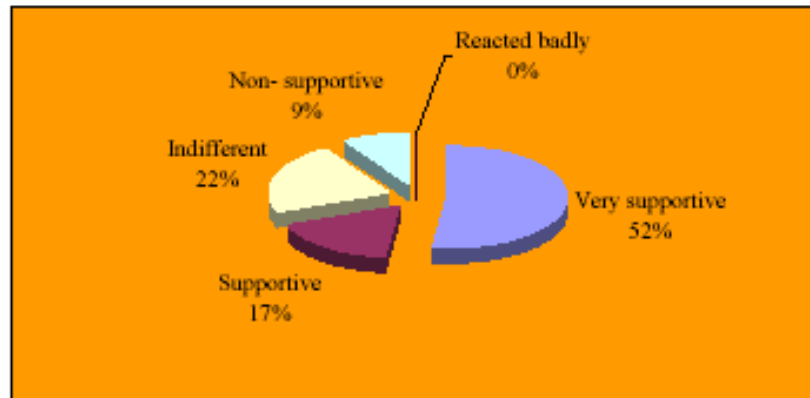
**Table 29: Contribution of family members to household income**

Number of family members	% share	Combination of earning family members	Percentage
Nobody	1		
1	41	"1" male and "0" female	90
		"0" male and "1" female	10
2	37	"2" male and "0" female	23
		"1" male and "1" female	73
		"0" male and "2" female	4
3	12	"3" male and "0" female	28
		"2" male and "1" female	50
		"1" male and "2" female	17
		"0" male and "3" female	6
4	4	"3" male and "1" female	50
		"2" male and "2" female	33
		"1" male and "3" female	17
5	3	"3" male and "2" female	75
		"1" male and "4" female	25
6	1	"5" male and "1" female	100
No response	2		

**Family attitude to WED:** Seventy-one per cent of the surveyed sample was the first women in their family to go into business. Chart 20 shows that families generally reacted positively to the business activity: none of the families reacted badly. It should be noted

that, however, that in the prevailing situation in Pakistan it would be extremely difficult for a woman to establish a business in the face of family opposition. Therefore, the views of women who would like to go into business but due to family opposition are unable to do so will never be heard.

**Chart 20: Family reaction to their female relative's business activity**



**Type of family support:** The 104 respondents whose families were either very supportive or supportive were then questioned about the kind of support they received. Further probing by the interviewers yielded the following illustrative responses:

- They helped me in all my difficulties
- They shared my work
- Everybody was supportive and helpful
- Emotional and moral help
- Financial help
- They took care of my children/household work
- They allowed me to do work
- My husband helped me in every way
- My study was professional so they did not have any problem with my doing business
- They asked me to extend this business as they were happy with my business
- Business was time consuming but they accommodated

- They trained me in doing this business
- They allowed me to go out of the house
- They encouraged me by buying my products
- Transportation was provided
- It was a joint project of myself and family members

Thirteen respondents (9 per cent) who faced resistance from their family were questioned further: 69 per cent of them were criticized for not abiding by the traditions; 46 per cent said their families objected to their mobility, while 8 per cent faced personal criticism from within the family.

***Impact on family life:*** The majority of women entrepreneurs thought that doing business had a positive effect on their family life and had improved their image in society (see Table 30).

**Table 30: Social aspects of doing business**

<b>Effect on family life</b>	<b>% response</b>	<b>Social image</b>	<b>% response</b>
Very positive	50	Improved	87
Positive	17	Remained the same	11
Cannot say anything	21	Worsened	1
Negative	11	No response	1
Very negative	1		



### **3.14 Successful Women Entrepreneurs of Pakistan**

Here are the stories of some of the women entrepreneurs who prove very successful in their ordinary course of business. They come from different backgrounds and are engaged in a variety of businesses. Each one of them has a unique story of starting and doing business.

#### **3.14.1 Ambreen Bukhari**

##### **Menika Mines, Islamabad**

Ambreen faced a volley of troubles and criticism when she dared to enter into a difficult business. She collects, cuts and exports precious stones and prepares studded jewelry for the domestic market. Nobody believed her when she decided to do this business 11 years back. It was considered a purely male domain, as one is supposed to travel to the mountains, interact with male entrepreneurs for the management of backward and forward linkages of the business, and to explore actively for the niche markets. Many of her colleagues thought that it would be insulting for men that a female entrepreneur wanted to do this business, but she started it and is successful at it. She completed her post-graduate studies abroad and specialized in geology. She divorced and returned to Pakistan with her two daughters and started this business soon after in what for her was very difficult circumstances. However, she was confident and wanted to make herself stronger so as to support her children and to be able to tackle the cruelties in life. That made her fearless in her resolve to do business and to fight against all odds. Today she has full floor showroom for her jewelry in a business center in the most famous market of Islamabad. She also arranges exhibitions in Islamabad and Karachi and has participated in international events. She is a leading exporter of precious stones and has represented Pakistan at a couple of international forums. She also works as a consultant and imparts training in stone-cutting techniques.

### **3.14.2 Ayesha Zeenat**

#### **Pappasalis, Islamabad**

Ayesha Zeenat, better known as Gina, has given a practical shape and form to her academic specialization. She did a Diploma in Hotel and Restaurant Management from the Conrad Hilton College, University of Houston. After working as an intern for various restaurants as chef-helper, accounts assistant and various other restaurant-related jobs, she had the strong realization that there was no future in seeking a good job in this field. She then decided to do something on her own and started the first original Italian restaurant in Islamabad. Her father provided financing for the project. It was as a big risk, as Islamabad was not an easy city for a food business. However, what started as an eight-table restaurant, proved a success from day one. It was the right concept at the right time. Islamabad had no international food chain and an Italian restaurant proved a treat for customers. Under the able supervision of Gina, and her original recipes, the small eatery, which started in 1989, has flourished into a double storey, 40-table restaurant in Islamabad, with another branch in Karachi. Since 1998, Gina has expanded her food business by adding a café for light snacks, Bistro Alfredo. However, a name-sake restaurant opened in Lahore last year. Gina had to fight a legal case to save her franchise and won the case successfully. Pure dedication and hard work have enabled Gina to maintain an ever-rising progress in the food business. Gina expresses the secret of her success by saying “I have always kept a strong check on the working conditions at my restaurant, and try to maintain a personal rapport with all my customers”

### **3.14.3 Firdous Huda**

#### **Firdousi Beauty Parlour, Islamabad**

Firdous is of the view that the business environment for women entrepreneurs is getting better gradually. She has three children and started her own beauty parlour 12 years before. She started working in the famous beauty parlour Depilex first. Having served there for years, she went abroad and got married. She has three children and eventually separated from her husband. She completed a couple of beautician courses abroad and then returned to Pakistan. Her father encouraged her to start a business and provided financing as well. Her brother did not appreciate the idea though. However, she was

constrained to do something to take care of herself and her three children. She started her business in the ground floor of her house, and moved upstairs to live on the first floor with her children. The business soon became popular and she felt that she needed to arrange a separate place for it. She did not have resources to do so. She kept working hard to save money until she could get her present premises. Firdous believes in a personalized service for her customers. She says that the quality and standard of her service together are enough to market her business, and she does not need any more marketing effort than that. She has 16 female employees and plans to expand her business to other cities. She understands that for women doing business is difficult as they have to bear children and raise them, while male entrepreneurs absolve themselves from these responsibilities. She is confident though, that everything is possible in life through sheer hard work and dedication.

#### **3.14.4 Naheed Fatima**

##### **Tuition Centre, Rawalpindi**

Naheed started her tuition center five years ago. She wanted to open a school but was scared of the lengthy process, finding the start-up capital, and the taxes of the government. “I come from a lower-middle class so I did not have many resources to start a school. I did not have collateral so there were no chances of getting formal financing. I did not have connections in the government to manage the registration and taxation processes, so I decided to go for a tuition center; a more informal option”, she recollects. She had never entered into a business before and was a bit reluctant to take any risks, so she decided to make a very humble start. The major reason behind starting this center was the economic difficulties that her family was facing. She had graduated some years before, as did her sisters, but they were all dependent upon the meager income generated by their male members of the family. The small income of the family and rising inflation persuaded Naheed’s family to support her in running this center. The family was very helpful as they thought that this business did not involve any male interaction, as she exclusively focused on female students. Soon two of her sisters joined her as they were unemployed and they recruited two more teachers to start instruction in other subjects as well. Naheed is now running a successful tuition center and intends to expand it further as

a model school. She has gained a lot of business confidence, but is not very sure how long it is going to take to start a fully-fledged school. She is a bit unhappy about the plight of women in Pakistan, and is wary of the fact that females are in a very weak bargaining position in society. As a woman she feels very insecure in the Pakistani society.

### **3.14.5 Parveen Shahid**

#### **Roop Boutique, Islamabad**

Parveen did her Masters in Psychology from Karachi University and never underwent any formal training related to her present business. She started teaching in a local college where she used to participate actively in extra-curricular activities like Students' Week. The week used to have design competitions, and she won prizes many times for designing the best clothes at the least expensive prices. This is how she discovered an artist within herself, which gave her confidence to start designing clothes and develop the skills that she had learnt from her mother as a child. Most of the people appreciated her designs and she decided to enter into the business she is in now. Two big reasons were the availability of seed money and the help extended by her husband. She faced a number of problems in the beginning. But the problems with the male workers were very pronounced — their attitudes were irresponsible and defiant and sometimes hostile. But gradually she became experienced in dealing with them. Today she is running a business in Islamabad and deals in formal, informal and bridal wear. She employs 13 workers and 12 of them are males. She still feels that there is a communication and understanding gap between her and the workers, but she cannot help it. Parveen says that her business has made her very busy and most of her relatives complain that she does not socialize with them. She is of the opinion that male interaction is a major constraint for the women doing business in Pakistan, as the society has a tunnel vision and very conservative attitudes towards women.

### **3.14.6 Shagufta Rana**

#### **Saint Jacob Cambridge School, Islamabad**

Shagufta is the first women in her family who has ever established a business. She is married with no children and believes that getting and spreading education is the duty of each member of the Muslim community. She decided to start this school partly because she had done her undergraduate studies in Education, and partly because there was no English medium school in the vicinity. She rented a building which, for her, was a difficult task, and she started the school in 1996. “I did not have any business experience, but my family was excited about this new development and my father, mother and sisters helped me a lot to get this business going”, she exclaims. The early years were really tough, as the number of students was much less than what she required to break even. She had spent her savings on renting the building and purchasing necessary furniture and equipment. No financial institution was ready to lend without collateral, and the expenses were overshooting the income. In the meantime she got married and her husband helped her to overcome the business difficulties and reorient the business. The school is well on its way now, and offers courses from class 1 to 10 and employs 13 female teachers. Shagufta intends to expand the scale and scope of her business now. She wants to turn this school into a college where she could start the classes of FA/F.Sc as well. She thinks that imparting education to others is a huge responsibility, and that the government should provide more facilities to the people associated with this noble service.

### **3.14.7 Shahida Syed**

#### **New Baby Garments, Rawalpindi**

Shahida is a self-made entrepreneur who started her business at a very micro level in 1989. She had not had a lot of education, and her family was living hand-to-mouth when she decided to start stitching clothes at home. Most of her customers liked her stitching and she spread the word in the vicinity that she could provide this service at cheap rates and with good quality. The tiny business grew very slowly in the beginning, but three years on she had to include her sister in the business. Her brother was the next to follow to take care of marketing. She did not have any prior business experience and was unaware of the cost of inputs, but she learnt everything by doing it herself. Most of her

relatives and acquaintances discouraged her as they thought that it was a “curse” for a woman to step out of her house to indulge in business, but she did it because she had to do it for sheer survival reasons. When the business expanded she decided to seek a loan. She was fortunate to get Rs. 25,000 from the First Women Bank on the personal guarantee of two government officers. After gaining more business confidence she started selling clothes to the shopkeepers in the market on credit. However, most of the male retailers were callous and exploited her weak bargaining position by delaying or denying payments. Then she added her brother to her marketing team and selected only those retailers who were more reliable. She added some more women workers in her production team when demand increased. The next step was to specialize in children’s garments, and later in embroidered ladies garments. Today she is running this business successfully and has a team of 15 employees including two males. She operates in the local market and intends to hire a manager and start exporting her products, but has no idea about engaging in export business.

#### **4.14.8 Dr. Shakila**

##### **Shafi Hospital, Rawalpindi**

“The biggest problem for women in business is men, as they dominate every kind of activity in Pakistan”, says Shakila. She also lauds her husband who has been very supportive of her in establishing and doing her medical services business. She used to have a government job at the Pakistan Institute of Medical Sciences (PIMS) in Islamabad, but it started to become increasingly difficult for her as she had to commute a long distance. She also wanted to spend more time with her children, which was not possible after every day’s work commitments. Then she decided to open her own small hospital near her home. She bought a piece of land with the help of her husband and established her medical clinic. There was no lady doctor in that area at that time, but even still very few patients turned up in the beginning. The area where she is running a clinic is predominantly backward and most of the residents are illiterate. She bought an x-ray machine and ultrasound equipment for the use of her patients. “It is a slow process to win the confidence of people and make them use modern facilities as they are conditioned to using traditional methods”, she laments. But she is continuing with her profession, as she

believes that she is not simply running a business, but doing a noble job. She is very grateful to her husband for his great support, without which her business would not have been possible. She employs 13 people and takes most of business decisions with the help of her husband.

### **3.14.9 Talat Peerzada**

#### **Muitat, Islamabad**

Talat has three children. She had been very fond of Chinese cuisine right from her childhood. She used to cook it herself, and always kept herself busy with new cuisine and doing experiments for improving their taste. Her family and friends always appreciated her cooking abilities, but she had never thought of marketing her ideas until her husband, who works for Pakistan Army, was posted to a far-off place. She had to stay in Islamabad for her children's schooling. That was the crucial time when she decided to establish a Chinese restaurant to kill her boredom, and to use her time in a productive way. She thought that it would be a good experience for her, and she would be able to earn some money that could be used to educate her children better. Right from the beginning she was very confident that her business would thrive, although she soon felt that the general public did not appreciate having a lady sitting at the reception desk of a restaurant and managing five male employees. She faced some initial hiccups in her business, but it progressed more or less smoothly right from the beginning. "It was quite difficult to manage everything, from buying fresh vegetables to preparing large quantity of food with the same taste and freshness", she recalls. She had to put in long hours at the restaurant and take care of the quality of food and service, but it has paid her back well. Today she is running a successful restaurant which is popular for its quality of food and service. She started a home delivery service more than a year ago and this is going very well. Talat is of the opinion that women entrepreneurs need help in dealing with the government, and especially the income tax officials.

### **3.14.10 Uzma Gul**

#### **Varan Tours, Sadar, Rawalpindi**

Uzma Gul established a transport company initially with only one bus, and now the company owns a fleet of 75 buses, which are running on various routes of Rawalpindi and Islamabad. Transport is considered to be a very difficult domain where even the male entrepreneurs fear to enter — but Uzma dared to. She wanted to dispel the notion that woman entrepreneurs restrict themselves to certain traditional businesses. Uzma has been associated with this business for the last 10 years, and is looking forward to expanding her business. She faced a multitude of problems in the beginning. One big problem was inconsistency in the transport policies of successive governments. “The only thing that remained consistent was a negative attitude of the government officials. They felt very awkward to deal with a woman transporter”, she recollects. Within the company she faced administrative problems and a strange form of resentment from the staff, as they were very uneasy to have a woman boss. Uzma started with an inter-city service between Sargodha and Rawalpindi, and later expanded to the twin cities of Islamabad and Rawalpindi. Along with the profit motive, she wanted to start a quality transport service for the working women, which was hitherto absent. Uzma believes that one can only achieve things through hard work, commitment, courage and a little bit of craziness. “I have also learnt that it is a male-oriented society out there, and a woman cannot perform well if the male members of her family do not create a right kind of environment for her. Your family should be very supportive, otherwise you cannot do anything in this society, and I have been quite lucky in this regard”, she concludes.

### **3.14.11 Adeeba Talat**

#### **Lok Virsa Boutique, Lahore**

Adeeba got married at the age of 15. She had hardly finished her matriculation at that time. She is 40 now, the mother of five children, and running her own business for the last 10 years. Adeeba was very fond of dress designing from the beginning, and her mother-in-law encouraged her to start designing and selling clothes. She was short of money and wanted to be independent as well. Hence she decided to do her own business, and she chose crochet lace clothes to start with. The idea caught on quickly as it was



relatively new in the market and public response was very good. This gave her some business confidence and she decided to expand by making outfits to be sold in the market. She made a verbal contract with a local shopkeeper to sell her clothes by displaying at his shop. This turned out to be a very bad experience. The treacherous shopkeeper sold her clothes but never paid her. She was not the only one who became the victim of a male retailer. Many of her friends told her that their small initiatives had met with the same fate. Disgruntled and disappointed, Adeeba decided not to use this marketing channel any more but resolved to carry on with her business. She changed her strategy and started direct marketing by participating in the local exhibitions and fun-fairs. A moderate response in the beginning soon turned into a good stream of orders. These days she serves a number of clients, but produces only to order. Her husband manages the marketing and sales, while she manages designing and production. Adeeba intends to expand her business and enter into the export market. The main purpose behind earning more money is to send her son abroad for higher education. She has recently sent some designs to her sister who lives in the USA and is expecting to get some orders from there.

### **3.14.12 Anjum Rafi**

#### **Qashang Boutique and Heritage School System, Lahore**

Anjum is of the view that although Pakistan is a male-dominated society, now men have started accepting that women are able to do many things other than household work. Having completed a Master's degree in Textiles, she decided to start "Heritage School System" about 13 years ago. It had established a good reputation within a couple of years. She was not very satisfied though, as operating a school had not been a passion in her life. She always had a creative bent, and she used to design dresses when she was a schoolgirl. This is why she decided to take up the field of textiles for her specialization, where she could tap her creativity and do something that was more fulfilling and close to her aptitude. Having established a school of repute, she decided to diversify her business in 1993 and started a boutique. It was a very small one in the beginning but started growing swiftly. Today she specializes in bridal and formal wear for women and will soon be exporting to a couple of foreign markets. She thinks that the crucial factor in her

success has been her knowledge of the sector and her designing sense. To her understanding, this is a must for every businessperson in the garments' sector as it is very competitive. In the beginning she had difficulties in finding skilled labor and different fabric materials for dresses in the beginning, but she managed it with the help of her husband to whom she is very thankful for all kinds of support. Anjum is a member of Lahore Chamber of Commerce and Industry, Pakistan Association of Women Entrepreneurs, and the Export Promotion Bureau. She is very optimistic about her business, and is planning to participate in exhibitions and fashion shows abroad.

### **3.14.13 Asma Mehmood**

#### **Multani Dresses, Lahore**

After having three daughters and when the youngest was aged 6, Asma decided to enter into a business to earn money and spend her free time usefully. Today she employs 35 women and 20 men who work to produce traditional dresses and embroidery that are sold in Lahore. She hails from Southern Punjab, the least-developed area of the province of Punjab where literacy and other social indicators are very poor. Coming from an area that has stringent social and cultural traditions, and where mobility of women is very limited, she dared to start her own business. Luckily enough, she had the support of her husband and family that helped to mitigate these social and cultural problems. Inexperienced in business and barely literate, Asma was fearful of traveling alone in the beginning. In her own words, "Traveling alone is not safe for women, and you cannot get a secure place to stay overnight in other cities" she stated, but her business involved a lot of travel. Gradually she became confident, and her undaunting resolve to make this business a success helped her to keep on track. Asma is disgruntled about the government's policies in general, and tax policies in particular. She is of the opinion that unfavorable regulations and tax policies have negatively affected her business. She could have fared much better if she could have obtained a loan from a financial institution for her business. She tried to obtain a loan once, but gave up after some time having encountered countless procedural snags and the hostile attitude of bankers towards her small business. Daily she spends almost 7 hours on average in her business. She believes in hard work, and takes

all the business decisions by herself and believes that she could do wonders if her husband were also to join her in the business.

### **3.14.14 Bushra Iqbal**

#### **Bushra Iqbal Beauty Clinic, Lahore**

Bushra was very business-oriented right from her childhood. She established a library of 100 children-books when she was merely 9 and used to lend out those books. “This is how I started my first venture”, she recollects. She got married at the age of 18, and soon after went to Germany for cosmetic treatment to get rid of freckles and pimples. There she got to know about the modern make-up techniques, and other means and techniques to keep her looking fresh. She was inspired by this experience and thought of learning those techniques to start a business of her own. This led her to join Hannereuh beauty clinic for a diploma course. It was an interesting experience and she ended up specializing in Hairdo, Bridal make-up, Medicare and Pedicure, Massage and Facial techniques. Having finished those courses in more than two years, she started working in the same institute. She returned to Lahore in 1966 and started her own beauty clinic at a time when the profession of a beautician was rather new in Pakistan. She has spent 35 years in this business by now. As a pioneer though, she had to face a number of problems. “The worst of all was dealing with the orthodox government officials”, she recalls. She did not have her own premises to start this business, so she rented one. She had no money for machinery and equipment, so she borrowed some from her brother and worked very hard with that tiny amount to make her business a success. The business was very demanding, and so were her family commitments. The good thing was the relentless support of her family, and especially of her husband, which kept her progressing. These days she is busy turning her beauty parlor into a beauty clinic, and she is sure that her expertise and sheer hard work would soon turn it into one of the best in the town.

### **3.14.15 Farah Yousuf**

#### **Comeily Collection, Lahore**

“Doing business is the responsibility of men. Why are women doing it?” This is how Farah thinks Pakistani society responds to women doing business. Farah Yousuf was only 18 when she got married to a chartered accountant in Karachi. She came to Lahore after her marriage and completed her bachelor’s degree. Her father encouraged her to start a small business in the garments sector, as it was her hobby to design clothes for the family. She took his advice and started operating at a very small level by holding exhibitions at the Hotel Pearl Continental with the collaboration of different designers, and using her own brand name. Soon the brand name became popular and she started selling at all the shopping malls at Lahore. She then expanded her business to Karachi, which was again a success. She joined Lahore Chamber of Commerce and Industry in 1998 and became a member of the Women Entrepreneur Society of Pakistan. She visited Australia, Jeddah and India with trade delegations to enter into the export market. However, her business was facing a financial crunch at that time. She had spent all her savings, but she desperately needed working capital. She contacted a couple of financial institutions but could not manage to get financing. In the meantime, one of her partners ditched her and the whole business plunged into troubles. That was a great setback to the business and it took her some time to recover from this. Her husband and family helped her to come out of this and she rejuvenated her business in February 2001. These days she is in the process of tapping some international customers, and she is showing new hope and vigor.

### **3.14.16 Nasreen Akhtar**

#### **New Lampshades, Lahore**

“Doing a business for women in Pakistan is like walking on a tight-rope as one has to balance between family and business. This is really tough, as business responsibilities do not exonerate women from the family responsibilities”. Nasreen Akhtar comes from a typical business family and her husband is also a businessman. She completed her matriculation, and got married at the age of 30. She had a good flair for business right from the beginning, and had been working as an associate with her husband since getting

married 12 years earlier. The right time to establish her independent business came when her third daughter started going to school and she got some free time to concentrate on activities other than the household chores. She accompanied her husband and traveled to England to do a market survey and get some ideas for export business. She got her first order for lampshades with the help of her husband. She was very excited to have an independent assignment and completed that consignment with great success. This gave her confidence in continuing this business and making a relationship of the trust she had established with her customer. The customer invited her to establish a joint venture in Pakistan for making lampshades. He also provided free machinery and technology to establish a manufacturing unit in Pakistan. She put her heart and soul in this project, but unfortunately the next two years were full of difficulties and problems for her. The interaction with different government departments for getting clearance and licenses was so cumbersome that she could only get that machinery cleared after a long struggle of two years. Getting the machinery and having it installed was not the end of the story, as the government officials kept on creating problems. “Those two years taught me a lot and it was a very stressful period”, she recalls. But finally she managed to get out of that difficult period. She is very thankful to her husband who has been instrumental in getting orders, marketing her products and helping her solving these problems. The majority of her existing workers are females. She intends to expand her business and vows to employ more female workers in the near future.

### **3.14.17 Robina Jamil**

#### **Lahore**

Robina left her job 10 years ago when her family underwent severe financial distress. She then started a business of assembling toys, plastic clips and imitation jewelry with the help of her father and brother. “It was quite tough in the beginning”, she recalls. My family was very supportive as we were under financial distress and I was one of the earning family members, but the attitude of distant family and friends was derogatory as they looked down upon me for my unworthy interaction with the male customers. Robina had a very humble start. First she had some informal training on joining the different parts of toys together and established a small business. The crucial step was to get her

first order, which proved to be a really difficult task. She hired two women and trained them to market her products, but it turned out to be a futile effort. The major hurdle in getting orders was her employees were women, as both the wholesalers and retailers were reluctant to do business with women dealers. Most of the time they inquired about the owner of the business and were further disappointed to know that she was a lady as well. “Most of the traders did not trust me as I was a woman”, Robina recollects, “so I had to ask my brother and father to help me in getting orders”. They also had to get involved in the supply of products, as mobility for my women employees was a problem and the male traders were not very courteous. The business has graduated from its infancy stage. I have built a network now on the basis of the trust that we have developed over the last ten years. Things are a little better now, partly because I have become a bit experienced in the business, and partly because I am used to the problems that one has to face as a woman entrepreneur in Pakistan.

### **3.14.18 Sobia Qadir Khan**

#### **Sobia Khan’s, Lahore**

As a young business woman Sobia is skeptical about the continuation of her business. The biggest threat she faces is the uncertainty of business after her marriage. “I cannot develop my business to the extent I want to, because I don’t know the situation after my marriage. I don’t know if I am going to stay in Pakistan or go abroad!” Sobia feels strongly that there is a positive change in the societal attitude towards the women doing business, but the perceptions based on the stereotyped roles of women in a patriarchal society like Pakistan are a big constraint. She thinks that a change is taking place, and society in general has started recognizing that females are more brilliant than their male counterparts. This may eventually demystify the outmoded stereotypes in the future, but the change is slow. Sobia did her B.Sc. in Home Economics in 1997, and did some professional courses in fabric and block printing, and a diploma in fashion design. Right after the diploma, she participated in her first exhibition along with two partners. It turned out to be a stunning success. The partners somehow pulled out, but she forged ahead with high hopes and great ambitions. Her mother played a major role in terms of financial and emotional support to start and sustain the business. The most depressing part of the start-

up was the attitude of labor. She was annoyed as the laborers took a female boss for granted as she did not assert much in the beginning, but gradually she learnt to deal with them. Now the business is running smoothly, and she plans to expand her operations in the international market. She has plans to open a stitching school for females, as she is a staunch believer in women earning their own living. The ambitions stay in her head, nevertheless with great apprehension about the future of her business after her marriage.

### **3.14.19 Zeenat Saboohi**

#### **Jianney Trades, Lahore**

Zeenat ventured to establish a sports manufacturing unit almost seven years ago, and dared to enter into a field that is generally considered a male domain. She started this business with three objectives: to help the poor people by giving them employment; to produce quality products for exports to help the country meet its foreign exchange requirements, and to make money for herself and her family. In a short period of seven years she has emerged as a producer of footballs, baseballs and basketballs which are being exported to a number of countries. She started this business by herself and her family was very supportive to her in setting up this business. She participates in international trade fairs, which are a good source of getting orders for her products. She has undergone training recently and intends to get ISO 9002 certification for her business as early as possible. She has not faced any specific gender-related problems in marketing her products. Her only concern is that the costs of her inputs have gone so high, which is eroding the competitive edge of her products in the international market. Most of her products are sold in the international market and the Export Promotion Bureau of the Government of Pakistan has played an instrumental role in introducing her to these export markets. She looks forward to obtaining some more government support in terms of short-term capital financing. She works for 12 hours a day at an average. Having 4 children, she can spare only 2 to 3 hours in a day for her family. In her opinion Pakistani society is slowly getting more mature and responsible, and she feels that doing business has raised her status in society.

### **3.14.20 Zoya Aleem**

#### **Herbal Workshop, Lahore**

Zoya was deeply inspired by her grandmother who was a doctor of traditional Greek medicine. She developed an interest in herbs that her grandmother used to use for medicines. Although she did her Masters degree in Journalism, her passion had always been in working with herbs and their effective use for the benefit of humankind. This led her to start “The Herbal Workshop” 10 years ago. She was very lucky to have a supporter like her husband. She comes from a traditional Pakistani family, but her husband stood all the way with her to help her to establish and run this business. “He supports me from the core of his heart”, Zoya says. In answering the question about the difficulties that she had to face while starting this business, she regrets the limited role that government support offers to businesswomen. She complained that the procedure of getting loans from the financial institutions is cumbersome — it is rather impossible. She is of the opinion that it is a waste of one’s time even to think of getting government financing for one’s business. “Dealing with the government is awful”, she maintains. It is difficult to get registered as a taxpayer, and even difficult to deal with the government officials thereafter. Her business is going well, and she wants to have her own production units in place very soon. She has been promoting her products through different channels, and is doing a television programme on beauty care as well.



## **3.15 WOMEN ENTREPRENEURSHIP IN INDIA**

### **3.15.1 Introduction**

India, the world's largest democracy, is the 7th largest country in the world and the 5th largest economy in terms of purchasing power parity. India's richness and diversity of culture, geographic and climatic conditions, natural and mineral resources are matched only by few other countries in the world. India's enduring institutions, rooted in the principles of democracy and justice, ensure a transparent predictable and secure environment for domestic and foreign private investment. The existence of an independent judiciary, strong legal and accounting system, a free and vibrant press, reservoir of highly skilled manpower, and the use of English as the principal language of business and administration are some of the attractive features of the Indian business environment.

### **3.15.2 Population**

India's population is estimated at nearly 1.07 billion and is growing at 1.7% a year. It has the world's 12th largest economy -- and the third largest in Asia behind Japan and China - - with total GDP of around \$570 billion. Services, industry and agriculture account for 50.7%, 26.6% and 22.7% of GDP respectively. Nearly two-thirds of the population depends on agriculture for their livelihood. About 25% of the population lives below the poverty line, but a large and growing middle class of 320-340 million has disposable income for consumer goods.

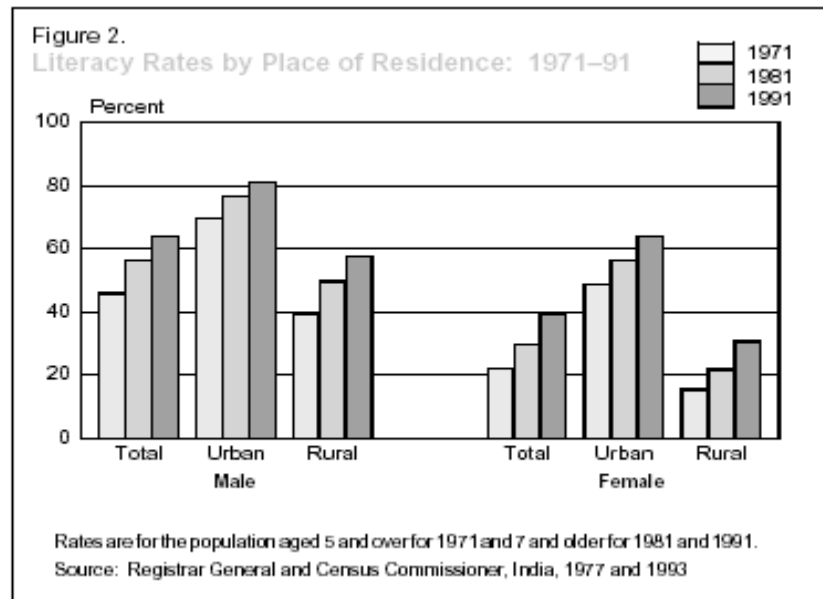
### **3.15.3 Literacy**

Although India is known as one of the highest literate of the world but most of its efforts are towards male education. As majority of the population lives below poverty line so women don't have much access towards higher education.

The Indian government has expressed a strong commitment towards education for all; however, India still has one of the lowest female literacy rates in Asia. In 1991, less than

40 percent of the 330 million women aged 7 and over were literate, which means today there are over 200 million illiterate women in India.

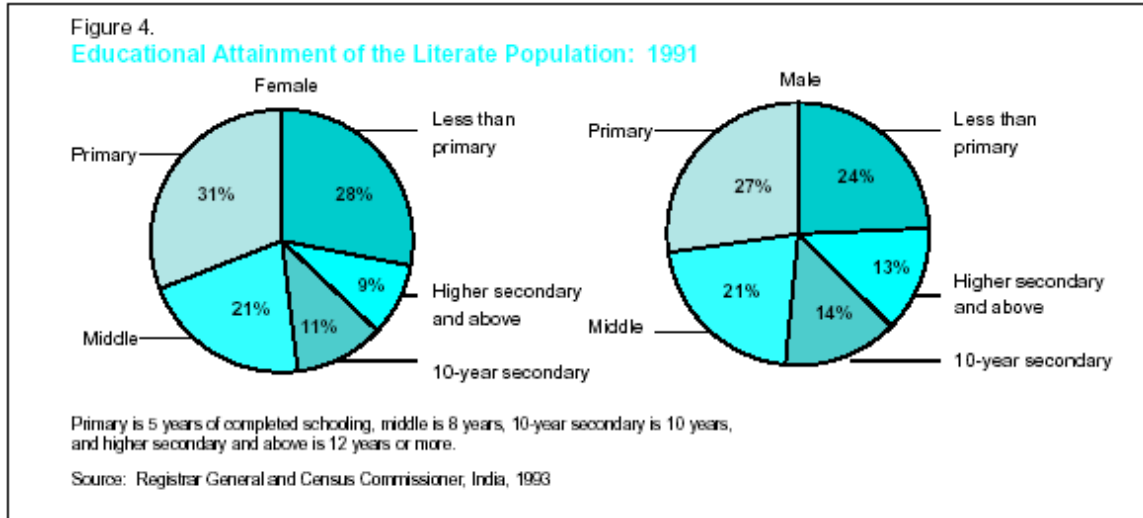
**Chart 21: Literacy rate in India**



This low level of literacy not only has a negative impact on women’s lives but also on their families’ lives and on their country’s economic development. A woman’s lack of education also has a negative impact on the health and well being of her children.

Of the literate women in India, 59% have only a primary education or less. This level of education may not be sufficient to meaningfully improve the status of the women. Only 41% of the literate population, or 13% of all Indian women, have more than a primary education. This is obvious from the following figure.

**Chart 22: Educational Attainment of the Literate Population**



Literacy rate in India has been on the rise since 1950 as it can be seen from the following table. Although the literacy rate has increased during these years but the literacy rate of males has increased more than the females.

**Table 31: Trends of Literacy Rate in India: 1951-2001**

Year	Persons	Male	Female
1951 (a)	18.33	27.16	8.86
1961 (b)	28.31	40.40	15.34
1971 (c)	34.45	45.95	21.97
1981 (d)	43.56	56.37	29.75
	(41.42)	(53.45)	(28.46)
1991 (e)	52.21	64.13	39.29
2001(f)	65.38	75.85	54.16

### 3.15.4 Labor Force

Total labor force of India can be seen from the following table.

#### Population and Labor Force: 1997 - 2002

(Million)

	1997	2002
Population	951.18	1028.93
Labor Force	397.22	449.62

### 3.15.5 Women in work force

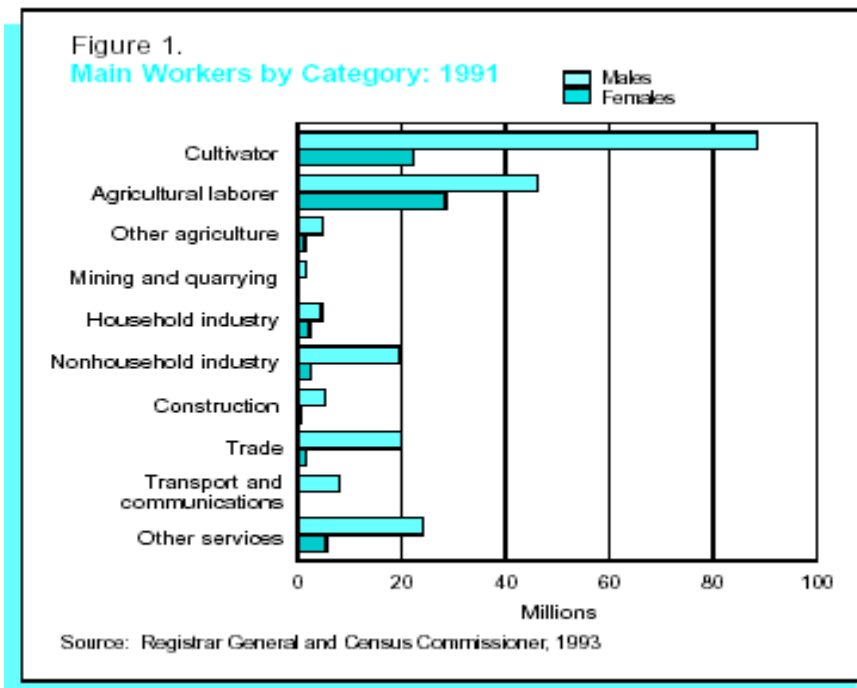
India's economy has undergone a substantial transformation since the country's independence in 1947. Agriculture now accounts for only one-third of the gross domestic product (GDP), down from 59 percent in 1950, and a wide range of modern industries and support services now exist. In spite of these changes, agriculture continues to dominate employment, employing two-thirds of all workers. Furthermore, despite advances in the economy, large segments of the population are destitute. Some estimate that over one-third of the population is living below the poverty line.

**Table 32: Participation in Labor Force by Age Group and by Sex: 1997 - 2002  
(Per thousand of population)**

Age	Male		Female	
	1997	2002	1997	2002
15-19	517	482	302	282
20-24	871	871	408	408
25-29	975	975	454	454
30-34	988	988	505	505
35-39	996	996	526	526
40-44	986	986	538	538
45-49	981	981	524	524
50-54	961	961	476	476
55-59	914	914	411	411
60+	637	637	205	205

Women constitute a significant part of the work force in the country. Amongst rural women workers, a majority are employed in agriculture as laborers and cultivators. In the urban areas, women workers are primarily employed in the unorganized sectors such as household industries, petty trades and services, buildings and construction etc. As on March 31, 1991, women constituted about 17.2 per cent of the organized sector (both public and private) employment.

**Chart 23: Main Workers by Category**

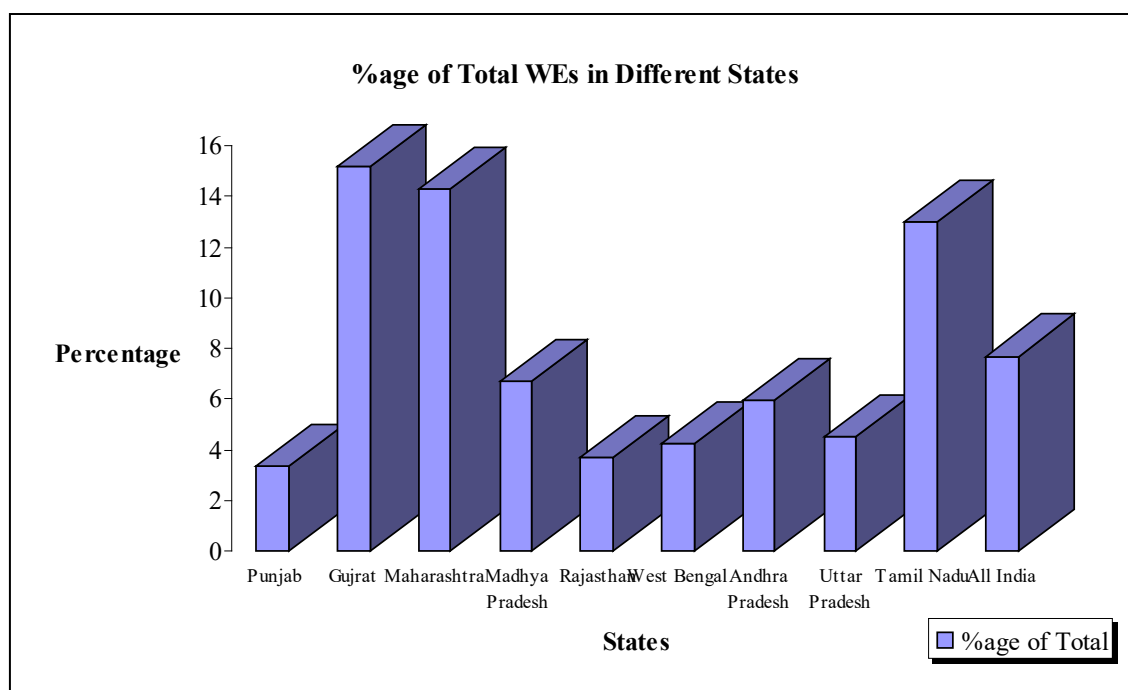


### 3.16 Women entrepreneurship in selected states

**Table 33: Entrepreneurs in the small scale sector**

Name of the State Women entrepreneurs	%age of Total
Punjab	3.34
Gujrat	15.17
Maharashtra	14.27
Madhya Pradesh	6.69
Rajasthan	3.70
West Bengal	4.23
Andhra Pradesh	5.92
Uttar Pradesh	4.52
Tamil Nadu	12.97
<b>All India</b>	<b>7.69</b>

**Chart 24: Percentage of Total WEs in Different States**



### 3.17 Associations of Women Entrepreneurs

With a view to promote entrepreneurship, associations have been existing at national as well as the state levels and have received governmental support in their efforts. At the national level, Association of significance is **The Federation of Indian Women Entrepreneurs** which acts as a coordinating agency and is involved in a variety of activities where the message of entrepreneurship could be conveyed to women entrepreneurs and associations. **Consortium of Women Entrepreneurs of India** is another organization which tries to act as a networking agency among associations and women entrepreneurs. Besides **Indian Council of Women Entrepreneurs** located at Calcutta is also instrumental in championing the cause of women entrepreneurs. Associations at national level are also having linkages with international organizations of women entrepreneurs which help them to assess the global scene and judge how far various steps taken at international level could be translated in India.

#### 3.17.1 AWAKE

At the state level, practically every major state has, or plans to have, an association exclusively devoted to the problems of women entrepreneurs. One significant association is the **Association of Women Entrepreneurs of Karnataka (AWAKE)**.

Founded in 1983, it has many innovative activities to its credit. Its major functions have been as follows:-

- Business Counseling
- Training
- Resource and Research Center
- Awake Marketing Service (AMC)
- Rural Entrepreneurship Programmes

### **3.17.2 ALEAP**

Another emerging association is the Association of Lady Entrepreneurs of Andhra Pradesh (ALEAP). It conducts awareness programmes and entrepreneurship development programmes for various segments. As a result of its efforts many outlets have been developed and managed by women entrepreneurs.

In order to augment marketing efforts of ALEAP, 20,000 square feet of commercial complex at HUDA have been provided for marketing products of its members.

### **3.17.3 ICECD**

International Center for Entrepreneurship and Career Development (ICECD), a voluntary non-government organization was born in 1986 to facilitate economic empowerment of women through micro/small enterprise ownership. The center, pioneer in designing and implementing entrepreneurial development initiative in India, gradually enlarged its activities to include micro-credit support for the disadvantaged individuals.

ICECD offers a wide range of bold initiatives for those seeking entrepreneurial careers in the developing world. From micro-finance design, social security, innovative business development services to entrepreneurship development in the rural and urban sector, the center offers a wide range of training programmes. Assistance to micro, small and medium enterprises through project identification, bank linkages, technical and policy support emanates at ICECD. Aptly, ICECD has been recognized as a "*Center of Excellence*" by United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and enjoys the status of a reputed international agency.

### **3.17.4 Induced Efforts towards Technology Improvements**

With a view to promote entrepreneurship among Science and Technology Entrepreneurs, it is important to mention two significant schemes promoted by the **Department of Science and Technology (DST)** Government of India. In order to provide necessary technical guidance along with appropriate infrastructure, DST has encouraged setting up



of **Science and Technology Entrepreneurs Park**, popularly known as **STEP**. About 15 STEPs have been supported which are attached to Universities, Technical Institutions or Engineering Colleges.

Yet another significant scheme is functioning under the **All India Council for Technical Education (AICTE)** where about 18 Entrepreneurship Management Development centers (EMDs) are functioning. With these efforts towards development of Women Entrepreneurs, there has been a rapid increase in women enterprises in the last five to seven years. The **Federation of Indian Chambers of Commerce and Industry's** ladies organization reports a 100% growth in its ranks of women entrepreneurs in the last five years.

### **3.17.5 APCTT**

Asia Pacific Center of Transfer of Technology designs and implements a variety of programmes which are aimed at encouraging more effective participation of women in the field of technology. This is done through:

- Facilitation of Women Entrepreneurship Development Programmes (WEDPs)
- Mobilization of women entrepreneur's participation at international, technology focused trade fairs.
- Facilitation of technical training in selected sectors, including non-traditional areas.
- Preparation of relevant training materials and publications.
- Supporting advocacy initiatives which highlight issues related to Women Entrepreneurship Development and Women & Technology.
- Networking support and advisory services for women's grass roots groups concerning enterprise development and transfer of technology.

### **3.17.6 Trade Related Entrepreneurship Assistance and Development (TREAD) for Women**

The Government of India grants up to 30% of the total project cost as appraised by lending institutions which would finance the remaining 70% as loan assistance to applicant women, who have no easy access to credit from banks due to cumbersome procedures and the inability of poor & usually illiterate/semi-literate women to provide adequate security demanded by banks in the form of collaterals. Government of India (GoI) Grant and the loan portion from the lending agencies to assist such women are routed through NGOs engaged in assisting poor women through income generating activities. Only those NGOs who are having considerable experience (minimum 3 years) in taking and managing funds, taken either as loan or Grant, are eligible under the Scheme. While the loan amount is passed on to women beneficiaries, the Grant is utilized by the NGOs for activities accepted as grant activities in the appraisal report of the lending agency and capacity building of the NGOs. NGOs are free to approach lending agencies of their choice.

### **3.17.7 CII**

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the growth of industry in India, partnering industry and government alike through advisory and consultative processes.

CII is a non-government, not-for-profit, industry led and industry managed organization, playing a proactive role in India's development process. Founded over 108 years ago, it is India's premier business association, with a direct membership of over 4800 companies from the private as well as public sectors, including SMEs and MNCs and indirect membership of over 50,000 companies from 253 national and regional sectoral associations.

The organization also works for the development of women entrepreneurs of India. It provides them assistance, technical and financial support.

## **National Committee on Women Empowerment**

### **Terms of Reference**

- To sensitize industry on gender inequalities
- To work towards bringing about attitudinal change at business and community levels
- To strive to create opportunities for women in India at the entrepreneurship level and help them in growing business
- To facilitate development of women to move towards occupying higher positions in business
- To recognize women working at the community level on development projects thereby empowering underprivileged people.
- To undertake research on women's issues.
- To share best practices
- To advocate changes in government policies and programmes

### **3.18 Obstacles to Women Entrepreneurs**

#### ***Indian Culture Restricts Women's Access to Work:***

India is a multifaceted society where no generalization could apply to the entire nation's various regional, religious, social, and economic groups. Nevertheless, certain broad circumstances in which Indian women live affect the ways they participate in the economy. Indian society is extremely hierarchical with virtually everyone ranked relative to others according to their caste (or caste-like group), class, wealth, and power. This ranking even exists in areas where it is not openly acknowledged, such as certain business settings. Though specific customs vary from region to region within the country, there are different standards of behavior for men and women that carry over into the work environment. Women are expected to be chaste and especially modest in all actions, which may constrain their ability to perform in the workplace on an equal basis with men.

Another related aspect of life in India is purdah—literally, the veiling and seclusion of women. Fewer women, especially younger women, observe purdah today, but those who still do face constraints beyond those already placed on them by other hierarchical practices.

As in many other countries, working women of all segments of Indian society face various forms of discrimination including sexual harassment. Even professional women find discrimination to be prevalent: two-thirds of the women in one study felt that they had to work harder to receive the same benefits as comparably employed men. It is notable that most of the women in this study who did not perceive discrimination worked in fields (e.g., gynecology) where few, if any, men competed against them.

***Much of Women's Economic Activity Not Reflected in Statistics:***

Although most women in India work and contribute to the economy in one form or another, much of their work is not documented or accounted for in official statistics. Women plow fields and harvest crops while working on farms; women weave and make handicrafts while working in household industries; women sell food and gather wood while working in the informal sector. Additionally, women are traditionally responsible for the daily household chores (e.g., cooking, fetching water, and looking after children).

Although the cultural restrictions women face are changing, women are still not as free as men to participate in the formal economy. In the past, cultural restrictions were the primary impediments to female employment; now, however, the shortage of jobs throughout the country contributes to low female employment as well.

***Informal Sector Important Source of Work for Women:***

Since Indian culture hinders women's access to jobs in stores, factories, and the public sector, the informal sector is particularly important for women. More women may be involved in undocumented or "disguised" wage work than in the formal labor force. There are estimates that over 90 percent of working women are involved in the informal

sector and not included in official statistics. The informal sector includes jobs such as domestic servant, small trader, artisan, or field laborer on a family farm. Most of these jobs are unskilled and low paying and do not provide benefits to the worker. Although such jobs are supposed to be recorded in the census, undercounting is likely because the boundaries between these activities and other forms of household work done by women are often clouded. Thus, the actual labor force participation rate for women is likely to be higher than that which can be calculated from available data.

***Women's Unemployment Rates Similar to Men's:***

Unemployment is difficult to estimate in India and most unemployment statistics are likely to underestimate the true level of unemployment, particularly for women. This is due, in part, to the fact that many potential workers do not bother looking for work because they feel jobs are too scarce. Such people are rarely included in unemployment statistics. Also, there is not a strong motivation to register at employment offices because of the perceived minimal benefits of doing so.

Different sources provide disparate pictures of the nature of unemployment in the country. According to employment-office statistics for 1996, there were 37.4 million unemployed people, of whom 22 percent were female [International Labor Organization (ILO), 1997]. The most useful unemployment data, however, come from the Indian National Sample Survey Organization that conducts periodic surveys to estimate employment and unemployment rates. The most recent available survey (1990-91) showed that female unemployment rates virtually the same male rates; just over 2 percent for each gender in rural areas, and just over 5 percent in urban areas. Data show substantial drops in unemployment rates since 1977- 78, particularly for women. At that time, the female unemployment rate was 4.1 percent in rural areas and 10.9 percent in urban areas, while the male rates were 3.6 percent and 7.1 percent, respectively {National Sample Survey Organization (NSSO), 1994}.

The above trend in unemployment rates does mask other less-positive developments, however. Although female unemployment rates were falling, there was not a

corresponding increase in employment rates. For example, in 1977-78, 23.2 percent of all rural females were employed, but by 1990-91, the share of rural females employed remained essentially unchanged. For males, on the other hand, drops in their unemployment rate translated almost directly into comparable increases in their employment rate.

***Female Workers Relatively Young:***

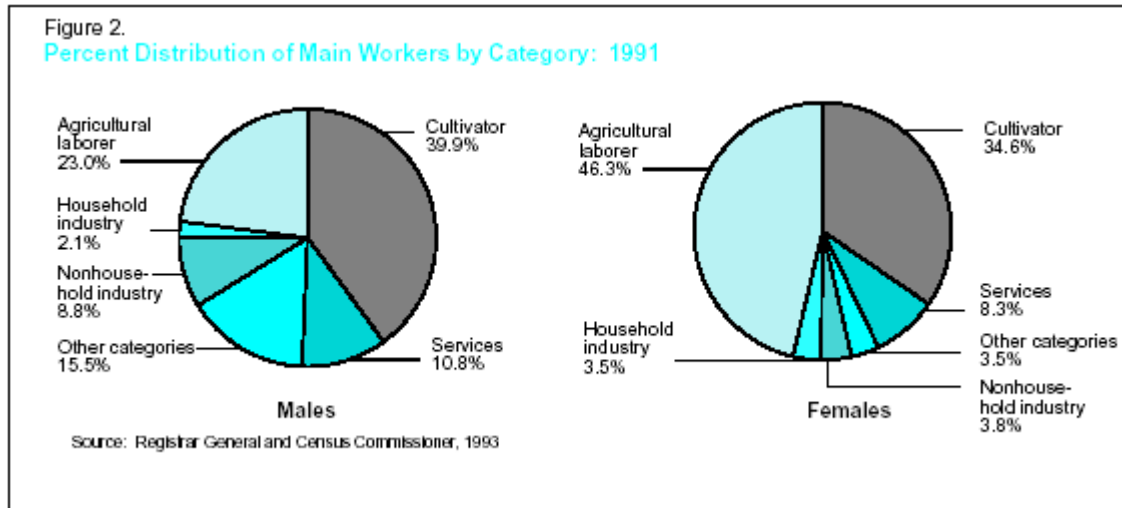
Female workers tend to be younger than males. According to the 1991 census; the average age of all female workers was 33.6 compared with the male average of 36.5.

As age increases, the ratio of female to male workers decreases. In the 25 to 29 age group, there were only 406 female workers for every 1,000 male workers and for the age group 50 to 59, the ratio declined further to 340. Little has changed since 1981, though the number and the proportion of children under the age of 15 who were working has declined.

***Vast Majority of Indians Work in Agriculture:***

Most female and male workers are employed in agriculture. Agricultural employment is divided into three categories in the census: cultivators, agricultural laborers, and other agricultural work. Cultivators usually have some right to the land — they or their family own the land or lease it from the government, an institution, or another individual. In addition, cultivators may supervise or direct others. In contrast, agricultural laborers work on another person's land for monetary wages or in-kind compensation. These workers have no right to the land on which they work.

**Chart 25: Percent Distribution of main workers by Category**



As evident from the above figure, more than half (55%) of female agricultural workers are considered laborers, compared with just one-third of male agricultural workers. This suggests that most female workers are employed in lower-skilled, lower-paid positions, and are not the supervisors or owners of capital. Most female cultivators are members of a family that owns the land, rather than being the owners themselves. The share of total female agricultural workers who were cultivators increased slightly between 1981 and 1991, from 41 to 43 percent.

The only other sector of the economy that employs more than 5 percent of working women is the service sector. This sector which includes occupations such as social work, government, teaching, religious activities, and entertainment, accounts for about 8 percent of all female main worker labor. Household and non household industries each employ about 4 percent of female main workers.

***Women Face Wage Discrimination:***

Throughout the economy, women tend to hold lower-level positions than men even when they have sufficient skills to perform higher level jobs. Researchers have estimated that female agricultural laborers were usually paid 40 to 60 percent of the male wage. Even when women occupy similar positions and have similar educational levels, they earn just

80 percent of what men do, though this is better than in most developing countries. The public sector hires a greater share of women than does the private sector, but wages in the public sector are less egalitarian despite laws requiring equal pay for equal work.

***Technology Does Not Always Improve Women's Employment:***

There is evidence that suggests that technological progress sometimes has a negative impact on women's employment opportunities. When a new technology is introduced to automate specific manual labor, women may lose their jobs because they are often responsible for the manual duties. For instance, one village irrigated its fields through a bucket system in which women were very active. When the village replaced the manual irrigation system with a tube well irrigation system, women lost their jobs. Many other examples exist where manual tasks such as wheat grinding and weeding are replaced by wheat grinding machines, herbicides, and other modern technologies.

***Female Employment Does Not Insure Economic Independence:***

Even if a woman is employed, she may not have control over the money she earns, though this money often plays an important role in the maintenance of the household. In Indian culture, as in many other countries, women are expected to devote virtually all of their time, energy, and earnings to their family. Men, on the other hand, are expected to spend time and at least some of their earnings on activities outside the household. Research has shown that women contribute a higher share of their earnings to the family and are less likely to spend it on themselves.

Research has suggested that as the share of the family income contributed by woman increases, so does the likelihood that she will manage this income. However, the extent to which women retain control over their own income varies from household to household and region to region. One study found that fewer than half of women gave their earnings to their husbands. The study also showed, however, that many women still sought their husbands' permission when they wanted to purchase something for themselves. In



northern India, where more stringent cultural restrictions are in place, it is likely that few women control family finances.

***Relationship between Women's Education and Work Is Not Straightforward:***

The level of education is low in India; in 1991, only 39 percent of women and 64 percent of men were literate. The majority of those who are literate have only a primary education or less. For men, as the level of education rises, the share of the workers generally increases.

The effect of education on the employment status of women is not so straightforward. Higher levels of education for women do not directly translate into higher proportions of main workers (who work more than six months in one year). For example, 18 percent of illiterate women are employed as main workers, while just 11 percent of those with high school educations are employed as such. Not until women achieve a post-high school level of education are there dramatic improvements in their employment status—about half of all women who receive a post-secondary non-college diploma are employed as main workers. These women likely have received training for specific jobs. Surprisingly, women with university degrees do not have relatively high employment rates; only 28 percent of these women are employed as main workers.

The confounding of the usual relationship between education and employment may be related to the likelihood that poorer and lower educated families require female members to work. Often, girls and young women work instead of receiving an education. Well-off and better-educated families may send their daughters to school, but are able to afford to follow the cultural practice of keeping women at home after schooling is complete. Not until women receive specialized post-secondary education do they see significant improvements in their employment rates.

***Women Have Distinct Work Experiences in Different Areas of the Country:***

Employment rates for women vary substantially across India's diverse states and territories. States with proportionately larger rural populations typically have higher employment rates because most people throughout India are engaged in agriculture.

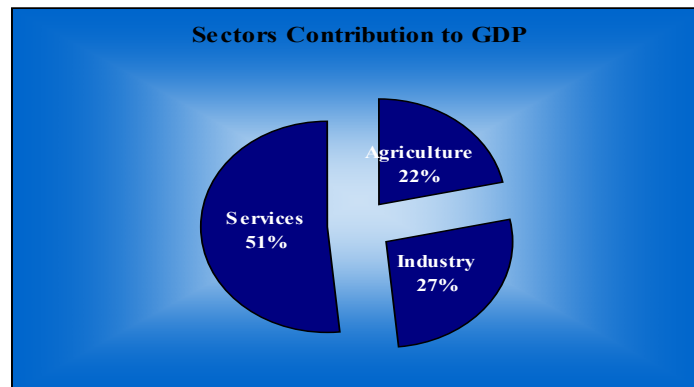
Regions in Northern India have lower employment rates than Southern regions. Though the share of the population involved in agriculture in these states was near the national average, the female employment rate was very low— 10.8 percent in Haryana and just 4.4 percent in Punjab. According to survey data, rural female unemployment is also very low in these areas—1.4 percent in Punjab and virtually nil in Haryana. Around half of all rural women in these areas are engaged in domestic duties compared to the national average of 37.8 percent. Identifying the exact reasons for the disparity between the Northern and Southern regions is difficult. The Northern states, particularly Punjab, are agriculturally fertile and the population is comparatively well off. Thus, it is not as important for the women of families in these regions to work. More importantly, however, cultural practices vary from region to region. Though it is a broad generalization, Northern India tends to be more patriarchal and feudal than Southern India. Women in Northern India have more restrictions placed on their behavior, thereby restricting their access to work. Southern India tends to be more egalitarian, women have relatively more freedom, and women have a more prominent presence in society.

## 3.19 Women Entrepreneurship in Bangladesh

### 3.19.1 Introduction

The World Bank classifies Bangladesh as a “least developed country”, among the poorest in the world. A population of about 128 million lives in poverty in an area of 143,998 square kilometers. Per capita gross domestic product (GDP) is US\$ 389 for the year 2003. Agriculture accounts for 21.7% of the GDP, but agricultural productivity is low. Industries contribute 26.6% of the GDP. Services contribute major portion of about 51.7%.

**Chart 26: Sectors Contribution to GDP**



Most people live in rural villages and are mainly below the poverty line. The average intake is 2,254 calories per day per person. In general, the people are ill-fed, ill-clad, and ill-housed.

### 3.19.2 Population structure

The Population of Bangladesh is 141,340,476 (July 2004 est.) There are fewer women than man (the sex ratio is 1.06:1) and this gender gap has had a long history. The relative scarcity of women occurs at all ages, but is particularly apparent among those 60 years

and older—even given some improvement in the mortality rate during the last two decades, women are less likely than men to reach old age—and among adolescents in the 10- to 19-year age group. Women are also conspicuously fewer in the urban areas.

### **3.19.3 Literacy**

Education arena in Bangladesh is not so developed. Literacy rate is low and there is a significant disparity between female and male literacy rates. However, with on going awareness of both the government and NGO's, literacy rate has been going up. Bangladesh gets International Literacy Prize 1998 from UNESCO for its ongoing literacy rate. It is targeted that, the country will be illiteracy-free by the year 2005. Women lag far behind men in terms of literacy—49 per cent compared to 63 per cent.

Literacy rates for both female entrepreneurs and male entrepreneurs are higher than the national adult literacy rate. Literate entrepreneurs have completed various degrees of formal education. About 42 per cent of the female entrepreneurs have less than 10 years of schooling (below the secondary school level), while the corresponding figure for their male counterparts are 56 per cent. There are more female entrepreneurs (43 per cent) than male entrepreneurs (37 per cent) with higher education (secondary school onward). This is particularly the case in the beauty parlour business and, to a lesser extent, in services in general, where no women are illiterate.

### **3.19.4 Women's Economic Participation**

Traditionally, women are largely involved in the non-monetized sector and in subsistence activities. With increasing poverty and the breakdown of the supportive kinship umbrella and also due to the demand generated by some sectors, women's participation in the labor market has increased since the mid-1980s. In the last decade, women have experienced some major changes in the labor market, primarily in terms of the nature of jobs and opportunities.

The Bangladeshi employed labor force is estimated at 41.7 million or at 54.6 million using the extended definition and it increased in size by nearly 5 million since 1990-1991. In other words, around one million people enter the Bangladeshi labor force annually. The share of female employment between agriculture and non-farm work is changing. The non-farm sector is generating female employment at an increasing rate mainly due to the fact that government and non-government interventions are more concentrated in this sector. The occupational pattern of employed persons and the annual growth rate by major occupation from 1990-1991 to 1995-1996 shows that the growth rate of females employed in the sales occupation is the highest (51.1 percent) among all the major occupations. The second highest growth rate is observed in the case of production labor. While the growth rate of the male labor force has increased steadily **(1.7 percent) in agriculture, forest, and fisheries, the trend is negative (-1.1) in case of females.**

### **3.20 Women Entrepreneurs in the Small and Cottage Industry Sector**

*Women in the rural informal sector:* Women in the rural informal sector are either self-employed or employed in family enterprises. Women enter unskilled, low-paid forms of employment because they tend to lack education and self-confidence. Self-employed persons usually lack access to inputs and services such as credit, input supplies, markets, new technology, and training — all of which could increase their profitability.

Women from landless households participate in all kinds of paid employment in significantly higher numbers than other rural women. Village studies show that virtually all households with paid female workers are functionally landless (over 90 per cent); one third to one fourth does not own a homestead.

*Self-employment:* Rural women have traditionally been involved in various kinds of self-employed activities within the homestead, both agricultural and non-agricultural. These activities—homestead agriculture, livestock and poultry rearing, fish farming, nursery

and tree plantation, tool making, sewing, net making, food processing, tailoring, rice processing, etc.— have presented regular but rather invisible supplements to family incomes. Sectoral distribution of employed persons in rural areas shows that agriculture is the predominant source of female employment, followed by the manufacturing sector. The rural industrial enterprises are primarily family based, with 37 per cent of the workers being female, among which 77 per cent are unpaid family helpers with only 23 per cent being hired on pay.

***Women in the urban informal sector:*** In urban areas, many poor women work in informal units in low-paid, unskilled jobs. Observation indicates that these women lack the minimum levels of education and skill qualifying them for employment in the urban formal sector. Most are “push” migrants, forced out of rural areas in the absence of local employment options.

The proliferation of shops has encouraged female entrepreneurs to enter into production of consumer goods such as textiles, garments, and embroidery. Typically self-employed, women do not get direct orders from buyers. A chain of sub-contractors receives commissions on products sold, leaving little income for the women. Limited markets for these products, moreover, result in low returns.

***Women in cottage industries:*** Bangladesh Small and Cottage Industries Corporation (BSCIC) conducted the latest nation-wide survey on cottage industries in 1991-92 (BSCIC, 1994) but the data are not disaggregated by sex. Other nation-wide surveys and statistics fail to provide the actual figures of women involved in cottage industries. One study reported that 36 per cent of the workers in cottage industries were women and very few (0.1 per cent) were proprietors. According to another study, participation of women in rural industries varies from 0.5 per cent to 75 per cent depending on the nature of the job, and there are very few owners or proprietors among them, since males do the marketing and control the cash. In general, women participate more in rural industries which can be conducted at home in breaks between household work, and less in those that require them to work outside the home.

### 3.20.2 Size and scale of women’s entrepreneurship

The size and scale of women’s entrepreneurship may be gauged from an analysis of the status of employed women. According to the Labor Force Survey (LFS) 1995-96 there are 20.83 million employed women in Bangladesh, of which 1.59 million are self employed own-account workers; 30,000 are employers; and 16.11 million are unpaid family helpers. The rest, as shown in Table 33, are employees (1.81 million) and day laborers (1.29 million). Thus, unpaid family helpers represent the largest proportion of employed women (77.4 per cent). The female self-employed, own-account workers and employers represent 7.6 per cent, and 0.1 per cent of the employed female population. It may be seen from the table that female self-employed, own-account workers represent less than 10 per cent of employed persons in this category, and female employers represent 20.3 per cent of all employers. Unpaid women family helpers represent 73.6 per cent of employed persons in this category.

**Table 34: Employed Persons Aged 10 years and over— by Employment Status and Sex (thousands)**

Employment Status	Bangladesh			Urban			Rural		
	All	Male	Female	All	Male	Female	All	Male	Female
Total	54,597	33,765	20,833	9,736	7,048	2,688	44,860	26,717	18,143
Self-employed/own account workers	16,008	14,415	1,593	3,276	2,920	357	12,732	11,495	1,237
Employer	148	118	30	71	66	5	77	52	24
Employee	6,789	4,978	1,811	3,487	2,439	1,049	3,302	2,540	762
Unpaid family helper	21,896	5,785	16,110	1,701	591	1,110	20,194	5,194	15,000
Day labourers	9,752	8,466	1,287	1,198	1,030	169	8,554	6,435	1,118

Among employed women in rural areas, 82.7 per cent are unpaid family helpers; 6.8 per cent are self-employed, own-account workers; 0.1 per cent are employers; and 4.2 per cent are employees. Among urban employed women, 41.2 per cent are unpaid family helpers; 39 per cent are employees; 13.3 per cent are self-employed; and 0.2 per cent are employers.

**Table 35: Employed Persons 10 years and over—by Employment Status and Sex (percentages)**

Employment status	Bangladesh			Urban			Rural		
	All	Male	Female	All	Male	Female	All	Male	Female
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Self-employed/own account workers	29.3	42.8	7.6	33.7	41.4	13.3	28.4	43.0	6.8
Employer	0.3	0.4	0.1	0.7	0.9	0.2	0.2	0.2	0.1
Employee	12.4	14.4	8.7	35.8	34.6	39.0	7.3	9.6	4.2
Unpaid family helper	40.1	17.2	77.4	17.5	8.4	41.2	45.0	19.4	82.7
Day labourer	17.9	25.2	6.2	12.3	14.7	6.3	19.1	27.8	6.2



### **3.21 Policies and Programmes Supporting Women's Entrepreneurship**

The Government has acknowledged the importance of mainstreaming women in the national development process, and has initiated steps towards realizing this objective. Integration of women into the process of economic development is high on the official policy agenda, despite the difficulties posed by age-old customs and by the initial disadvantages under which women suffer. Under the various national Five Year Plans, gender equality has been gradually integrated into a macro framework prescribing a multi-sectoral thrust aimed at bringing women into the mainstream of national economic development.

These Five Year Plans aimed to:

- Expand skills development and credit facilities for women, enabling them to take up self-employment in both urban and rural areas;
- Establish linkages between the existing vulnerable group development programme and women's training, credit, and employment generation activities;
- Undertake poverty alleviation programmes for destitute women.

#### **3.21.1 Government Programmes**

In keeping with government policy of integrating women into the mainstream of economic development, various new projects have been undertaken in recent years. Poverty alleviation lies at the top of the government agenda. As women are among the poorest of the poor, most of these projects target poor and destitute women, promoting self-employment through income-generating activities. As part of this approach, most of these projects include training programmes and credit components. Given the nature of the training provided and the size of the credit extended, however, these projects will promote self employment opportunities mainly in the informal sector, rather than real entrepreneurship development in formal small enterprises. Nevertheless, projects such as those establishing the Women's Polytechnic Institute at Dhaka, the Youth Development Programme, and the Women's Entrepreneurship Development Programme are expected to help rectify matters.

### **3.22 Support services for women entrepreneurs**

Potential entrepreneurs require various types of assistance from external sources in starting and running a business enterprise. Many people with an entrepreneurial bent are tempted to start a small or micro-enterprise, but are soon frustrated by various constraints. Some may know how to produce, repair, or service a product, but are ignorant of how to set up and manage an enterprise and market their talents. Some may lack self-confidence because they lack personal or family business experience. Others may be discouraged by the formal procedures required or may have a fear of dealing with government organizations. Some face other constraints in sustaining their enterprise even after a good start. This is the situation facing many new entrepreneurs, but it is an even more difficult situation for many women entrepreneurs.

#### **3.22.1 Current status of support services to women entrepreneurs**

From pre-Independence days, policy-makers and economic planners have been concerned with the development of micro and small enterprises through the provision of support assistance to entrepreneurs, including women. A variety of government and non-governmental organizations are currently conducting such projects and programmes.

Few organizations provide support services exclusively for female entrepreneurs. Like their male counterparts, however, women have access—at least formally—to support services offered by different organizations. In this section, will be discussed the activities of major organizations providing services to both women and men.

### **3.23 Organizations for Women Entrepreneurs**

A number of ministries and government and non-government organizations (NGOs) are working for the economic and social development of women. **The Ministry of Women's and Children's Affairs; the Ministry of Industries; the Ministry of Local Government, Rural Development and Co-operatives, and the Ministry of Youth** are mainly policy-making bodies, but sometimes also act directly through projects. Various public sector agencies, meanwhile, are implementing programmes relating to self-employment and income-generating activities among women and to the promotion of SCI industries. These include the following:

#### **3.23.1 Bangladesh Small and Cottage Industries Corporation (BSCIC)**

The BSCIC (formerly the EPSCIC) was set up in 1957 as the prime national mover for the promotion and development of small and cottage industries (SCI). Its main objectives are to strengthen the SCI sector by providing support services, including infrastructural facilities to small and tiny entrepreneurs. Services include pre-investment counseling; supply of techno-economic information; credit arrangement; infrastructural facilities; management and skill development training; arranging for raw materials; diagnostic studies; market studies; subcontracting arrangements; inter-organizational coordination; and product development.

#### **3.23.2 Women Entrepreneurship Development Programme (WEDP)**

The Women Entrepreneurship Development Programme (WEDP), initiated by the BSCIC with USAID assistance, is concerned with poverty alleviation among rural disadvantaged women.

Major WEDP activities include scouting for potential female entrepreneurs; providing project appraisals on their behalf; pre-investment counseling; loan arrangements for fixed and working capital; post-investment counseling and regular supervision; supply of modern designs and prototypes; special management and skill improvement training; and,

where necessary, marketing and technical assistance. The WEDP also arranges seminars and workshops for rural female entrepreneurs to encourage systematic and continuing generation of employment, income, savings, and investments.

### **3.23.3 Bangladesh Rural Development Board (BRDB)**

The Bangladesh Rural Development Board (BRDB), established in 1970, is the largest government organization dedicated both to raising living standards among rural people and to increasing food production through entrepreneurship and the spirit of cooperation. BRDB target beneficiaries are landless and asset less rural women and men. Two self employment programmes provide assistance: Bittaheen Samabaya Samity (BSS), for asset less persons; and Mahila Bittaheen Samabaya Samity (MBSS), for poor women.

### **3.23.4 Bureau of Manpower, Employment and Training (BMET)**

BMET, in association with Agrani Bank, operates a micro-enterprise development scheme to promote entrepreneurship through among educated youths, both women and men, and among skilled Bangladeshi workers returning from abroad. BMET is responsible for identifying beneficiaries, forming groups, offering motivational training, and creating group savings. BMET operates another credit programme in association with Sonali Bank for encouraging landless people to take up self-employment.

### **3.23.5 Directorate of Women's Affairs (DWA)**

Following the 1971 war, the women's development programme, first taking the form of rehabilitation of war-affected women, was formally initiated under government sponsorship. One DWA function is now the provision of vocational training and assistance in achieving economic solvency.

### **3.23.6 Grameen Bank**

The Grameen Bank, almost a household word in Bangladesh, is a success story in rural poverty alleviation admired around the world. Household members who own less than 0.5 acres of arable land or assets not exceeding the value of one acre of medium land is

eligible to receive loans made available to individuals and groups for self-employment and income-generating activities. The major activities financed are milk cows, paddy husking, cattle fattening, seasonal crop trading, and grocery shops. Since 1982, credit has been issued to collective enterprises (group entrepreneurship) related to irrigation equipment, rice hulling, oil milling, power looms, and leasing markets and leasing land for cooperative farming. Through its 1,155 branches, Grameen Bank operates in 40,108 villages around the country. The bank has disbursed Tk.125, 700 million to over 2,400,000 borrowers, more than 95 per cent of whom are female (figures current as of August 2000). The overall recovery rate is reported to be 98 per cent.

### **3.23.7 Role of UN agencies, donors, INGOs, and NGOs**

A number of UN Agencies, donors, INGOs, and NGOs are engaged in poverty alleviation and women's development programmes in Bangladesh. Some of these activities target both women and men, while others are aimed specifically at women. Prominent among the UN agencies involved are the United Nations Development Programme (UNDP), the International Labor Organization (ILO), United Nations Fund for Population Activities (UNFPA), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Capital Development Fund (UNCDF), the United Nations Children's Fund (UNICEF), and the International Fund for Agricultural Development (IFAD). Prominent donors and financing institutions include the Netherlands, German GTZ, Swedish Sida, Norwegian NORAD, the European Union (EU), USAID, and the Asian Development Bank (ADB).

### 3.24 Obstacles to Women Entrepreneurs

The obstacles to the growth and development of women entrepreneurship have been:

***Recognition of entrepreneurship:*** National industrial policy has yet to recognize entrepreneurship development as an industrialization strategy. In general, current policy places undue emphasis on the setting up of enterprises rather than on entrepreneurship itself. The human factor has received least attention in the promotion of industries.

***Lack of motivation:*** Government policy statements emphasize the role of women in development activities, but what are missing are well-designed programmes to motivate women to enter entrepreneurial activities on a greater scale.

***Unawareness of women:*** Too many potential female entrepreneurs remain unaware of government facilities, support and incentives.

***Lack of skills:*** Because of their relatively low literacy rates, women in general are less skilled than men as entrepreneurs.

***Lack of technical knowledge:*** Traditionally, women tend to go into general education instead of technical, skills oriented programmes. Lack of technical knowledge impedes women's entry into technologically sophisticated activities with potential for better productivity and increased profitability.

***Unfavorable cultural practices and social inhibitions:*** militates against the development of women's entrepreneurship. For women, work outside the household is disparaged and discouraged.

***Little access to credit and other facilities:*** Women have little access to either institutional or non-institutional credit facilities for their fixed or working capital requirements. Institutional sources such as commercial banks are generally reluctant to extend loans to

women. If a bank does decide to do so, guarantees from fathers or husbands are demanded. The latter individuals, moreover, are generally unwilling to oblige. These attitudes restrict the access of independent female entrepreneurs to credit. The demand from the banks for collateral is another impediment to getting loans. Women have fewer rights to parents' and spouses' property compared to men. Consequently, they are often unable to offer collateral, which restricts their access to bank credit. Complicated and lengthy procedures and high transaction costs discourage borrowing from banks. High administrative and handling costs make commercial banks generally reluctant to grant small loans to entrepreneurs. Women are more affected than men, in this regard, because typically they ask for relatively smaller loans. Interest on bank loans ranges from 12 to 16 per cent, while returns on investment earned by women are relatively low. This also discourages women from seeking bank loans. To borrow from a bank, one has to submit a business plan and suffer the inconvenience of visiting the bank several times. Most women lack the knowledge and skills to prepare an effective business plan for the purpose of obtaining credit.

***Lack of access to improved technology:*** This is a major constraint for women entrepreneurs. Lack of knowledge about modern technology and lack of technical skills impede women's entry into technologically upgraded activities with potential for increased productivity and profitability. Provision of support services for women such as technological information, skill training, and assistance in introducing technological change in their production process are virtually non-existent.

***Marketing problems:*** Female entrepreneurs generally face problems in marketing their products. This is due to their inadequate knowledge of marketing; non-availability of marketing information; inability to estimate demand for products and services; the charging of lower prices as a market entry strategy; lack of storage facilities; inability to hold stocks of the product due to a poor financial base; unfavorable payment procedures on the part of intermediaries; competition from imported goods; inferior product quality; and inadequate support services.

## Chapter 4: CONCLUSION

After going through the country profile of Pakistan, India and Bangladesh and women entrepreneurship in these three countries we can easily conclude that these countries have more or less similar cultures, traditions, environments and attitudes towards women. All the three countries are developing countries. The population growth rate of all is highest in the world, literacy rate is low and majority of the population lives below poverty line.

In all the three countries the women face similar problems for starting their business or even to run an existing business. Although efforts are being made to overcome these problems but still to no avail. This is because of the fact the all these countries have a male dominating societies in which male are not giving equal employment opportunities to the female in every field of work. If women are given equal employment opportunities they could be as beneficial for the economic progress of the country as the men are.

The efforts made for women entrepreneurs in Pakistan started very late as various governments did not realize the importance of women in the economic progress of the country. Still women are not getting all the facilities and most of their work is not recognized in the national statistics. No fruitful efforts have been done for the development of knowledge and skills of the rural women as most of the work is done by the women living in rural areas. Rural women also faces problems in marketing their products as it is mostly done through retailers and middle men who purchase the products of women at a very cheap prices and sell them in the markets at colossal prices making huge profits.

Now days, certain efforts are being made to develop women entrepreneurs in these countries like the Confederation of Indian Industry (CII) and the Women's Chamber of Commerce and Industry of Pakistan (WCCI) have signed a Memorandum of Understanding (MoU) to work together for economic and social development of women entrepreneurs in India and Pakistan.



Under the programme, CII and WCCI would exchange professional experiences relating to services rendered to their respective members. Reflecting on the need for women's empowerment within the SAARC region, Begum Salma Ahmed, Chairperson and Chief-Executive-Officer, WCCI, mooted the idea of creation of SAARC Women Entrepreneurs Council to boost trade within the SAARC region. Begum Ahmed, who is leading a 15-member women's delegation to India, said the main purpose of her visit to India was to develop social and economic linkages.

On behalf of WCCI, Begum Ahmed invited CII for a conference and exhibition at Karachi in September.

Speaking on the occasion, Rumjhum Chatterjee, Member of the CII National Committee on Women Empowerment, said Indo-Pak trade, which has been hovering around 300-400 million dollars during the last few years, would improve if the right steps were taken and if women entrepreneurs from both the countries joined hands. She also said the CII was working diligently towards women empowerment.

If such like efforts are made then those days are not far away when more women will participate and become an important segment in the economic development of the country. Women need recognition, when their work and efforts are recognized they prove more productive than man.

## Chapter 5: **RECOMMENDATIONS FOR PAKISTAN BASED ON ABOVE ANALYSIS**

### **1. Preparation of a comprehensive database of women entrepreneurs**

Practically no hard data are available on women entrepreneurs in Pakistan. Government departments and the business associations/networking organizations have no information on the total number of women entrepreneurs, their lines of business, value added, employment or related information. Most of the women work in rural areas of the country and their work and efforts are not recognized in the national statistics of the country. Various attempts have been made by organizations such as EPB and FWBL to develop data sets, but the results are far from satisfactory and the information is not regularly updated. It is therefore recommended that a comprehensive database of women entrepreneurs in Pakistan should be prepared and used in future research and action plans.

### **2. Gender audit of SME development institutions**

There are a small number of federal and provincial institutions working specifically for the development of SMEs, but they do not reach out to women entrepreneurs; their operations are normally targeted at businessmen as business is generally considered a male domain in Pakistan. It is proposed that one such institution should be selected for a gender audit of its operations. SMEDA, a federal institution dedicated to providing enterprise development services, might be a suitable candidate. The gender audit would identify gaps and distortions in existing services that could be rectified in future operations.

### **3. Entrepreneurship development programmes for potential women entrepreneurs**

The probability of doing business increases significantly for Pakistani women if they have acquired a formal education. The findings reveal that the rate of business start-up among women has increased considerably in the last decade. A majority of the women entrepreneurs were housewives, employed or students before starting their businesses. This suggests that an opportunity exists to tap the potential of would-be women

entrepreneurs in these three groups. A comprehensive module on entrepreneurship should be developed and introduced in the Master's courses at the First Women's University, Rawalpindi as a pilot project. This course could subsequently be extended to other institutions and even run by SME development institutions.

#### **4. Hand-holding and counseling of selected women entrepreneurs to generate role models**

Finance and marketing emerge as the two major demands of women entrepreneurs. It is recommended that a pilot project be launched for a selected group of 25 to 50 business women in each of the four provinces of Pakistan to prepare a new group of successful women entrepreneurs to serve as role models. A multilateral arrangement is proposed including ILO as facilitating consultant, a donor agency or development bank such as the Asian Development Bank for funding, and Pakistani government institutions as executing agencies. The criteria for selecting the women entrepreneurs could be agreed through mutual consultations. The proposed government institutions would be FWBL (finance), SMEDA (supply-side issues) and EPB (international marketing).

#### **5. Establishing/strengthening women's business fora**

The small number of women's business fora existing in Pakistan has extremely limited outreach and offer few quality services. They do not exist as institutions but as personalities: they have limited membership and confined regional outreach. This explains why no such business forum has emerged as a national lobby group for women entrepreneurs. There is an urgent need to assist the existing fora to organize as self-sustaining institutions, to revitalize those associated with the regional Chambers of Commerce, the Employers' Federation of Pakistan, or to establish a new institution which could represent women entrepreneurs at national level.

#### **6. Comprehensive development package**

A comprehensive development package for the Women Entrepreneurs (WEs) should be formulated that includes basic information on business concepts, as well as the

development of related expertise for doing business and providing information on the government and non government resources that are available.

## **7. Role of Media**

The media in Pakistan has a very important role to play in bridging the information gaps that exist between the would-be women entrepreneurs and the existing business and market opportunities. Both print and electronic media should be effectively used to disseminate this information. There should be Awareness raising campaigns through print & electronic media, e.g. case studies and media projection be made of other countries where women entrepreneurs have thrived.

## **8. Poor Outreach of Various Government Institutions**

At present, the outreach of various Government institutions is very poor and many people do not know the kind of services that they are offering. As it is obvious from the survey that Sixty-six per cent did not know of any such organizations. The same is true for the various women business forums and associations, as well as special cells/units (if any) that have been established at the chambers of commerce and industry. So colossal efforts should be made to have an easy access to these organizations.

## **9. Easy Access to Information**

Information needs to be collected and collated regarding the women entrepreneurs in Pakistan. The Export Promotion Bureau (EPB) has a directory of women entrepreneurs, but few people know of it. Similarly, First Women's Bank Limited (FWBL) is trying to get some database of women entrepreneurs. The information regarding starting and sustaining a business is scattered and is generally only limited to big cities. A large portion of the Pakistani women is engaged in agriculture and due to lack of education they have no knowledge of various business organizations and chambers of industry. New ways need to be devised to improve the access to this information to the rural women.

## **10. Exclusive Exhibitions**

Most of the women have problems in marketing their products. For this they have to depend on male counterparts. So the Government should arrange exclusive exhibitions at small places where women can sell their products/ services; Special Sunday markets could be one option. There should be special Display Centers at the scattered places so that the women can sell their products directly. Moreover, there should be Industrial Exhibitions arranged by the government. These exhibitions not only bring out the hidden women entrepreneurs but also the existing ones will increase the variety and quality of their products to remain competitive in the market.

## **11. Web Portal for WEs**

Single platform (website /portal) for women that would project, educate and inform women entrepreneurs in Pakistan should be launched. It would disseminate information on various incentive/schemes launched by the public sector, features would include; virtual exhibitions, IT training, forum, helpdesk, presence of donor and credit agencies in Pakistan, etc. This will serve as 24 hours access/marketing connect and will be a low cost marketing tool.

## **12. Micro financing schemes**

Access to credit is the surest way of empowering the poor especially women and improving their income generation opportunities. Micro- credit has been determined to be the best instrument of improving income-generating capabilities of the poor. Financial institutions need to promote this business by providing credit facilities to the women in order for them to survive. Long-term loans should also be introduced in order for them to produce products on their own level, and to improve their living standard.

## **13. Collateral problems**

One of the biggest problems for women is the women don't have easy access to bank credit to start or finance their business. There are lengthy and cumbersome procedures and above all the banks give loans on collateral basis. Women do not have much property

which can be used as collateral. So they are unable to start their business. As we have seen in case of India that Government gives 30 % of the cost of project as grant and remaining 70 % is financed by a financial institution. So Government of Pakistan should make such efforts in order to encourage and promote women entrepreneurs in Pakistan.

Moreover the loans should be given on the basis of personal guarantees and references of higher ups like Nazims and Councilors. The loans can also be given on the degrees and certificates held by women entrepreneurs. These degrees and certificates will provide the authenticity of the skills which the women possess. And also, there should be proper checks and balances for the recovery of these loans.

#### **14. Conducive work environment**

Efforts should be made to make the working environment conducive for women. Moreover concentration should be placed by government agencies on providing basic infrastructure such as roads, transportation, water and electricity especially for women. This will enable effective rate and help promote their work.

At another level coordination is required between local community and government hospitals for lady doctors to make regular monthly free check-ups at the training centers and areas where women are working. Mobile clinics need to be setup. Eyesight should be checked regularly as women do a lot of delicate work e.g. embroideries which place a lot of strain on the eyes.

#### **15. Networking and Trust Building**

Women entrepreneurs should have a network among themselves and open small outlets with a brand name and a set quality standard to sell their products. They should also be assisted with making a website and CD catalogue in order to promote their products. Government and international organizations should facilitate with the setting up of the outlets. The outlets need to be set up in main cities near the craftswomen villages in order for them to visit the outlets regularly.

## **16. Direct Marketing**

The marketing mode used by most of the women is retailers and middleman. These retailers and middlemen purchase the products made by rural women at very cheap prices and sell them in cities at colossal prices making huge profits. This mode of marketing should be removed by the direct marketing of the products in Display Centers and various exhibitions.

## **17. Raw Material**

The raw materials are mostly available in large cities such as Lahore and Karachi making it expensive for the women to use good quality raw material therefore compromising on the quality of products. To overcome the high costs of raw materials the Small Industries Corporations need to set up an effective system to supply the raw materials making it cheaper, quality competitive and readily available for the women.

## **18. Quality Control**

Quality of the handicrafts should be improved with training, skills development, technical assistance, the introduction of better raw material and equipment used for manufacturing of handicrafts. While linkages are provided with buyers quality standards should be stressed. Some government organization should monitor the areas and provide advice and other services to improve the quality and accessibility to marketing techniques.

## **19. Use of Technology for Effective & Speedy dissemination**

Technology must be used effectively in reaching out to crafts-persons and providing them the means of training and advice on design and marketing. Technology can be exploited in many ways to help in craft conservation and revitalization.

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## ACRONYMS

SME	Small and Medium Enterprises
GDP	Gross Domestic product
GNP	Gross National Product
PDI	Punjab Directorate of Industries
PSDI	Punjab Small Industries Corporation
LSE	Large Scale Enterprise
UNIDO	United Nations Industrial Development Organization
ILO	International Labor Organization
BMRE	Balancing Modernization, Replacement and Expansion
HDI	Human Development Index
LFS	Labor Force Survey
SMEDA	Small & Medium Enterprise Development Authority
ESCAP	Economic and Social Commission for Asia and the Pacific
APCTT	Asian Pacific Center for Transfer of Technology
EPB	Export Promotion Bureau
FPCCI	Federation of Pakistan's Chamber of Commerce and Industry
MSDP	Microfinance Sector Development Program
WDD	Women's Development Departments
NCSW	National Commission on the Status of Women
SBFC	Small Business Finance Corporation
RDFC	Regional Development Finance Corporation
UNDP	United Nations Development Program
WIT	Women in Technology
WCCI	Women's Chamber of Commerce & Industry
MoWD	Ministry of Women's Development
CEDAW	Convention on the Elimination of all forms of Discrimination against Women
GoP	Government of Pakistan
PPAF	Pakistan Poverty Alleviation Fund
RSP	Rural Support Programs
FWBL	First Women Bank Limited
NRSP	National Rural Support Program
ADBP	Agricultural Development Bank of Pakistan
SSIC	Sindh Small Industries Department
PSIC	Punjab Small Industries Department
POPI	Poverty of Opportunity Index
FBS	Federal Bureau of Statistics
GDI	Gender Related Development Index
SHMI	Small and Household Manufacturing Industries
CMI	Census of Manufacturing Industries
ICT	Islamabad Capital Territory
ISSMI	Integrated Survey of Services and Manufacturing Industries
ICT	Information and Communication Technologies
WTO	World Trade Organization

PCSIR	Pakistan Council for Scientific and Industrial Research
STEDEC	Scientific and Technological Development Corporation
PITAC	Pakistan Industrial and Technical Assistance Center
NPO	National Productivity Organization
PVTC	Punjab Vocational Training Council
TEVTA	Technical Education and Vocational Training Authority
SROs	Statutory Regulatory Ordinances
CBR	Central Bureau of Revenue
BDS	Business Development Services
PIMS	Pakistan Institute of Medical Sciences
AWAKE	Association of Women Entrepreneurs of Karnataka
ALEAP	Association of Lady Entrepreneurs of Andhra Pradesh
ICECD	International Center for Entrepreneurship and Career Development
ESCAP	Economic and Social Commission for Asia and the Pacific
STEP	Science and Technology Entrepreneurs Park
AICTE	All India Council for Technical Education
APCTT	Asia Pacific Center of Transfer of Technology
GoI	Government of India
SSI	Small Scale Industries
CII	Confederation of Indian Industry
NSSO	National Sample Survey Organization
SCI	Small and Cottage Industries
BSCIC	Bangladesh Small and Cottage Industries Corporation
BRDB	Bangladesh Rural Development Board
BMET	Bureau of Manpower, Employment and Training
DWA	Directorate of Women's Affairs
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
FAO	Food and Agriculture Organization of the United Nations
UNCDF	United Nations Capital Development Fund
EU	European Union
ADB	Asian Development Bank