

NUST INSTITUTE OF MANAGEMENT SCIENCES



Thesis Topic,

“Pakistani Women Entrepreneurs: Experiences  
of Starting and Growing a Business”

Thesis Advisor,

**Sir Imran Nazir**

Submitted By,

**Sadia Javaid Malik**

2005-NUST-MBA-88

Submission Date,

**27<sup>th</sup> September 2007**

*Dedicated to Ami, Abu, Omar, Sana & Ali*

## **ACKNOWLEDGEMENTS**

I cannot thank Almighty ALLAH enough for the unwavering support that I've been  
blessed with.

## Abstract

This report on “*Pakistani Women Entrepreneurs: Experiences of Starting and Growing a Business*” presents the conclusions and final set of recommendations based on outcomes from the research work that was carried out. The field research covered 20 women entrepreneurs from Islamabad and two other major cities.

The 20 women entrepreneurs included in the survey have created 294 jobs for themselves, their family and others, of which 271 are full-time paid jobs. Such significant performance in job creation has occurred despite the financial, cultural and other disadvantages faced by women entrepreneurs in Pakistan. Although many admit to accessing microfinance without any problems, just as larger enterprises are able to attract loans from commercial banks, when it comes to finding appropriate funds to finance business growth, there would appear to be a “missing middle” to finance the progression from informal to formal, and from micro level to small and medium-scale enterprises. Therefore, the large majority (71 per cent) of the women had to depend on personal savings and family support for start-up finance. Consequently, the large majority (71 per cent) of the women entrepreneurs invested personal savings and family resources for start-up finance. Issues of land title and lack of working premises featured prominently among the major barriers experienced by women entrepreneurs in establishing and growing their enterprises. Many of the women entrepreneurs complained of problems in finding or building their own working premises, and some 75 per cent have to rent at what they regard as a very high cost. Only ten per cent of the women sell outside of their immediate local markets, therefore much has to be done to improve access to wider and more lucrative markets.

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# 1. Introduction

## 1.1 Background

Throughout the world it is acknowledged that micro and small enterprises play a vital role in socio-economic development as a means for generating sustainable employment and incomes. Furthermore, the informal economy is increasingly being recognized by governments and donors as an important part of the wider economy in that it provides the breeding ground for micro and small enterprises, and in the process contributing to the reduction of poverty.

Women form a considerable share of the informal economy operators, as well as those running micro and small enterprises in Pakistan. They make a significant contribution to the socio-economic life of the country by way of supporting people to earn money and make a contribution to family incomes, and by supplying basic goods and services for local consumption. However, this contribution is not fully recognized or understood, and there is little in the way of research or statistics to provide a broader understanding of women's experience as business owners, their contribution to economic development, or the challenges they face in setting up, managing and growing their enterprises.

Women entrepreneurs face and deal with a diverse range of challenges and problems on a day-to-day basis, and these have hampered their growth and the potential contributions they could make towards creating meaningful and sustainable employment and a vibrant small business base. The most common and serious constraint is the lack of financial support available to women entrepreneurs.

This research project was carried out through two phases of work. The secondary research phase was a desk-based exercise looking at existing research and literature to gain a broader understanding of the status of women's enterprise, the support environment, and the challenges for women's enterprise. The secondary research work identified key factors affecting women entrepreneurs and their business development in

Pakistan, and shaped the focus of the primary research work, including the questions to be addressed, and helped identify the target group to be selected for the fieldwork.

## **1.2. Country context**

### **1.2.1 Labor Force Participation**

Pakistani female labor force participation rate has increased from 11.4% in 1994/95 to approximately 16% in 2003/2004, yet it remains amongst the lowest in the region. Compared to the MENA region, where female participation rate is as low as 32.29%, Pakistan's female employment numbers lag behind. However, according to the World Bank's 2005 Pakistan Country Gender Assessment, many informal female workers go unreported with almost 60% of women involved in the labor force being unpaid workers (compared to 19% of men). Female employment is mainly concentrated in two sectors in Pakistan: agriculture at 67.3%, followed by 15.8% in community, social, and personal services<sup>4</sup>.

The female unemployment rate in Pakistan dropped from 16.5% in 2001/2002 to 12.75% in 2003/2004. This demonstrates considerable progress noting that male unemployment rates remained relatively stagnant over the same time period. Yet, statistics show that the female unemployment rate is still substantially higher than the male unemployment rate of 6.59%, indicating that women are less successful in securing job opportunities than men. Consequently, the labor force participation rate gap between males and females in Pakistan is considerably large as men dominate 70.61% of the overall labor force<sup>7</sup>. This gap is visibly bigger in urban areas where men make up 67.08% of the labor force and where the female participation rate is as low as 9.44%. Though still lower than male participation rates, the situation is not as severe in rural areas due to the active role women play in the agriculture sector (the female labor participation rate in rural areas is 19.45%). This number, however, is arguably conservative and would increase if the work women perform in the informal sector were taken into account. It should be noted that overall, the number of formal employees in Pakistan has dropped from 40% in 2001/2002 to 38% in 2003/2004. This decrease was steeper for females (from 37% to 31%) than males (from 40% to 39%).

### **1.2.2 Women-owned Business in Pakistan**

Statistically speaking, female entrepreneurship in Pakistan is amongst the lowest in the world. With low rates of overall female economic participation in the economy, the percentage of female employers was 0.3% in 2001/02.

Small and Medium Enterprises (SMEs) represent a noteworthy share of the Pakistani economy, thereby facilitating employment to over 80% of the non-agricultural labor force. Data on women-owned businesses in Pakistan is limited. According to a 2005 report by the United Nation's Convention on the Elimination of All Forms of Discrimination against Women in Pakistan, the category of "self-employed" women has increased from 11.7% in 1997/98 to 15.7% in 2001/02. Anecdotal evidence also indicates that the number of women entrepreneurs has been increasing over the past few years. A survey undertaken by the International Labor Organization (ILO) of 150 women entrepreneurs in Lahore and the twin cities of Rawalpindi and Islamabad found 39 percent of women of the sample engaged in small enterprises and 9 percent in medium enterprises. Furthermore, the sample revealed that women entrepreneurs in the SME sector provide greater employment to women, with female-owned businesses having an average of 8 female employees and 7 male employees.

The majority of women entrepreneurs in Pakistan are engaged in traditional sectors such as boutiques, parlors, and bakeries, along with apparel, handicrafts, jewelry and other micro and small businesses of that nature. Women in urban areas are in a better position to foster businesses due to easier access to opportunity and information. Moreover, female entrepreneurship in Pakistan often is an issue related to social class. For example, upper class, highly educated women are said to be more capable of starting-up their own small and medium businesses as they possess both the capital and the knowledge to do so. A study conducted by the ILO in 2003 on 'Methods to Improve the Bargaining Powers of Women Entrepreneurs in Pakistan' found that 47% of the 150 entrepreneurs surveyed worked in textile, 73% of them started their businesses from personal savings, and over 50% belonged to upper tiers of education. In addition to limited access to

information available to rural women, mobility constrictions are also more severe in rural areas.

### **1.3. The Primary Research approach**

The following key questions were identified as being the focus of the primary research:

#### **1.3.1 Key questions**

- What are the experiences and issues faced by women in setting up, managing and growing their businesses?
- What lessons can be drawn from the experiences of women in growing their businesses?
- What measures could be taken to promote/support Pakistani women entrepreneurs engaged in small-scale enterprises?

In addition, and in order to meet the overall aims of the study, the survey sought to draw out issues of gender relating to attitudes, laws, customs, practices and expectations, and to measure the extent to which these impact upon women and their enterprises.

### **1.4. Survey Sample**

Twenty women were interviewed for this research. Each ran a successful business, as defined by three consecutive years of profit. The businesses were located in Rawalpindi, Islamabad and Lahore. The business types were selected to be as varied as possible. The women were identified through cold calls and referrals. The focus of the study were urban women entrepreneurs who had been formally operating micro and small enterprises for at least 6 months, and who were registered and/or had licenses in their names, and had majority ownership of their businesses. The sectors included in the study were production, services and trade.

In addition, the following commonly used terms are clarified:

- Trade is defined as buying and selling of commodities and merchandise.
- Services are defined as intangible business activities such as hairdressing, catering services, etc.
- Production is defined as the process of transforming inputs into outputs of goods, mostly by manufacturing processes.

- Growth-oriented enterprises are those enterprises who have operated for more than two years, and have shown increases in their sales (revenue), capital, employment and products/services, as well as expansion and/or diversification in their businesses.

### **1.5. Survey Instruments**

The research was conducted through a survey comprising one-to-one interviews using both structured and unstructured questions. The questionnaire was designed to focus on various aspects of the woman entrepreneur herself; the characteristics of her enterprise; the processes that she has gone through in starting and growing her enterprise; the broader enabling environment within which she operates, and the impact that the broader socio/economic context has on the woman and her enterprise. Interviewees were encouraged to digress from the question with related thoughts and examples. The interviews were one to two hours in length with three interviews requiring a second shorter interview for clarification and development of a theme. When the interviews were completed, themes were developed through the data and then taken back to some of the interviewees for verification. Further data was gathered on the interviewees' responses to these themes which were then considered in light of current research on entrepreneurs.

### **1.6. Limitations**

There are limits to the methodology followed for this research. First, the number of respondents used for this research, twenty in total, do not indicate a trend in women entrepreneurs but are used to illustrate issues for further investigation. Second, there are limits with using open-ended questions. The interviewees often meander off topic and provide differing quantities of data. Also, using questions to create direction may in some instances influence responses. Finally, candidates were located for this research through word-of-mouth and cold calls rather than a random selection.

### **1.7. Sample Survey**

Surveys were undertaken in selected towns by use of the questionnaire. During the survey, 20 women entrepreneurs were identified and interviewed on a one to- one basis.

As shown in Table 1, the survey was carried out in four cities of Pakistan, i.e. Islamabad, Lahore and Rawalpindi, which are the major cities where the majority of women entrepreneurs are operating. In the field survey, 20 women entrepreneurs were interviewed in the proportion of 27 per cent micro-level entrepreneurs and 75 per cent small entrepreneurs.

**Table 1: Distribution of Surveyed Enterprises by Type and Selected Towns**

Town of Interview	Type of Enterprise		Total
	Micro	Small	
Islamabad	3	2	5
Lahore		5	5
Rawalpindi	2	8	10
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>

## **1.8. Overview of the Study Areas**

The following six major cities including Rawalpindi constituted the focus of the planned assessment of the constraints faced by women entrepreneurs in the country.

### **1.8.1 Islamabad**

Islamabad is the capital city of Pakistan, and is located in the Potohar Plateau in the northwest of the country. It is located within the Islamabad Capital Territory, the area has historically been a part of the crossroads of the Rawalpindi and the North-West Frontier Province (the Margalla pass being a historic gateway to the North-West Frontier Province. Punjabis account for 65% of the population followed by the Muhajir Urdu at around 10%, Pashtun at 10% and others (Sindhi, Balochi, Kashmiri's, etc) at 15%.

### **1.8.2 Lahore**

Lahore is the capital of the province of Punjab and is the second largest city in Pakistan. According to the 1998 census, Lahore's population was nearly 6.8 million. Mid-2006 government estimates put the population at somewhere around 10 million, which makes it the second largest city in Pakistan, after Karachi<sup>[15]</sup>. It is considered to be one of the 30 largest cities of the world. Also according to the 1998 census, 86.2%, or 6,896,000 of the population are Punjabis and 10.2% or 816,000 are Muhajir. More than a million Pashtun live in Lahore, the vast majority of whom are settling. Finally, the Seraikis at 0.4%

number about 32,000<sup>[16]</sup>. Figures are unavailable for the many Afghan refugees and migrants from Iran who have permanently settled in Lahore but were not included in the census.

### **1.8.3 Rawalpindi**

Rawalpindi is a city in the Potwar Plateau near Pakistan's capital city of Islamabad, in the province of Punjab. It is the military headquarters of the Pakistan Armed Forces and also served as the nation's capital while Islamabad was being constructed in the 1960s. The city is home to many industries and factories. Islamabad International Airport is actually in Rawalpindi, and it serves the city along with the capital. Rawalpindi is located in the Punjab province, 275 km (171 miles) to the north-west of Lahore. It is the administrative seat of the Rawalpindi District. The population of Rawalpindi is approximately 3,039,550.

## **1.9 Structure of the Report**

The remainder of the report comprises five sections. These include Literature Review on women entrepreneurship which has been segregated in terms of eras, Status of Women in Pakistan, Business Support Institutions, Profiling the women entrepreneurs, their enterprises and their experiences of growing their businesses; highlighting the key Conclusions and Proposed Interventions from the research, and finally reporting on the Recommendations.



## 2. Literature Review

To illustrate the development of knowledge about female entrepreneurship across time, the literature review is organized by era: (1) 1980s; and (2) 1990 and above. Within each era we organize the literature by units of analyses and by specific category of investigation. This organization highlights the introduction of new topics of inquiry and focuses on the development of themes.

The literature review will cover the following areas:

- Entrepreneur
  - Personal attributes
  - Motivations
- Business unit
  - Founding strategies, for example, industry choice
  - Initial capital resources
  - Investment process
- Context
  - Social networks
  - Inhibiting factors – barriers and obstacles
  - International setting
  - Public policy issues
- Research Perspective
  - Feminist theory, sex roles

### 2.1 Major Issues Raised in 1990s

The first notable article on women's entrepreneurship appeared in the mid-1970s. Eleanor Brantley Schwartz's (1976) pioneering article, "Entrepreneurship, A New Female Frontier" was based on interviews with 20 female entrepreneurs. She combined exploratory and descriptive research in her efforts to identify individual characteristics, motivations, and attitudes that these women had in common. She concluded that the

primary motivators for the women in this sample were the “need to achieve,” job satisfaction, economic payoffs and independence, the same motivators found for male entrepreneurs (Collins & Moore, 1964). However, unlike their male counterparts, women entrepreneurs reported experiencing credit discrimination during the capital formation stage. Given that the Equal Credit Act was not enacted until 1975, this was a sign of the times. Comparing her own findings to the existing body of literature on male entrepreneurs, Schwartz concluded there were few differences in the personal attributes of male and female entrepreneurs (Schwartz, 1976).

Schwartz’s article on female entrepreneurship stood alone for five years. . During the 1980s, a few more researchers turned their attention to the subject. Thirty-one (31) additional articles addressing issues related to women entrepreneurs were published from 1980 - 1989. These studies were mostly descriptive, which was is a necessary first step in an emerging field in which the population was not well understood. At the time, there were no national listings of women entrepreneurs, and only two national organizations from which to draw samples. The basic themes discussed in the first wave of research were characteristics of the business owner, industry/business choice, and barriers to success (with a particular emphasis on access to capital). Many of the research questions were similar and researchers often used the same questionnaires to validate and replicate findings (Hisrich & Brush, 1986). The body of knowledge was expanded through the use of new samples across states, industries and stages of business development, and replication of earlier studies in different geographic and business stages of development. New qualitative and quantitative methodologies were also introduced. Conflicting findings prompted researchers to refine both the questions and their techniques.

Just as the majority of research on men was rooted in early trait psychology and centered on personal characteristics (McClelland, 1961; Collins & Moore, 1964; Cooper, 1981), the overwhelming majority of early research about women entrepreneurs focused on individual aspects. The most frequently studied topics were human capital--- particularly education, business experience, specific skills sets---and psychological profiles including motivations and risk taking propensity. This concern with gendered differences in the

characteristics of entrepreneurs grew out of a longstanding effort to develop a “trait theory” of entrepreneurship (McClelland, 1961). This effort entailed identification and cataloging of those characteristics that separated entrepreneurs from all others with particular attention paid to psychological measures.

### **2.1.1 Personal Attributes**

*Human Capital.* In 1981 Hisrich, Brush, and O’Brien( sometimes working together and sometimes working separately), launched a stream of descriptive research that details the characteristics of women entrepreneurs, their businesses, performance, and barriers to enterprise growth. Hisrich and O’Brien (1981, 1982) described motivations, the nature of women entrepreneurs and their businesses, and barriers encountered. This research was extended by Hisrich and Brush (1983, 1984, 1985, 1986, 1987) and summarized by Hisrich (1989), The combined work of Hisrich, O’Brien, and Brush provided detailed descriptions of female entrepreneurs that served as a baseline for much of the later work in the field. Drawing from Schwartz’s work (1976), Hisrich and O’Brien studied a sample of 21 women entrepreneurs to learn more about their common characteristics and business problems. The findings were also consistent; the authors concluded that the characteristics of male and female entrepreneurs were similar. Also similar to Schwartz’s findings, funding for their businesses was an issue at start-up as most women identified access to credit as a significant barrier. Hisrich and O’Brien probed beneath the gender issues, postulating that the financial resource problems that women reported could be a function of the types of businesses they founded rather than a reflection on the characteristics of female owners. The research also flagged the importance of barriers, reporting that female entrepreneurs found it difficult to overcome society’s negative beliefs about women (Hisrich & O’Brien, 1981).

In 1983 Hisrich and Brush launched what was to become the first longitudinal study of women entrepreneurs ever done in the US. Until this point, no national study had surveyed women entrepreneurs using the same types of questions and scales previously used to study men., This research covered the characteristics of the individual women, their motive for start-up, social support systems, barriers and challenges, and the characteristics, growth and performance of their businesses (Hisrich & Brush, 1984). The

findings from their analysis of 463 women yielded the first composite description of the “average” women entrepreneur: first born, middle class, college graduate with a major in liberal arts, married, with children, and a supportive spouse in a professional or technical occupation. Most of the women had created their businesses in traditionally female industries (retail, hospitality, services).

This research also provided details of the financing challenges the women faced, including acquiring knowledge of finance and accounting and gaining access to start-up capital.. Women reported they had strong idea generation capabilities and well-developed people skills. Women’s education was most often in the liberal arts area, rather than business or technical areas, even though women were found to be generally better educated than their male counterparts. The authors concluded that women should work to gain more education in financial areas and that they should learn more about the financial needs of their businesses, including aspects of working with money, banking requirements, loan processes; and how to talk to bankers. They also concluded that females should be encouraged to study non-traditional fields such as engineering and science in order to prepare them for a broader range of industry choices, noting that many of the non-traditional fields offered higher growth potential and greater rewards.

Hisrich and Brush went on to conduct a comparative study of female entrepreneurs and minority business owners. They reported many similarities between these two populations, particularly in terms of individual characteristics and motivations. However, they also noted differences in the areas of class status and specific aspects of motivations. Women entrepreneurs generally came from a middle- or upper- class families and were motivated by a drive for independence. Minority entrepreneurs reported middle- or lower- class family backgrounds, and their motivations were more heavily driven by economic opportunity and job satisfaction (1985).

Other studies of individual characteristics carried out in the 1980s concentrated on psychological dimensions of women entrepreneurs, or women students, and compared these women to women executives as well as to male entrepreneurs and male executives.

Sexton and Kent (1981) found that women entrepreneurs had slightly lower levels of education than female executives. Sexton and Bowman (1986) expanded this research using psychological instruments to compare female and male entrepreneurship students on several dimensions including independence, need for control and risk-taking propensity. Interestingly, the authors found differences between female students studying entrepreneurship and those studying other areas of business in terms of conformity, energy level, interpersonal affect, risk-taking, social adroitness, autonomy, change, harm avoidance, and succorance. Another area of research drawn from the broader field of entrepreneurship focused on the propensity for risk-taking by entrepreneurs. Masters and Meir's replication of the Brockhaus (1980) study of entrepreneurs and managers supported Brockhaus's earlier findings of no significant difference between entrepreneurs and managers on risk taking. The authors also reported no significant difference in risk-taking propensity between male and female entrepreneurs (Masters & Meier, 1988). However, it is relevant to note that in general the instruments being used in these studies were developed and tested on male entrepreneurs, which raised the question of how any differences found should be interpreted.

*Motivation.* Researchers were also interested in discovering the reasons women had for starting new business ventures. Scott (1986), building on Hisrich and Brush's questionnaire, used two separate surveys to explore "glass ceiling" issues the desire for increased flexibility to handle family responsibilities as possible motivators for women. She reported gender differences in reasons for starting a business; men stressed the desire to be their own bosses and women reported being concerned with personal challenge and satisfaction. Another study found that motivation differed depending upon age of the woman business owner and the circumstances of founding: specifically whether the creation of the business represented job transition or a re-entry into the workforce (Kaplan, 1988).

### **2.1.2 Business Unit**

*Founding Strategies.* Hisrich and O'Brien (1982) drew a sample from the American Management Association database to test their hypotheses about the relationship between industry choice and access to resources. The driving question for this paper was whether

women in businesses considered “traditional” (retail, personal services, food and catering) were different from those in non-traditional industrial sectors (construction, manufacturing, technology). The authors found that indeed, there were some differences. The women entrepreneurs in the more non-traditional areas were older, had more education, and were more likely to have self-employed parents. While both groups reported using their personal savings to finance their businesses, those in the non-traditional areas were more concerned about the lack of external financing sources – possibly because their industries required larger capital investments.

*Initial Resources.* Much of the research conducted in the 1980’s identified business challenges specific to women entrepreneurs and concluded with recommendations for overcoming these. Some of the difficulties reported included: obtaining start-up funds, financial management, and development of effective marketing and advertising (Pellegrino & Reece, 1982). The root causes of limited financial success were often attributed to early management practices. A pair of studies examining women’s access to capital employed an experimental design methodology to determine whether women faced obstacles in obtaining bank loans. This research found that lending institutions perceived women business owners to be less successful than men, (Buttner & Rosen, 1988), but that lending officers did not perceive any differences in the quality of the plans prepared by men and women (Buttner & Rosen, 1989).

In 1987, Hisrich and Brush added a longitudinal dimension to their research by returning to their original respondents. This study examined growth and performance patterns, strategies of ventures, goals and future plans. Hisrich and Brush found that the majority of the businesses were moderately successful with revenue increases of approximately 7 percent per year, which was slightly less than the average for male-owned ventures. However, compared to the national average where 60-70 percent of the businesses were reported as closed or failed within five years, this study found that only 30-40 of women-owned businesses were likely to quit or fail. . Researchers concluded that education and experience were significant factors in predicting financial success. Other studies reported

that the level of task delegation had a positive correlation with enterprise success (Cuba, Decenzo, & Anish, 1983).

Hisrich summarized work in this area in a chapter in Hagen, Rivchin, and Sexton's book, *Women-Owned Businesses* (1989), and offered five prescriptions for success. He advised female entrepreneurs to: 1) establish credible, relevant track records by obtaining management and/or technical knowledge as an employee, 2) compensate for specific educational and experience gaps through continuing education and the use of outside experts when appropriate, 3) assess family needs prior to launching the businesses, 4) establish a strong support system of family and friends, 5) approach entrepreneurship with both determination and professionalism.

### **2.1.3 Context**

*Social Networks.* Another important topic was introduced in the late 1980s: the social networks of women entrepreneurs (Aldrich, 1989; Aldrich, Reese, Dubini, Rosen, & Woodward, 1989). While noting the positive effects of utilizing appropriate networks on rates of business formation, survival, and growth, Aldrich et al. made important distinctions between the content and relevance of men's and women's networks. They described women's networks as organized around spheres of work, family, and social life. Women's networks were largely similar to men's networks in terms of activity and density. However, men reported that their networks included very few women while women were more likely to include men in their networks (Aldrich, 1989). In a related study, women were found to be more likely to use other women as information sources (Smeltzer & Fann, 1989).

*Inhibiting Factors.* Access to capital was identified as a major challenge to female entrepreneurship by the earlier researchers. During the 1980s, obtaining start-up capital (bank financing, informal loans and private equity) was a recurring theme. The challenges associated with accessing start-up and growth capital triggered an exploration of bank loan officer's perceptions of male and female loan applicants, and successful entrepreneurs. This study probed the affect of gendered stereotypes through the use of an experimental research design analyzing lenders' evaluation of business plans and plan

presentations. The research findings supported the existence of stereotypes (lender preconceptions that women did not possess the characteristics necessary for successful entrepreneurship) (Buttner & Rosen, 1988). However, the study found no evidence that these stereotypes influenced the lenders' funding decisions (Buttner & Rosen, 1989). Brophy's work (1989) examined the financing activities and challenges throughout the life cycle of the firm. He also continued the discussion initiated by Hisrich and O'Brien in 1982, focusing on the relationship between the type of business selected and the implications for financing choice.

*International Studies.* Although the majority of the articles reviewed were published in U.S. journals, several articles focused on female entrepreneurs in other countries. The issues addressed and the findings were remarkably similar across geographic boundaries. Personal attributes and motivations were studied in both the UK and Sweden. British women business owners had educational and experiential levels similar to British male business owners (Watkins & Watkins, 1983; Birley, Moss, & Saunders, 1987), but were found to have very different cumulative educational and work experience patterns (Watkins & Watkins, 1983). In Sweden, Holmquist and Sundin (1988) used patterned their questionnaire on Hisrich and Brush's earlier work, using it to identify characteristics of women entrepreneurs in that country. They found, many similarities among men and women entrepreneurs, but also uncovered gender based differences. They found that women entrepreneurs were similar to men in their pursuit of economic goals, but the women also valued other goals, including customer satisfaction and personal flexibility. Studies in the UK concluded that women there were more likely to start a business in a "traditional" industrial field. A study comparing social networks of entrepreneurs in the U.S. and Italy found similar results in each country (Aldrich et al., 1983). An overarching concern raised in all the research was whether (or not) systematic or random biases existed and worked against women business owners (Watkins & Watkins, 1983). *Public*

*Policy Issues.* The implications from this early research were twofold; first, the early work drew attention to the fact that there was a significant population of women entrepreneurs starting ventures in all sectors and organizing a large variety of ventures.



This early research highlighted areas where women differed from their male counterparts both in terms of both personal attributes and in the start-up process itself. Education was most often in the social sciences while experience was predominantly in the services and retail areas. Research in all countries, the identified ability to gain access to credit, start-up capital or loans was the most pressing problem. This early stream of research raised the awareness of the need for training, workshops, and other mechanisms to educate women about financing and business start-up processes (Watkins & Watkins, 1983; Hisrich & Brush, 1986). In the U.S., several government initiatives were designed to support women and minority business owners. For example, the Community Reinvestment Act (CRA) put pressure on commercial banks to make larger pools of debt capital available to women and encouraged banks to review their lending criteria. Small Business Investment Companies were also supported by government-backed leverage. These, in turn, made more equity capital available to women and minorities.

#### **2.1.4 A Feminist Perspective**

The fundamental question driving the research on female entrepreneurs was:” Does theory that is developed from research on male-led ventures hold true for women and minority entrepreneurs?” (Stevenson, 1986). The first and perhaps most radical study was done in the UK by Geoffee and Scase in 1983. They proposed a typology of women entrepreneurs based on their motives and choices of both industry and type of business organization. Other researchers examined individual characteristics, motivations, venture types, industry selection, and specific business problems in an effort to determine if maleness or femaleness was salient in predicting success. For example, Smith, McCain, and Warren (1982) proposed patterns of entrepreneurial types based upon the manner in which the firm is operated. In a comparison of male and female entrepreneurial typologies, women were reported as being more opportunistic. However, Pellegrino and Reece (1982) found that the start-up problems and the challenges women business owners faced were common to anyone who starting a business. Studies of gendered differences in management style questioned whether the “entrepreneurial” management style was gender neutral or if there was a particularly “feminine” management style preferred by women entrepreneurs (Chaganti, 1986). For example, Neider reported that women-owned businesses were more likely to be informally structured (Neider, 1987).

Another concern introduced during the 1980s was work-family balance. Early studies examined this as an issue of concern for both male and female business owners (Honig-Haftel & Martin, 1986; Geoffee & Scase, 1983), but the topic quickly became relegated to a “woman’s issue.”

One of the more unique research approaches examined time use patterns and the use of household help by self-employed women, suggesting that increased responsibility for family can provide some explanation for the lower profitability of women’s firms (Longstreth, Stafford, & Mauldin, 1987).

By the end of the 1980s, women were starting businesses in increasing numbers but, for the most part, they chose traditionally female industry sectors and aspired to smaller than average business size. (Evans & Leighton, 1989). Researchers in the field of entrepreneurship raised many questions about gender differences, but, at the close of the decade, there were no definitive answers and the debates continued into the 1990s. Only one of the papers reviewed for this study considered gender, race, and ethnicity (Hisrich & Brush, 1985) and only a handful offered a conceptual approach to advance theory development (Stevenson, 1986; Birley, 1989; Brophy, 1989; Aldrich, 1989).

## **2.2 Themes Emerging in the 1990s**

### **2.2.1 Female Entrepreneurs: Personal attributes and motivations**

In 1989 Gartner challenged the heavy emphasis on the traits of the entrepreneur as »the wrong question. While research on traits and demographics of female entrepreneurs continued into the 1990s, other questions gained prominence. Studies of characteristics were only one aspect of a broader-based research program.

*Motivation.* “Why do some women choose entrepreneurship while others do not?” was one important question driving much of the research. In a paper published in the 80’s, Birley (1989) proposed the application of Cooper’s model of entrepreneurial antecedents in a conceptual paper. Brush and Hisrich (1991), using longitudinal data, tested the model empirically along three dimensions: individual characteristics, incubator experience, and

environmental factors. They found experience, business skills, and personal factors were related to growth. They also found that the traditional socialization of women influenced the type of businesses started, the availability of start-up capital, and the management skills and experiences of the woman business owner. But the question still remained as to why women are motivated to start their ventures.

### **2.2.2 Business Unit**

Growth and performance of new business ventures are dependent upon strategic direction, access to resources, and execution of strategic and tactical decisions. In the 1990's a number of papers addressed just such issues.

*Strategic Choice.* Carter, Williams, and Reynolds (1997) argued that strategic choice is shaped by experiences to which individuals are subjected and that females and males have fundamentally different socialization experiences. Assuming that a different socialization experience would result in the development of unique capabilities that could compensate for a deficient set of founding resources, they investigated performance differences of men and women-owned businesses.. The authors found that women-owned firms had higher odds of discontinuing, fewer resources at start-up (including industry specific experience in retail), and were launched on a smaller scale. They reported equal access to credit from formal lending institutions for men and women. Their findings supported the hypothesis that women used unique strategies to offset initial resources limitations. Another study of strategy found that women were more likely than men to develop strategies that emphasized product quality and less likely to emphasize customization or cost efficiency (Chaganti & Parasuraman, 1996). Women also used a relational strategy when working with employees and clients, focusing on creation and development of teams, mutual empowering, achievement, and perseverance. Relational theory evidenced potential as a framework for identifying and explicating women entrepreneurs' interactive style in their own businesses (Buttner, 2001).

Self-efficacy offered another possible explanation for women's choice of smaller retail and service (traditional) businesses rather than those in high technology, construction, and manufacturing (nontraditional). Anna, Chandler, Jansen, and Mero (2000) proposed a

model combining venture efficacy, career expectations, and individual context as determinants of industry selection. Women in traditional businesses had higher venture efficacy for opportunity recognition and higher career expectations of life balance and security and placed more importance on the financial support received from others. Non-traditional owners had higher venture efficacy for planning and higher career expectations for money or wealth. Barrett (1995) reported that men were more likely to choose businesses with a female image than were women to found a business with a male image.

Several articles explored the impact of industry choice on growth, financing, and performance. One study took that looked within a particular industry to observe gender-based differences. In a study of entrepreneurial accounting firms, the authors found that male-owned practices projected a higher ratio of profits to revenues than did women-owned counterparts, but they also found that these differences were mediated by differences of intentionality. Female accountants were more likely to report establishing the practice to attain greater flexibility in work time and place. Higher profitability projections were associated with the founders' achievement and income goals (Fasci & Valdez, 1998). Women who had a positive view of their initial prospects later viewed the experience of business ownership more favorably, expressing satisfaction regardless of subsequent performance (contrary to discrepancy theory) (Cooper & Artz, 1995). Different business outcomes had long been a point of concern. Kalleberg and Leicht (1991) conducted a study analyzing the relationship between the owner's gender and personal characteristics, choice of industry, choice of organizational structure, and the survival and success of the business. The authors found that women-led businesses were no more likely to go out of business or be less successful than those led by men and there were no gender differences in earnings growth (1991). This study stands in contrast to those showing women-owned businesses had lower sales volumes and lower incomes as a result of positioning in less profitable industries, as well as lack of access to capital, and inability to secure government contracts (Loscosso & Robinson, 1991; Loscosso, Robinson, Hall, & Allen, 1991). Another study found women business owners to have

smaller annual sales and employment growth but no gender differences in return on assets (Chaganti & Parasuraman, 1996).

*Initial resources.* Several researchers examined the impact of human capital, risk preferences, and characteristics of the firm's operations on the capital structure of small firms, looking specifically at the ratio of debt to total capitalization. Male owners were found to use significantly more debt. The authors offered both supply and demand side explanations for this finding. They postulated that lenders may discriminate or that female entrepreneurs may be more risk averse (Scherr, Sugrue, & Ward, 1993). Coleman (2000) reported that lenders did indeed discriminate, but on the basis of firm size, preferring to lend to larger and more established firms, thereby limiting their involvement with women-owned firms which were generally smaller.

Female owners tended to prefer internal sources to external financing. However the owner's sex was not an issue in predicting the choice of equity versus debt financing (Chaganti, DeCarolis, & Deeds, 1995). No difference was found by gender in the use of financial management services (Cole & Wolken, 1995), but, using data from Britain, Carter and Rosa (1998) found several significant gender differences in business financing. Men used larger amounts of capital at startup. Women were less likely to use financial instruments such as overdrafts, bank loans, and supplier credit. Coleman (2000), in a comparative study of men and women utilizing bank debt, found that access to financing did not differ by sex.

Another study found that women-led businesses that used bank loans as a primary source of start-up capital outperformed those that used alternative funding sources. The authors stressed the importance of having a relationship with a bank in place at the time of the business launch (Haynes & Helms, 2000). Indeed, women were more likely to use their banks for a source of advice, but men were more likely to respond to that advice. In addition, 12.5 percent of the women business owners reported that they believed they had experienced gender related discrimination in their banking relationship (Read, 1994).

*Investment Process & Growth.* Growth of the firm has been an extremely important issue in the study of entrepreneurship, yet the relationship between gender and growth has rarely been studied in the field. Carter and Allen (1997) investigated whether women's businesses were smaller due to the owner's lifestyle intentions and choices or due to the level of resources controlled. They found strong support that having access to financial resources and emphasizing the financial aspects of the business had stronger effects on growth than did intention or choice.

A qualitative study using a focus group methodology found that gaining start-up capital was not nearly as difficult as acquiring growth capital (Brush, 1997). Successful women entrepreneurs believed they were perceived as "riskier" loan prospects, and less credit worthy than their male counterparts, despite having a business track record of solid sales and profits.

Gundry and Welsch (2001) compared women-owned businesses that exhibited high levels of growth with low or no growth businesses in order to understand the relationship between strategic choices paths and the firms' growth orientation. High-growth women entrepreneurs differed from low-growth women entrepreneurs along the following dimensions: selection of strategies that focused on market expansion and new technologies, greater intensity of commitment to business ownership, and willingness to incur greater opportunity costs for the success of their firms. High-growth women entrepreneurs provided more organization structure; planned earlier for growth; used a team-based approach to the business; were concerned about reputation and quality; had adequate capitalization; and used a wider range of financing services for business growth (Gundry & Welsch, 2001).

Cliff (1998) however, found that personal considerations appeared to override economic consideration in the business expansion decision. Canadian female entrepreneurs were more likely to establish maximum business sizes and these sizes were smaller than those set by their male counterparts. Female entrepreneurs were just as likely to want to grow

their businesses, but, they reported more concerns about the risks associated with fast growth and generally preferred to adopt a slower and steady rate.

While the body of literature concerning women and debt capital is quite robust, the first article to focus specifically on women and venture capital appeared only recently (Greene, Brush, Hart, & Saporito, 2001). Using 30 years of data from the Venture Capital Association and coding by gender, they found that women-led firms received only 2.4 percent of all equity investments in the US. Their research reported a positive and increasing trend in the late 1990's. Women-led firms received 4.1 percent of venture capital in 1998. Three explanations were proposed for why women received so little equity capital: institutional or network barriers, lack of appropriate human capital including leadership skills, background, and strategic choices of growth, product, and markets.

### **2.2.3 Context**

*Social Networks.* Though the importance of social networks was introduced during the 1980s, few studies of this issue were published in the reviewed journals during the 1990s. One article that did explore the network effects found that having a high proportion of kin and homogeneity in the network created critical disadvantages for small business owners (Renzulli, Aldrich, & Moody, 2000).

*Inhibiting Factors.* While discussion of barriers and challenges were included in much of the research during the 1980s and 1990s, Brush (1997) applied a broader perspective to her study of factors that facilitated as well as those that inhibited growth. She identified several obstacles, including: women not being taken seriously; child and dependent care responsibilities; lack of growth and expansion capital; and lack of entrepreneurial education and training. On the other hand, she found that opportunities for women entrepreneurs improved with the use of technology, and that management style, and employee policies could also be positive contributors to growth (Brush, 1997).

The consideration of access to debt capital revolved around three main questions.

1. Was credit, particularly through banks, sought by and accessible to women?

2. Was the credit available on the same terms as those offered to male entrepreneurs?
3. Were any differences in the availability of debt capital attributable to discrimination?

Several researchers undertook reviews of banking practices to determine whether or not women business owners faced discrimination in the lending process. Findings were mixed. After accounting for structural differences between male and female-owned businesses, one study found no differences in the rate of loan rejections (or any other objective measures of terms of credit) (Fabowale, Orser, & Riding, 1995). However, when comparing access to capital for men and women-owned businesses, the research indicated that women-owned businesses were smaller, newer, and less likely to use external financing as a source of capital than those owned by men. Haynes and Haynes (1999) used The National Survey of Small Business Finance to examine the women's access to institutional and non-institutional lenders in 1987 and 1993.

While women-owned small businesses showed a higher probability of borrowing from family and friends, the results suggested that women-owned small businesses had gained access to line of- credit loans from commercial banks on a par with the men-owned small business in the same period of time.

Building on the studies by Riding and Swift (1990) and Swift and Riding (1998), McKechnie, Ennew, and Read (1998) used men and women business owners who were similar in a host of structural characteristics to explore whether gendered differences existed in the terms and conditions of bank financing, the level of the service provision, and the overall quality of the banking relationship. Few differences were found except that females secured larger loans than males, yet were charged higher interest rates than males. Higher interest rates (Coleman, 2000) and higher collateral requirements (Coleman, 2000; Riding & Swift, 1990) were a recurring theme. Females reported using bank overdraft facilities and loans to a greater degree than males for both start-up and subsequent growth and development. Females also seemed to put more importance on bank managers' advice and understanding of their marketplace. There did appear to be



some evidence of discriminatory behaviors in the personal interactions between female business owners and bank managers (McKechnie, Ennew, & Read, 1998).

Other researchers investigated the possibility of discrimination as a factor in the refusal of credit for men and women entrepreneurs. Both men and women entrepreneurs were refused credit but the reasons for the refusals differed: men were more likely to be refused credit on the basis of their companies' business sector and their own lack of educational attainment. Women were more likely to be refused credit on the basis of their lack of business experience and their domestic circumstances (Carter & Rosa, 1998). Buttner and Rosen (1992) concluded that women were more likely to attribute the denial of a bank loan to gender bias than were men, but there was evidence that some of the differences were based on the gender stereotypes held by the capital providers. Women business owners were also significantly more likely to perceive disrespectful treatment by lending officers (Fabowale, Orser, & Riding, 1995).

*International Studies.* The 1990s saw a dramatic increase in research on female entrepreneurship around the world. The topics addressed internationally often mirrored those studied in the U.S., but the intensified global interest advanced the understanding of the phenomenon dramatically.

*Personal Attributes.* Descriptive studies of human capital and business characteristics generally anchored the research agenda in a country. Several descriptive studies were conducted of women entrepreneurs in Canada (Belcourt, 1990; Collette & Aubrey, 1990). An additional descriptive study of Quebec area female entrepreneurs provided the basis for a model of "small and stable business" as a preferred method of operation (Lee-Gosselin & Grise, 1990). A descriptive study of female business owners in Singapore reported characteristics similar to those of other studies from around the world. Women were reported as motivated by the desire to become their own bosses. They were educated, had prior work experience, and desired freedom and flexibility to meet the combined responsibilities of work and family. They owned small service and retail

businesses that they had started largely with personal capital and loans from family and friends (Cooper & Goby, 1999).

A study of personal characteristics in Poland found that female entrepreneurs were more highly educated than the male entrepreneurs and had equal or better levels of business experience. The same study found no gendered differences in personality attributes, but female entrepreneurs were more likely to consider innovation as an important success factor and report a commitment to long-term capital accumulation and investment than were the males (Zapalska, 1997). In a study of technology-based companies in the U.K., Westhead and Cowling (1995) found no impact of any gender-based effects of individual or business characteristics on the firm's potential to achieve significant growth. And finally, a comparison of the entrepreneurial activities of academics in Sweden and Ireland found no gender differences (Klofsten & Jones-Evans, 2000).

*Motivation.* Women's motivations for starting a business were remarkably similar across countries. In Norway, an exploration of gender differences of entrepreneurs in the start-up process concluded that women emphasized independence as a reason for start-up and also perceived a high degree of social support during the process. Women in the study believed that they possessed greater entrepreneurial abilities than men (Ljunggren & Kolvereid, 1996).

Personal freedom, security, and satisfaction were the primary goals in Pakistan (Shabbir & D'Gregorio, 1996). And in an industry specific study of self-employed workers in the British book publishing industry, the authors suggested a typology of entrepreneurs based on their motivations. These included: 1) refugees, 2) trade-offs, 3) missionaries, and 4) converts.

Women were more likely to be in the trade-off group, combining work and family responsibilities. Women also were more likely to be in the missionary group, voluntarily leaving employment situations seen as undesirable. Men and women were equally like to

be in the converts group, that is, they entered self-employment as a temporary strategy but later showed no interest in leaving self-employment (Stanworth & Stanworth, 1997).

*Strategic Choice.* A descriptive profile of enterprises in Java, Indonesia showed that female-operated businesses there, as in most countries of the world, were concentrated in traditionally female industrial sectors as well as in the low-income informal sectors. Employment growth of female-owned firms was significantly lower than that of male-owned businesses. The authors concluded that women started their enterprises with different business objectives than did the men and, therefore, programs and policies need to be gender-differentiated (Singh, Reynolds, & Muhammad, 2001). Similar findings in the U.K. suggested that women were less likely to own more than one business (Rosa & Hamilton, 1994) and when women did plan to grow their company selected different expansion strategies (Rosa, Carter, & Hamilton, 1996). In Scandinavia, In Scandinavia, women also were found to be less likely than men to write a business plan and, if choosing to write a plan, more likely to postpone it to later in the start-up process. More similarities than differences were found between male and female entrepreneurs in Norway, which prompted the authors to question the need for separate and focused programs to stimulate female entrepreneurship (Alsos & Ljunggren, 1998). However, the concern was raised as to the importance of understanding similarities and differences in the context of the country (Spilling & Berg, 2000).

Performance and growth issues of women businesses owners received international attention (Rosa, Carter, & Hamilton, 1996). In Sweden, Du Reitz and Henrekson (2000) analyzed sales, profitability, employment, and orders to conclude that women-owned firms were smaller and had a smaller customer base. Only the underperformance in sales was supported. The conclusion was that women-owned businesses were only “underperforming” only because the growth preferences of women were lower than those of men. In Finland, a gender-based difference in growth probabilities of the firms was also supported. One important difference identified Kanasharju (2000) was that during economic fluctuations, particularly recession, the growth probability for firms run by males increased, but for firms run by females, growth became more limited. Firms owned

by males recovered from recession more quickly than firms owned by females, but no explanation was offered as to why this occurred (Kangasharju, 2000).

*Social Networks.* Research in Israel demonstrated that network affiliation, human capital, and motivation theories have greater explanatory power for performance than do social earning or environmental perspectives (Lerner, Brush, & Hisrich, 1995). This study found that membership in an association or network of businesswomen had a highly significant effect on profitability. A Hong Kong based study found that reliance on the immediate network or channel for information was more important to women business-owners than it was to men business owners (Chan & Foster, 2001). Other researchers continued to build on the network research of the 1980s by studying the size, diversity, density, and effectiveness of networks of male and female entrepreneurs in Northern Ireland. Findings supported those early studies in that there were few gendered differences in networks. The exception was that females tended to rely heavily upon a male colleague as their prime contact but revert to other women for other purposes while men relied almost entirely on other men for advice (Cromie & Birley, 1992).

*Inhibiting Factors.* Barriers encountered were also found to be similar around the world. In Canada, barriers reported included lack of business management training and experience, access to financial support and information networks, hostile environments, and negative affects on personal and family relationships. However, the most significant gender-based barriers were those of negative self-perceptions (Shragg, Yacuk, & Glass, 1992). In another Canadian study of the impact of gender on the relationship between bank lenders and small business borrowers, Haines, Orser, and Riding (1999) found no differences to suggest lending discrimination when controlling for business size and industrial sector. A similar study in New Zealand, using a Goldberg approach to test for discrimination found significant gender differences for university educated applicants. Education was considered a more important factor for female applicants than for males. In the same study female applicants with a high school education were more likely to be granted a loan than male applicants (Fay & Williams, 1993). Dutch entrepreneurs reported encountering some barriers that they believed were gender specific.

Female entrepreneurs in the study reported a smaller amount of start-up capital but used similar sources of capital. There were no significant gendered differences in the proportion of debt and equity capital in the businesses (Verheul & Thurik, 2001).

A more gender-specific study in the U.K considered gendered effects on the way men and women small business owners feel about their entrepreneurial experiences. Marlow (1997) outlined gender-specific feelings that women entrepreneurs might hold: thwarted in their careers, having credibility problems based upon gender, ambitions based upon a different socialization model, and the pursuit of self-employment as a solution to dual domains of work and family.

The author felt that these feelings are “tainted by patriarchal expectations”. In some instances, country context has a significant effect on entrepreneurship. For example, in South Africa, the conversation about entrepreneurship has been intermingled with societal issues of socioeconomic reparation. Entrepreneurial development was increasingly recognized as a functional tool for tackling South African’s socioeconomic challenges. Ahwireng-Obeng (1993) suggested a mainstream assistance program attentive to gender in order to negate institutional discrimination. Political issues were thought to play a role in entrepreneurial development in other countries as well. A study of male and female entrepreneurs in Great Britain, Norway, and New Zealand explored whether female entrepreneurs perceptions of the business start-up environment differed from those of their male counterparts. The most significant gender difference was perceived environmental hostility and uncertainty, with female entrepreneurs perceiving higher political uncertainty than their male counterparts.

Another study indicated that differences between male and female entrepreneurs were often country-specific, suggesting that the differences derived from the social and political contexts rather than from fundamental differences between the sexes (Kolvereid, Shane & Westhead, 1993). In Poland, the transition from a centrally planned economy to political pluralism and economic transformation was seen as a platform for increasing numbers of women entrepreneurs. In addition, a study of the establishment of the Polish

Association of Women Entrepreneurs concluded that the understanding of the social and economic impact on women of a planned economy and the unique needs of female entrepreneurs in the transition to capitalism were keys to developing effective support organizations (Bliss & Garratt, 2001).

*Country Comparisons.* Only a few studies provided comparative analysis of female entrepreneurship in more than one country. In one review of women's entrepreneurship in 23 OECD countries, similarities appeared across countries in terms of education level, focus and type of experience (Brush, 1990). Another interesting approach to international entrepreneurship research was developed by the Society of Associated Researchers in International Entrepreneurship (SARIE) in one of their early studies exploring reasons for start-ups. While independence, recognition, learning, and roles are four robust reasons for starting a business, the researchers found a variety of significant differences by country, gender, and the country-gender interaction. The only career reason that applied across gender and countries was the ability to develop one's approach to work (Shane, Kolvereid, & Westhead, 1991). And finally, in a longitudinal study comparing the movement of young people in and out of self-employment in the US and Australia, the conclusions provided differing explanatory factors in each of the two countries. While previous earnings predicted the transition to entrepreneurship in both countries, additional education had a positive relationship with self-employment in the U.S. but not in Australia (Blanchflower & Meyer, 1992).

*Roles.* Cultural differences between and within countries add another dimension to the consideration of personal and professional roles. In examining the relationships between business and family roles of the female married entrepreneur in Turkey, respondents reported role conflict in their personal and professional lives. Being an entrepreneur had a negative impact on their family life but a positive affect on their social, economic, and individual lives (Ufuk & Ozgen, 2001).

In sum, the international research suggests many similarities in personal and business characteristics and venture strategy. Barriers also are similar, but the country context is a

mitigating factor. One can conclude that given the impact of country, entrepreneurship theory and findings derived from research in developed countries needs to be carefully considered before being applied to developing countries (Singh, Reynolds, & Muhammad, 2001).

#### **2.2.4 Feminist Theory and Sex roles**

Many of the issues raised in the 1980s warranted continued investigation, but the 1990s also brought a more explicit call for a feminist theory of entrepreneurship (Stevenson, 1990; Hurley, 1991). Feminist theory, a specific area of social theory, addresses issues of political, economic, and social rights. This theoretical approach also provides a rich tradition of analyzing relations of gender and of class, making it useful for researching the economic activity of women and men (Greer & Greene, Forthcoming). In addition, several researchers continued to raise important questions about the methodological bias inherent in conducting research on women entrepreneurs using research designs, scales, and interpretations based entirely on a male model (Brush, 1992; Fischer, Reuber & Dyke, 1993). These researchers also noted biases stemming from an over-reliance on structured, quantitative research approaches and the possibility of sexual imperialism in interpretation of the results. They argued for the development of more robust data sets and the application of more sophisticated statistical techniques (Moore, 1990).

Brush (1992) reviewed the state of the field and offered an “integrative” approach that allowed for the consideration of a woman’s professional and family life. This perspective focused on a woman business owner as embedded in an environment of networked work, family, and society relationships. In addition to providing a useful framework, the article paved the way for the application of feminist theories in the field.

Fischer, Reuber, and Dyke (1993) applied both liberal and social feminist theories in their exploration of gender differences, finding few differences between male and female entrepreneurs in motivations or educational levels (despite the fact that the female entrepreneurs in the sample had less experience managing employees and also operated smaller businesses with less revenue growth). Barrett (1995) also used a feminist perspective to investigate learning experiences and needs of male and female business

owners in Australia, finding that men were more likely to participate in businesses with a female image than women were to cross over and participate in “male” businesses. Men were also significantly more likely to have participated in more than one start-up whereas most women had not.

Gendered differences in learning styles also emerged. Women reported a greater variety of sources of learning as useful to them, while men found learning derived from a major setback in the current firm to be significantly more useful. Barrett raised a challenge to those in the field to develop a theoretical framework that would integrate women’s entrepreneurship and feminist theory (Barrett, 1995). And finally, in a unique approach, Gunnerud introduced a feminist geography perspective questioning gendered differences in conceptions of place and the intersection of place, gender, and entrepreneurship. She concluded that place was important in situating gender relations and entrepreneurship (Gunnerud, 1997).

Applications of feminist perspectives to entrepreneurship suggested new links between social stratification and business ownership, organizational structure, and industry choice. Researchers who took a feminist point of view noted that women had historically been excluded from the entrepreneurship literature and argued for the need to understand entrepreneurship as a gendered activity. They focused on two issues: the construction of the category of “the female entrepreneur” and exploration of the unique ways in which the connections among gender, occupation, and organizational structure affect female and male business owners (Mirchandani, 1999).

*Gender-based perceptions and stereotypes.* While not explicitly applying feminist theory, several researchers developed models based on sex-role socialization and occupational role viewpoints.

While the study of values was also pursued (Gagperson, 1993), few found gender-based differences in fundamental values. There were a few notable exceptions: women valued equality more highly and men valued family security more than did women. There were,



however, more marked differences found were between entrepreneurs and managers in the sample. The authors concluded that male and female entrepreneurs were more similar to each other than to their same-sex managerial counterparts (Fagenson, 1993).

One question that came to the fore in this area of research focused on whether gendered stereotypes of successful entrepreneurs caused women to perceive a mismatch between entrepreneurial venturing and feminine traits (Fagenson and Marcus, 1991). In tests to determine whether these perceptions differed if women worked in organizations headed by women rather than by men, the hypothesis that entrepreneurship might be perceived as “unfeminine” was not supported. However, both men and women assigned more weight to masculine attributes in projecting the profile of a successful entrepreneur. Other researchers asked, “Are there gender based differences in personal values and business strategies that could have an impact on entrepreneurial activities and outcomes?” Some findings suggested that women working in male dominated industries allowed the pressure of external factors to dictate their strategies, regardless of their personal values, while males felt free to develop strategies that mirrored their personal values (Olson & Currie, 1992). This approach was taken in a slightly different direction in a study conducted in North Ireland that used Identity Structure Analysis to examine the process of change in women’s values and beliefs as a result of business start-up. It concluded that women did not display “classic” entrepreneurial values, in particular rejecting risk taking and profit motivation (MacNabb, McCoy, Weinreich, & Northover, 1993).

Gendered differences in psychological profiles continued to be a point of interest. One study of women and men entrepreneurs and employees investigated whether psychological profiles varied along gender and/or employment lines, but found few differences (Sexton, Bowman-Upton, 1990). However, within group differences proved to be interesting in that the degree of internal locus of control was found to differ between those with moderate success and those with far greater levels of success (Nelson, 1991). Women also reported more internal/stable attributions as reasons for getting into business while men reported more external/stable attributions (Gatewood, Shaver, & Gartner, 1995).

A longitudinal study assessed the relationship between psychological characteristics and business organizing activities, using measures of achievement motivation, locus of control, risk perception, and creativity. The most significant difference between men and women entrepreneurs was found in scores on innovation and achievement/activity (Shaver, Gartner, Gatewood, & Vos, 1996). A surprising finding emerged through an adaptation of Miner's model that allowed for the consideration of attributional styles. These results showed female entrepreneurs and managers were more likely to take risks than their male counterparts. The authors suggested that women may be more willing to accept entrepreneurial risk because they face a more hostile and prejudicial work environment (Bellu, 1993).

Gender stereotypes also appeared in research examining motivations and definitions of success. Using data from the National Foundation for Women Business Owners, Romano (1994) probed how entrepreneurs define and achieve success. The findings showed specific gender differences in definitions of success. Women reported success was having control over their own destinies, building ongoing relationships with clients, and doing something fulfilling. Men described success in terms of achieving goals (Romano, 1994). However, another study reported that women chose self-fulfillment and goal achievement as primary measures of success rather than financial profitability (Buttner & Moore, 1997). And still others found that women business owners under-performed on both survival and growth dimensions, which raised the critical question of whether initial goals for the business influenced financial outcomes (Srinivasan, Woo, and Cooper, 1994).

*Social roles.* The studies of gender and roles extended beyond the entrepreneurial venture into other areas of women's lives, beginning with issues related to career choices and running through spousal and family relationships. Early social learning experiences were related to career decisions. These foundations were explored in the context of entrepreneurial careers with the authors concluding that males have a higher preference for entrepreneurship (Mathews & Moser, 1996), largely because of their levels of self-efficacy and expectations (Scherer, Brodzinski, & Wiebe, 1990). As women have taken

on additional life roles,, the questions have become even more complex. Holliday and Letherby (1993) conducted a study of how women integrate the business and social lives.. The authors drew heavily on sociological theory to interpret women's roles in small businesses, particularly those roles related to authority. Using an ethnographic approach, they found examples of both compassion and support for women, but also evidence of sexual harassment. The relationship between work-family connections and economic success confirmed support for gender similarity rather than for a gender difference model. However, the research uncovered vestiges of traditional gender roles consistent with a gender difference model – primarily in the context of marriage (Loscocco & Leicht, 1993). Role models, self-assurance, and marriage were positively related to the supply of female entrepreneurs while education and experience were negatively correlated with entrepreneurship but positively correlated with entrepreneurial performance (Schiller & Crewson, 1997).

The pull between family and work and the multiple other social roles that women play can be seen in how role conflict is experienced – regardless of family structure or time spent at work. This conflict was found to be more prevalent in owners with lower self-esteem or self-worth (Stoner, Hartman, & Arora, 1990). One study found the relationship between time commitment to work and time commitment to family mediated the effect of role demands (Parasuraman, Purohit, Godshal, & Beutell, 1996). As part of the consideration of these roles, the contribution of both expressive and instrumental support from the spouses was often provided anecdotally (Greene, 1993). In a study of 48 attendees at an entrepreneurship education program, Birley, Moss, and Saunders (1986) found that men received support from their spouses in their business enterprises more often than did women. Biggart's *Charismatic Capitalism* (1988) includes many incidences of women involved in direct selling activities, who were required to work around their spouses, rather than receiving support from them. In the U.K, contribution of a spouse's labor was seen as a vital resource (Baines & Wheelock, 1998). Ownership structures were found to be important with husband/wife partnerships having low growth aspirations (a finding supported by Chell & Baines, 1998) while owners with business partners other than a spouse were more likely to be growth oriented(Baines & Wheelock,

1998). Another study, also in the UK, explored the “integrated” approach that women used in the dual spheres of work and family and examined how that approach differed for men. The authors’ findings did not, however, support different and distinctive orientations of men and women toward their businesses.

Role flexibility potentially provided by financial and human resources available in the household, also motivated self-employment (Caputo & Dolinsky, 1998). Higher levels of husbands’ earnings from self-employment were positively correlated with their wives self-employment status. However, the same relationship did not hold true with a husband’s earnings from wages. Other positive contributions to female entrepreneurship were access to the husband’s knowledge and experience regarding start-up activities and help from the husband in providing child care (Caputo & Dolinsky, 1998).

## **2.3 Public Policy**

### *Assistance Programs*

Much of the conversation in public policy arenas has been focused on how to stimulate and support entrepreneurship. A fundamental question is, “How can government entities assist in the growth and development of women owned businesses?” A number of studies have examined assistance programs and offered suggestions for both the entrepreneurs and the programs. In a study of assistance received from outside advisors and the value of the consulting, there were no gendered differences found in either the amount or assessment of the value of the consulting (Chrisman, Carsrud, DeCastro, & Heron, 1990). Weinstein, Nicholls, and Seaton (1992) conducted an assessment of SBI marketing consulting and found no gender differences for client satisfaction or their business characteristics.

Gender-based assistance programs have provided social training programs with the empowerment of women to manage their lives within the constraints of the new economy as the desired outcome (Servon, 1996). Though some efforts have been focused on micro-enterprise training, there has been concern that such programs reinforce industrial segregation and channel women into businesses areas that are small, home-based, under-capitalized and labor-intensive.

Ehlers and Main (1998) argued that micro-enterprise training programs have discounted the socio-cultural conditions women bring with them and instead have emphasized the personal growth of individuals. They maintain that these policies have resulted in maintaining women entrepreneurs' economic vulnerability and have supported social peripheralization rather than moving women into the mainstream economic world. Other research argued that programs were needed to focus on the skills and behaviors that could facilitate growth, specifically in the financial management arena (Carter & Allen, 1997).

An evaluation of the programs themselves was also a major research concern. In an evaluation of a micro enterprise training program, it was found that attendance and the effort spent in completing homework assignments were related to graduation (Cook, Belliveau, & Von Seggern, 2001). Another analysis of a micro enterprise training program for low income women concluded that the training empowered participants to achieve economic self-sufficiency, helped them to build strong businesses, and contributed to the development of life management skills.

The ultimate goal of the programs was to contribute to the growth of locally owned controlled businesses that would create new jobs in the inner city neighborhoods (Dumas, 2001). The assistance providers themselves were also studied from a gendered perspective. The study found that women were more likely to have smaller businesses and they chose to be more active at local rather than state levels (Andre, 1992). Women's integration into private sector economic development organizations in the U.S. reflected the composition of their communities and, proceeding slowly, was not impeded by any institutional barriers to their participation (Andre, 1995). A constructive environment, including a positive attitude towards women business owners from business and political leaders, was found to be critical to the development of a strong female entrepreneurial community (Burr and Strickland, 1992). Other programs targeted specific communities defined by criteria such as geographic location or race or ethnicity. For rural women, local support was reported as crucial to the business (Sullivan, Halbrendt, Wang & Scannel, 1997). Programs to encourage black women to enter entrepreneurship included

government actions to underwrite commercial banks and to develop credit unions, micro-loan funds, and other programs to make start-up capital more readily available (Dolinsky & Caputo, 1994).

Using the theoretical aspects of gender-based public policy programs specifically designed to increase the number of women creating and developing new ventures, Walker and Joyner (1999) proposed a conceptual framework of four kinds of gender discrimination based upon access to capital: pure, institutional, statistical, and economic.

The authors conclude that SBA sponsored programs have the potential to both decrease discrimination in their programs but also to be a source of discrimination due to resentment of targeted programs

## **2.4 Special Topics**

There are a number of studies that explore issues unique to women business owners but that don't fit neatly into any of the designated categories. Some relate to different aspects of the women entrepreneurs. Others relate to the entrepreneurial process, and some focus on the broader concepts of entrepreneurship itself, while some address methodological issues.

There are very few gendered studies that carefully consider definitional aspects or conceptualizations of entrepreneurship. However, one study combined ideas from entrepreneurship and linguistics to examine definitions of entrepreneurship and entrepreneurs. Respondents from Finland, Sweden, Norway, Ireland, Canada, and Australia viewed the concepts as equivalents (Hyrsky, 1999). Five components of the entrepreneurship concept were identified: work commitment and energy, economic values and results, innovativeness and risk-taking, ambition and achievement, and egotistic features. Three factors were used to define the concept of an entrepreneur: agent of change, self-serving individualist, and hard worker. An analysis of metaphorical expressions for the concepts generated by the participants were grouped into semantic categories consisting of machinery and other physical objects, warfare and adventure, sports and games, creativity and activity, nature, disease, food items and special features.

The study concluded that entrepreneurs had more positive attitudes towards entrepreneurial traits and behaviors than did other respondents and that females tended to perceive the concepts even more positively than males did. These results were even more powerful in the Scandinavian countries where the respondents held the most favorable views of the concepts (Hyrsky, 1999). How a society thinks about entrepreneurship may influence the pool of potential entrepreneurs. While the nascent entrepreneur, one who is in the start-up process, is considered in some research, rarely are potential entrepreneurs studied. One project assessed knowledge and attitudes of high school students toward entrepreneurship (Kourisky & Walstad, 1998). The authors found many similarities between males and females in areas of both knowledge and opinions, with everyone showing a low level of entrepreneurship knowledge.

Differences were found in that females were more aware of their knowledge deficiency in this area. And, while interested, were less interested than males in one day starting a new business. However, both females and males indicated they wanted to give back to the community (Kourisky & Walstad, 1998). This issue of social responsibility was linked to ethics as well. Using a stakeholder perspective of ethical attitudes and standards to predict entrepreneurial situational reactions regarding ethical standards, Bucar and Hisrich (2001) found few ethical differences between entrepreneurs and managers. However, female entrepreneurs and managers were slightly more ethical in certain situations than their male counterparts.

Very few studies addressed women in unique business or geographic settings. Only one paper studied women in franchising. Women were found less likely to use a franchising route to business ownership. The authors speculated that women may be less aware of or attracted to the franchising option because of their relative inexperience and historically lower exposure to franchising (Dant, Brush, & Iniesta, 1996). More studies were dedicated to the rural/urban divide. Rural women reported start-up motivations of flexibility in work hours and location, economic necessity, and the lack of job security (Sullivan, Halbrendt, Wang, & Scannell, 1997). Another study analyzed how motives for starting their businesses affected rural women entrepreneurs' management styles.

Drawing on projection theory, the authors found that the women placed great importance on relationships and created and maintained company cultures with minimal interpersonal conflict among employees (Robinson, 2001). And yet another pair of researchers proposed a model of entrepreneurial marketing for rural women, using strategies of opportunity seeking, information collection, and innovation and marketing strategies. The distinguishing feature was one of local groundedness developed through informal social networks developed at the grassroots level (Mankelow & Merrilees, 2001).

One of the fundamental premises of this paper is that not enough research has been devoted to the study of women and their entrepreneurial behaviors. A similar premise prompted a study exploring the extent of the coverage of women entrepreneurs in both the popular and scholarly press (Baker, Aldrich, & Liou, 1997). The authors pointed out that the coverage of women business owners actually declined between 1982 and 1995, with more than 85% of entrepreneurship articles published in that time period making no mention of women. They concluded that: 1) the media no longer considers women's businesses to be "news"; 2) scholars are not interested in women's firms because they are predominantly small and therefore unimportant; 3) there are few documented differences between men and women owners and consequently reporters and scholars no longer search for them. However, there are dissenting voices. They indicate that 1) small but significant gender differences were found in studies of social behavior and leadership; 2) women owners possess unique entrepreneurial skills and advantages that merit better understanding. Why haven't these voices been heard? The authors argued that androcentrism has clouded perceptions of gender differences and blinded journalists and academics in two ways. First, women's distinctive contributions have been muted as female entrepreneurs have adapted to the gendered institutions of businesses; 2) the search for distinctive contributions by women owners has been sidetracked by the assumption that traditional ways of doing business are "natural."

Researchers from around the world have been studying women's entrepreneurship for approximately 25 years. While our knowledge of the phenomena has increased dramatically, there are still many questions unanswered. The purpose of this review is to



organize and synthesize the work that has already been done and to identify the questions yet to be addressed.

These may be organized (condensing several of our previous categories) into three primary areas: human capital, strategic choice at both the personal and business level, and structural barriers in the environment.

#### **2.4.1 Human Capital**

Research about human capital factors in women's entrepreneurship is more than 35 years old, with nearly 50% of all studies including these dimensions. However, the vast majority of the research relies on a narrow set of theories (e.g. trait psychology, motivational theory), and measures (e.g. experience, education, and other demographics). Future studies of the role of human capital in women's entrepreneurship should draw from leadership and career theories to examine questions of vision and aspirations for the entrepreneur's future, and introduce social learning theory to examine how entrepreneurs learn over the life cycle of their career and venture.

#### **2.4.2 Strategic Choice**

The existing research has not yet developed a clear understanding of the aspirations and strategies of women entrepreneurs. A significant portion of the research draws from previous instruments developed for and about men and much of the research on women is not theoretically grounded. We believe that research about the strategic choices women make – from the type of business, to the sector, to the growth strategy should be explored in greater depth. In particular, research addressing women and men's product/market strategies, goals, and approaches for competing might suggest whether or not the choice of industry, sector or growth goals determines subsequent acquisition of resources, team building, growth and performance, or even personal satisfaction.

#### **2.4.3 Structural Barrier**

Past research has concentrated on objective barriers, in particular, access to credit and financing. More recent research examines women's access to equity capital, although this work is relatively sparse, however, many other resources are needed to start and grow a venture, yet potential barriers to acquiring equipment, technology, or gaining access to

distribution channels, expertise, information and other resources is often ignored. In addition, the subtle barriers inhibiting women's ability to grow and expand their ventures are examined in some research, but not studied in depth. Future research might consider whether draw from institutional or social network theory to examine whether or not institutional norms or network configurations influence women's ability to acquire resources, or grow their ventures. In particular, the extent to which barriers exist and influence successful capital acquisition and subsequent growth would shed light on reasons for the "equity funding gap". Alternatively, resource based theories might be the basis of exploring how women-led venture develop capabilities leading to competitive advantages.

### 3. Status of Women in Pakistan

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 reproduction and production 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% of workers in this sector are male. This is exactly opposite to the situation in other South Asian countries where 90% of workers in the apparel industry are women. The difference is explained by a labour 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.

The World Bank Country Gender Profile of Pakistan deplores 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.

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.

### **3.1 Global Labor Market: Percentage of Female Labor**

- In Europe, the activity rate of women in the labour market has increased in the last two decades.
- In Denmark it is 46.9%.
- In the Netherlands it increased from 24.2% in 1975 to 40.6% in 1993.
- In the USA and Canada it grew from 37% and 32% respectively in 1970 to 45% in 1990.
- In Pakistan it merely increased from 6.6% in 1968/69 to 13.6% in 1996/97.

### **3.2 Characteristics of Women Entrepreneurs**

Women entrepreneurs in the developing world make a large and often unrecognized contribution to their countries' economic development. They employ other people, provide valuable services, and play a vital role in the development of emerging market economies worldwide. In the developing economies WEs are a diverse group ranging from those who manage large conglomerates to those who operate roadside restaurants.

Barriers, some real, some perceived and some self-imposed, confront women entrepreneurs. In the area of international business obstacles include limited international business experience, inadequate business education and lack of access to international networks. Societal, cultural and religious attitudes also impede women in business. Other challenges faced by all enterprises and women in particular are; financing, globalization of social and economic environments, marketing, and management. Transition economies can pose difficult hurdles such as banking, legal aspects, political contacts, customs

tariffs, bureaucracy that daily invents new mechanisms for the simplest procedures, and extortion.

Characteristics reflected in research of women entrepreneurs show a woman who is highly motivated, initiates action and activity without direction, has a high internal locus of control, and propensity toward achievement. Women's decision processes indicate a highly personal, subjective process. Studies reveal that there are multiple general individual characteristics of women business owners that promote their creativity and generate new ideas and ways of doing things.

### **3.3 Challenges Faced by Women**

In Pakistan, as in many other developing countries, women are handicapped in society. Therefore they face many challenges, as they do not enjoy the same opportunities as men. The segregation of the sexes starts early and becomes a way of life. They are not only deprived of financial resources but also lack access to basic needs such as education, health, clean drinking water and proper sanitation. Limited access to the essentials of life undermines their capabilities, limits their ability to secure gainful employment, and results in income, poverty and social exclusion. Their ambitions and aspirations are suppressed.

The crude activity rate (% of labor force in total population) for women in rural areas is 10.7% and 6.3% in urban areas) and the refined activity rate (% of labor force in population of persons having 10 years of age and above) is for women in rural areas is 16% and 8.8% in urban areas. Women businesses in Pakistan are typically characterized thus:

- Most women-headed businesses operate from home, and financial matters are taken care of by male family members.
- Women entrepreneurs are seen in subordinate roles; with low levels of education and technical skills; low exposure to business; lacking role models; lacking peer support and business associations; low incomes and poor investment capacity.

Gradually things are improving for women, which have been caused by their tremendous determination and courage. They are entering in the field of education, health, engineering, IT and active participation is seen in the sports and politics arena. About 60% of women entrepreneurs in Pakistan have opted for traditional business such as parlors, bakeries, boutiques, but the largest number is employed in the garments and handicrafts sector. In general, urban women are better placed in terms of accessing information than those operating in the rural areas.

However, improvements need to be realized in the rural areas where women still lag behind due to the lack of awareness to engage themselves in other activities. In rural areas even where top positions are filled by women entrepreneurs most of the opportunities are diverted towards enhancing the skills of men. Women are essentially performing house-hold chores and helping their family in the fields. This hampers their growth, as there is no time due to domestic chores taking precedence over anything else. Many women are learning skills such as embroidery, sewing, knitting for income generation, but lack conducive environment to embark on such a journey of developing their career. This is because of the restrictions placed on them by the society which does not allow them to receive formal training and to enter the market place. They not only lack the financial resources but also lack awareness for facilities available to develop their skills.

However, economic necessity is forcing more and more women to engage in some sort of employment, without relieving them of their traditional roles. There is a potential envisaged to develop the handicrafts sector and create income generation measures for these women as they possess the talents and aptitude for entrepreneurial development.

### **3.4 Problems**

Some of the basic problems highlighted by various research studies undertaken by women entrepreneurs are:

- Lack of information
- Lack of Micro Financing Schemes

- Lack of Skill Development
- Lack of Entrepreneurship/Business Skills
- Lack of Marketing Facilities
- Lack of Product Designs
- Lack of Networking and Trust Building
- Expensive Raw Material
- Low Quality Control
- Non-Conducive Working Environment

Nurturing an individual's, natural spirit of entrepreneurship is a powerful key to economic development. Therefore realizing the vast potential that women entrepreneurs possess and translating this potential into profits is imperative. Supporting businesses with strong associations can strengthen the structural adjustment reforms that are part of the current international wave of decentralization, which is grounded in the belief that promoting private businesses is key to growth.

There is great potential in the Women Entrepreneurship sector. Their development can only lead to greater economic growth.



## 4. Business Support Institutions

The business support institutions include:

### 4.1 Aga Khan Development Network (AKDN)

The Aga Khan Development Network (AKDN) focuses on health, education, culture, rural development, institution-building and the promotion of economic development. It is dedicated to improving living conditions and opportunities for the poor, without regard to their faith, origin or gender.

#### 4.1.1 What they can do for women entrepreneurs?

Aga Khan Development Network provides all a diverse range of services which range from basic necessities of life to health, education and entrepreneurship development. Gender issues are addressed through various programs of the organizations that constitute the Aga Khan Development Network.

### 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.

#### 4.2.1 What they can do for women entrepreneurs?

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.

### **4.3 Canadian International Development Agency (CIDA)**

CIDA supports sustainable development in developing countries in order to reduce poverty and to contribute to a more secure, equitable and prosperous world.

#### **4.3.1 What they can do for women entrepreneurs?**

CIDA actively supports the achievement of equality between women and men to ensure sustainable development. Various programs are undertaken to reduce the gender gap and to bring women at par with men. CIDA provides financial assistance to other organizations willing to work for social development and economic empowerment

### **4.4 Export Promotion Bureau**

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.

#### **4.4.1 What they can do for women entrepreneurs?**

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, a directory was published in 1997.

In 2000, an exhibition of Women Entrepreneurs was held in Lahore and in 2001, EPB created WEXNET, a network for women exporters, and two exhibitions were organized in Karachi during 2001 & 2002, while a delegation of women exporters to USA was sponsored in March 2001. WEXNET is a formalized structure which provides women with the opportunity to exhibit their products annually under EPB aegis, network with each other, learn from others' experiences, and form collaborations and partnerships for mutual benefit. EPB evaluates their products, sifts their potential, and provides them with training according to their needs. Selections are made according to a transparent criterion, for participation in International exhibitions and trade delegations abroad. This is a continuous process that helps to create awareness among women entrepreneurs, provides opportunities of training and marketing, and gives them the confidence to develop and adapt their products for their for the international market.

EPB registers women exporters to build up a network with them & relevant information regarding international trade fairs & exhibitions, foreign delegations, seminars and workshops etc. to ensure maximum participation of women entrepreneurs in such events. EPB is also working on development of a focus group that aims to have a liaison and networking of all relevant departments, NGOs & institutions which are working for development of Women Entrepreneurs Sector, to avoid duplication of activities & to get maximum results.

Consultation to Women Entrepreneurs is provided free of cost. Prior appointment is not mandatory, however it is encouraged for the convenience of the exporter herself.

## **4.5 Federation of Chamber of Commerce & Industry (FPCCI)**

The Federation of 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. Membership of FPCCI is confined to Chambers and Associations of Commerce and Industry.

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.

### **4.5.1 What they can do for women entrepreneurs?**

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.

## **4.6 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.

#### **4.6.1 What they can do for women entrepreneurs?**

They are 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.

#### **4.7 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.

Their mandate is to retail microfinance services and act as a catalyst in stabilizing the country's newly formed microfinance sector. Operating through the Microfinance Sector Development Program, Government of Pakistan has issued a Microfinance Development Policy and the State Bank of Pakistan has developed an exclusive regulatory framework for microfinance institutions with a set of initiatives to ensure dynamic governing conditions.

The objective of MSDP is to provide affordable financial and social services to the poor for a significant impact on poverty reduction through:

- Increased income of poor households
- Enhanced outreach, particularly to women
- Build social capital
- Reduce risks faced by the poor

The Microfinance Sector Development Program provides an integrated package of policy reforms and means for institutional development and outreach expansion to facilitate

growth of microfinance sector. Khushhali Bank is the country's first major initiative to bridge the demand for microfinance services. Integral to microfinance services is the intensive and sustained social support for mobilization, management and development of all clients of the bank and their access to basic infrastructure services. As a for-profit, commercial microfinance institution, our purpose is to:

- Establish a sustainable, scalable pro-poor financial services platform with retail delivery capacity to reach 600,000 poor households by the 2006
- Catalyze an enabling environment, within which the microfinance sector can develop in Pakistan
- Assist the central bank in setting up an appropriate and responsive regulatory framework within which microfinance institutions can operate on sustainable grounds, thereby expanding outreach to the poor.
- Promote transparency, financial rigor and good governance as leading indicators of excellence within the microfinance sector in Pakistan.

#### **4.7.1 What they can do for women entrepreneurs?**

Khushhali Bank has specifically been established to provide financial services to those less privileged and to provide them opportunities to expand and maintain sustainable livelihoods for themselves. The Government of Pakistan has obtained a loan of US\$ 150 million from the Asian Development Bank to support the operations of Khushhali Bank and to promote microfinance sector in Pakistan. Khushhali Bank utilizes a US\$ 70m component of this loan for micro-loans to the poor particularly to women of country's rural and urban areas and a US\$ 10m component has been allocated toward institutional capacity building. Another US\$ 70m component has been allocated to support policy reforms of microfinance sector in Pakistan.

Therefore they support and offer their services to women who are in need of financial assistance. Being a micro-finance institution with an aim of social sector development and poverty reduction, their loans are configured such that they are not a burden on the person taking the loan and can be easily returned over a long period of time. The amount of loan that can be obtained varies upon the clients needs, ranging from Rs.5000/- to Rs.30, 000/-. Working along the same lines, under the sector reforms, four endowment

funds have been established at the State Bank of Pakistan to support the poor with periodic contributions from both, the government and Khushhali Bank to ensure sustained ownership. These measures are construed as a catalyst for broadening and deepening the country's microfinance market thus contributing towards poverty alleviation in the country on sustainable basis.

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

The Lahore Chamber of Commerce and Industry (LCCI) aims at business promotion and acts as a link between private businesses and the government

##### **4.8.1 What they can do for women entrepreneurs?**

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

#### **4.9 Ministry of Labor, Manpower and Overseas Pakistanis**

Ministry of Labor, Manpower and Overseas Pakistanis is mandated to perform the function broadly related to policy formulation regarding Labor Administration, Manpower Planning and Employment Promotion. It has two Divisions:

- Labor & Manpower Division
- Overseas Pakistanis Division

The vision of MoL is accurately reflected as:

- Socio Economic Uplift of the Working People
- Harmonized Labor Management Relations
- Productivity and Development Based Work Culture
- Dignity of Labor and Decent Work

#### **4.9.1 Women & Labor Issues**

Labor laws in Pakistan provide special facilitation to women. These are comprehensively covered through legislature and benefits executed through various institutions working under the ministry. This includes Social Security Institute, Employees Old Age Benefit Institute

#### **4.10 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.

##### **4.10.1 What they can do for Women Entrepreneurs?**

The different departments of the MoWD and their activities for the benefit of women entrepreneurs are as follows:

- Women Development Wing
- Special Education Wing
- Social Welfare Wing



- Books and Articles on Women's Issues in Pakistan

#### **4.11 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.

Their vision statement, *“Dignity and the status of women and men as equal citizens of Pakistan is a moral imperative, constitutional obligation and a guiding principle of an egalitarian and a progressive society. This requires concerted action by state and society to motivate change and adopt measures to achieve desired goals for the advancement of women”* precipitates the same idea of gender equality and socio-economic empowerment of women

#### **4.12 National Rural Support Program (NRSP)**

The National Rural Support Program (NRSP) was set up in November 1991 as a non-profit organization to undertake development activities in the rural areas of Pakistan. It is working in the federal capital and in 27 districts of all the four provinces and Azad Kashmir. The main objective of NRSP is to foster a countrywide network of grassroots level organizations to enable rural communities to plan, implement and manage developmental activities and programs for the purpose of ensuring productive employment, alleviation of poverty and improvement in the quality of life.

##### **4.12.1 What they can do for women entrepreneurs?**

The initiatives and programs mentioned above are community based and are focused towards social and economic development of the country. Women are an integral part of the society and therefore can benefit from such community based programs as they have a greater outreach and can serve smaller and larger communities.

### **4.13 Pakistan Poverty Alleviation Fund (PPAF)**

The Pakistan Poverty Alleviation Fund (PPAF) represents an innovative model of public private partnership sponsored by the Government of Pakistan and funded through World Bank. It has been established to enhance the availability of resources and services to the poor. PPAF aims to:- Empower the poor and increase their incomes, especially women - Enable accessibility of disadvantaged communities to infrastructure and other services - Provide credit to partner organizations and assist them expand their poverty targeted micro-credit programs - Provide grants and loans on a cost-sharing basis for development of small scale community infrastructure - Strengthen the institutional capacity of partner organizations and support them in their capacity building efforts with communities

#### **4.13.1 What they can do for women entrepreneurs?**

The above mentioned products and services are for initiating a structured poverty alleviation process in the country, entailing social and economic empowerment of women.

### **4.14 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.

#### **4.14.1 What they can do 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: 12 – 16% 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, parlors, beauty clinics)
  - Fitness (gyms, Swimming pools, aerobic centers)
  - Eateries (restaurants, fast food, bakeries, ice-cream parlors)
  - 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

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

SDPI is a non-government organization founded in August 1992. They are 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.

##### **4.15.1 What they can do for women entrepreneurs?**

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. Details of the training calendar, topics being offered and fee structures are available at [www.sdpi.org](http://www.sdpi.org)

SDPI's Resource Center contains about 16000 books and documents, aside from audio video material, and 44 subscribed journals. Membership is available to all. Women Entrepreneurs can access this facility by depositing Rs.3000/- refundable security deposit. The annual fee is Rs.500/-

## **4.16 United Nations Development Program**

United Nations Development Program (UNDP) is the UN's global development network, advocating for change and connecting countries to knowledge, experience and resources to help people build a better life. They are on the ground in 166 countries, working with them on their own solutions to global and national development challenges. As they develop local capacity, they draw on the people of UNDP and our wide range of partners

### **4.16.1 What they can do for women entrepreneurs?**

#### ***UNDP Gender Program***

*"UNDP's mission is to help countries in their efforts to achieve sustainable human development by assisting them to build their capacity to decide and carry out*

*development programs in poverty eradication, employment creation and sustainable livelihoods, the empowerment of women and the protection and regeneration of the environment, giving first priority to poverty eradication."*

UNDP supports the coordination of work of 11 UN agencies in Pakistan on gender equality. Coordination on and commitment to gender issues in Pakistan is strong amongst donor and UN agencies in Pakistan, as seen by the joint UN Statement on Gender in Pakistan

***The Gender Program:***

- Acts as the channel for technical assistance to the Government of Pakistan, private sector and civil society partners to address gender inequality and gender issues effectively. This technical assistance takes the form of support for training, workshops, regional experience sharing, research and publications and innovative pilot projects
- Develops and manages Gender Program projects in specific sectors with various government ministries/departments
- Acts as a focal and coordination point for UN and donor assistance to the Government of Pakistan for women's empowerment and gender equality in order to maximize the impact of UN/donor funded programs and reduce duplication
- Mainstreams gender issues throughout UNDP policies, programs and projects in Pakistan to ensure that all UNDP activities address the needs and rights of both women and men, in line with UNDP global policies and the National Plan of Action.

**4.17 Woman Chamber of Commerce & Industry (WCCI)**

Woman Chamber of Commerce & Industry (WCCI) has been established to solely promote and develop women entrepreneurship in Pakistan. Our 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.

#### **4.17.1 What they can do for women entrepreneurs?**

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. Our 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, we 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, our 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 WEs such as fashion designers, pottery makers, herbicinal product manufacturers, producers of home furnishings and even pharmaceutical manufacturers, we plan to provide them a forum where their problems can be discussed and solutions envisaged
  - Establishing a buying house , which will purchase clothes from local designers and sell them abroad thus facilitating export to countries abroad. By accumulating cottage manufacturers we 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 purposes of debates and discussions as well as training locals.

#### **4.18 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.*”

##### **What they can do for women entrepreneurs?**

- Computer Training
- Entrepreneurial Development Program
- Women Resource Center

## 5. Profiles of the Women Entrepreneurs & their Enterprises

As noted above, the aim of the primary research was to look at a particular group of women entrepreneurs in Pakistan, i.e. those who had been in business for some time, had formalized their businesses and appeared to be growing their businesses – and to learn from their experience and see if lessons could be gained to help Pakistani women entrepreneurs in general to grow sustainable businesses and overcome financial barriers. So the research investigated questions such as, “Who are these women entrepreneurs and what are their businesses?”, “What kind of financial constraints were faced by them and how did they manage to overcome them”, and “Are they typical of the profile of Pakistani women entrepreneurs presented by other research?”

### 5.1 Characteristics of the Women Entrepreneurs

#### 5.1.1 Age of the Women Entrepreneurs

In terms of age, the survey findings are summarized in Table 2 which indicates that over 90 per cent the women entrepreneurs interviewed were under the age of 50, with a fairly even spread of different age groups represented in each of the different study areas. Out of these, the majority (65 per cent) are in the group of 20-39, showing that most of the women interviewed are potentially of an age where they are economically active and also likely to be involved in undertaking family care responsibilities as wives, mothers and daughters.

Table 2: Age of Respondents by City of Interview

Age Bracket	Town of Interview			Total	%
	Rawalpindi	Islamabad	Lahore		
Less than 20					
20-29	5	5	3	13	65
40-49	3		2	5	25
50-59	1			1	5
60-above	1			1	5
<b>Total</b>	<b>10</b>	<b>5</b>	<b>5</b>	<b>20</b>	<b>100</b>



The predominance of women entrepreneurs in the age group 20 to 39 could be due to a number of things: lack of alternative employment opportunities in the formal employment sectors; the need to generate income either as the primary earner for the household or in a supplementary role, or simply the wish to own their own business. The background to and motivation for business ownership are discussed in more depth later in the report, but at this point it is noted that many (49 per cent) of the women interviewed were not employed prior to becoming entrepreneurs, describing themselves economically as students, housewives or unemployed (Table 5). A further 16 per cent had been engaged in another business prior to starting their current business.

### **5.1.2 Marital Status**

Our study revealed that majority of the business owners were married with nearly 80 per cent of the women interviewed falling into this category (as shown in Table 3). Out of these women entrepreneurs, 60 per cent of micro entrepreneurs and 69 per cent of small-scale women entrepreneurs are married, which in Pakistani society brings with it family care responsibilities. In terms of the size of the businesses, slightly more married women are operating small (69 per cent) than micro enterprises (60 per cent), with the reverse being the case for single women. Single women make up 28 per cent of the micro enterprises in the sample, and 13 per cent of the small enterprises.

These differences may indicate that for women who start business at a micro level, it can take some time before the business has grown to the level of a small enterprise, and by that time most women have married. Women who directly go into small enterprises appear to be those who had the opportunity to use their parents' houses as production premises or as collateral to borrow from banks.

The numbers of single women in micro enterprises may be as a result of the acute problem of unemployment in the country, with young women resorting to self employment.

**Table 3: Marital Status of the Women Entrepreneurs**

<b>Marital Status</b>	<b>Frequency</b>	<b>%</b>
Married	16	80
Divorced		
Separated		
Single	4	20
Widowed		
<b>Total</b>	<b>20</b>	<b>100</b>

### 5.1.3 Household Size

The average (both mean and median) household size of the women entrepreneurs surveyed was 6 persons. Three of the women stated that they were living with one other person, whilst at the other end of the spectrum one woman reported belonging to a household of 15 persons. There appears to be little relationship between household size and the size of the business, the average household size for micro and small enterprises being 5.9 and 6 persons respectively. Given cultural traditions in Pakistan where women are primary household careers, it would seem likely that many of the women interviewed have significant domestic workloads alongside running their own businesses.

### 5.1.4 Educational Level

Table 4 shows that 90 per cent of micro enterprise owners, and 88 per cent of small enterprise owners report that they had had formal education, with 72 per cent and 66 per cent having received primary and secondary education respectively.

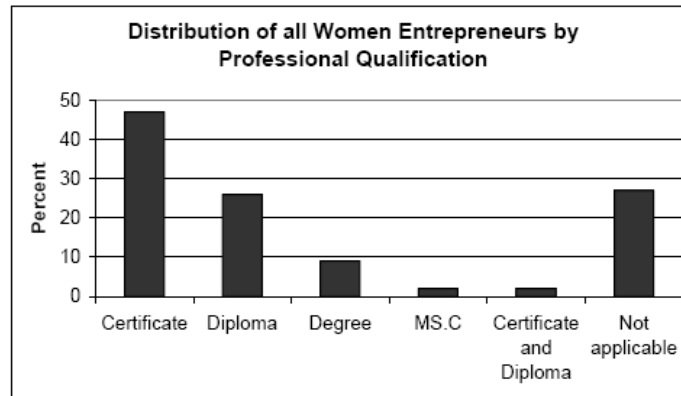
**Table 4: Formal Education by Type of Enterprise**

<b>Formal Education</b>	<b>Type of Enterprise</b>		<b>Frequency</b>	<b>%</b>
	<b>Micro enterprise</b> (2-5 employees)	<b>Small enterprise</b> (above 5 employees)		
<b>Yes</b>	4	13	17	85
<b>No</b>	1	2	3	15
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>	<b>100</b>

Figure 1 (below) shows that a great number of the women entrepreneurs interviewed had taken some form of professional training. In this respect the women entrepreneurs would appear to have the educational background to manage or at least learn how to manage their businesses.

**Figure 1: Distribution of all Women Entrepreneurs by Professional Qualification**

Figure 1



### 5.1.5 Previous Job and Work Experience before Starting the Current Business

As Table 5 indicates, nearly half (50 per cent) of the women interviewed were economically active prior to running their current business – either in employment (35 per cent) or working in another business (15 per cent); 20 per cent of the women had been students; 25 per cent had been housewives, and 5 per cent were unemployed before starting their businesses.

**Table 5: Position Prior to Starting Their Business**

Position	Frequency	%
Employed	7	35
Housewife	5	25
Student	4	20
Another Business	3	15
Unemployed	1	5
Others		
<b>Total</b>	<b>20</b>	<b>100</b>

The women were asked if they felt they had any prior work experience related to their business before starting it. As Table 6 shows nearly a third of those responding said that they had substantial work experience relating to their business prior to start-up. However many (48 per cent) had ‘just started’ with no prior experience at all.

**Table 6: Work Experience Relating to the Current Business**

<b>Level of Relevant Experience</b>	<b>Frequency</b>	<b>%</b>
No-just started	10	50
Yes-substantial	7	35
Very little	3	15
<b>Total</b>	<b>20</b>	<b>100</b>

Those with experience had gained it from a number of different sources. Interestingly, over a third of the women had gained experience from running their own businesses with the majority gaining experience through involvement in a family business (as shown in Table 7).

**Table 7: Source of Previous Experience**

<b>Source of Experience</b>	<b>Frequency</b>	<b>%</b>
My family's business	3	42
My own business	2	28
Other people's business	2	28
<b>Total</b>	<b>7</b>	<b>100</b>

The women were asked if these businesses were still operating, and as Table 8 indicates, the majority (72 per cent) were still in operation.

**Table 8: Business Still Operating by the Owner of the Business**

<b>Business Still Operating</b>	<b>Owner of the Business</b>			<b>Frequency</b>
	<b>Other people</b>	<b>Myself</b>	<b>My Family</b>	
Yes	2		3	5
No			2	2
No Response				
<b>Total</b>				<b>7</b>

To summarize, the group of women in the survey are running business at a time in their life when it is normal for them to have substantive family responsibilities, and many of the women come from large households. Having said this, the majority of the women have been formally educated to at least secondary level, they have had some form of employment and / or business experience prior to running their current business, and over a third had previously owned their own business or worked in their family's business.

## 5.2 A Profile of the Women’s Enterprises

As noted earlier the sample of women’s businesses was split in the following way between micro and small-sized businesses - 5 (or 25 per cent) running micro enterprises (with 2-5 employees), and 15 (or 75 per cent) running small enterprises (with more than 5 employees).

### 5.2.1 Sectors, Products and Services

Table 9 shows that the largest group of women (75 per cent) operated enterprises in the services sector, followed by nearly 25 per cent in the trade sector.

**Table 9: Sector of Business ( by Enterprise Category)**

Sector in which the Business is	Category of Business		Frequency	%
	Micro (2-3) Employees	Small (Above 5 Employees)		
Services	3	12	15	75
Trade	2	3	5	25
Production				
Handicraft				
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>	<b>100</b>

Looking at the differences between the micro and small-scale enterprises, it can be seen that a larger percentage of the micro sector are trading businesses (40 per cent as compared to 20 per cent). This is a very common characteristic of smaller businesses throughout the world. Trading businesses usually require the least capital and business know-how to start up and therefore are attractive as “easy entry” and lower risk activities. The range of products and services produced and supplied by the women’s enterprises surveyed is illustrated in Table 10 – no values have been assigned in this table.

**Table 10: Major Products and Services of the Micro and Small Enterprise Surveyed**

<b>Category</b>	<b>Micro enterprise</b>	<b>Small-scale Enterprise</b>
<b>Services</b>	Herbal Consultant Property Dealer Home Beautician Job Consultant	Beauticians Construction Work Dental Services Education and Training
<b>Trade</b>	Sales of Cosmetics Sales of Beauty Products	Boutiques Sale of Bags (import and export)

### 5.2.2 The Market for Products and Services

As Table 11 shows, the women’s businesses were primarily locally based and almost all of the women interviewed (97.5 per cent of those who responded to this question) stated that they sold most of their products in their local area. All of the micro enterprises sold their products locally, with only 1 of the 5 small enterprise respondents selling outside of their local area. This confirms that women’s enterprises tend to rely on potential customers in the immediate vicinity or neighborhood of their enterprises, and may be an indication that women are more restricted in their mobility than male entrepreneurs. The mobility of women entrepreneurs can be restricted due to their multiple responsibilities as homemakers and entrepreneurs, which makes it difficult for them to penetrate into markets that are beyond their local areas. The types of businesses most women are engaged in are those that can be conveniently operated around their homestead. The survey showed that most of women did not aggressively promote their businesses. Of those who did, 68.5 per cent relied on word of mouth as their primary means of promotion. However, women entrepreneurs who have established businesses in sectors where they can benefit from promotional services are not always encouraged to do so. A good example of this is where the husband of one entrepreneur criticized her for the expense of advertising her business on TV, which affected her confidence and yet was good for business.

**Table 11: Scope of Markets**

<b>Scope of Market</b>	<b>Frequency</b>	<b>%</b>
Local market- area of work/residence	18	90
Regional Markets	1	5
National market	1	5
Non response		
<b>Total</b>	<b>20</b>	<b>100</b>

### 5.2.3 Other Enterprise Characteristics

**Table 12: Who Initiated the Business (by Business Category)**

Initiator	Micro		Small		Both	
		%		%		%
Myself	3	60	8	53	11	55%
My Husband	1	20	3	20	4	20
Other family members	1	20	1	6	2	10
Took over established			1	6	1	5
Friends						
Myself and my husband			2	13	2	10
Bought existing business						
Other						
<b>Total</b>	<b>5</b>	<b>100</b>	<b>15</b>	<b>100</b>	<b>20</b>	<b>100</b>

**Table 13: Form of Ownership (by Enterprise Category)**

Form of Ownership	Business Category		Total	%
	Micro	Small		
Individual- sole trader		5	12	85
Partnership			3	15
Private Ltd				
Share Company				
Other				
Non Response				
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>	<b>100</b>

**Table 14: Working Premises of the Businesses**

Ownership of Working Premises	Frequency	%
Rented	15	75
Owned	5	25
Others		
Owned & Rented		
No Response		
<b>Total</b>	<b>20</b>	<b>100</b>

### 5.2.4 Employment Generated by the Women's Enterprises

The majority of the women entrepreneurs (some 85 per cent of respondents) are engaged full-time in their businesses, that is, their businesses are providing them with full-time employment. In many cases the women's businesses were also generating employment for others.

**Table 15: Women Entrepreneurs' Full-time Engagement in Business**

	Frequency	%
Yes	17	85
No	3	15
<b>Total</b>	<b>20</b>	<b>100</b>

When asked about the size of their businesses, all the 20 women surveyed were able to give complete details of the numbers they employed. These 20 businesses provided a total of 294 jobs. As Table 16 shows, most of the jobs are full-time paid jobs (92 per cent); 1 per cent of jobs are full-time paid jobs for family members; 6 per cent part-time.

These figures support the widely held view about the increasing role played by micro and small enterprises as the generators of jobs. However, they also demonstrate that women entrepreneurs in both micro and small enterprises can generate significant employment opportunities, and thereby contribute to the reduction of poverty in Pakistan. This challenges the commonly portrayed images of women's businesses as sole traders and informal type of enterprises.

**Table 16: Employment in the Enterprises and Sex of Employees (by Enterprise Category)**

Type of employment	Micro		Small		Both		Total	
	Female	Male	Female	Male	Female	Male	Frequency	%
Full time		7	181	83	181	90	271	92
Part time	3		10	6	13	6	19	6
Paid family members	2		2		4		4	1
Unpaid family members								
<b>Total</b>	<b>5</b>	<b>7</b>	<b>193</b>	<b>89</b>	<b>198</b>	<b>96</b>	<b>294</b>	<b>100</b>

Table 17 shows the wide range of employment size in the enterprises surveyed, ranging from one business with 46 employees (in various categories of jobs), to four operating with only one additional employee. The most common size of business had two or three employees. The business with 46 employees produces building materials, has one full-time female and 13 full-time male workers, 31 part-time male workers, and one unpaid family member.



**Table 17: Number of Employees in the Business**

<b>Number of Employees</b>	<b>Frequency</b>	<b>%</b>
1 to 5	8	40
6 to 10	2	10
11 to 15	3	15
16 to 20	2	10
21 to 30	1	5
35 and above	4	20
No Response		
<b>Total</b>	<b>20</b>	<b>100</b>

To summarize, the survey included a range of enterprises. Whilst many of these businesses were in what might be termed “traditional female sectors”, they were also enterprises based in business premises and employing others.

## 6. Experiences of the Women Entrepreneurs at Starting & Growing a Business

Having looked at the profiles and characteristics of the women entrepreneurs and their businesses, this next section examines the experiences of and issues faced by the women in setting up, managing and growing their businesses.

### 6.1 The Start-up Experience

A key element of the research was to understand why and how the women had come to actually starting and owning a business.

#### 6.1.1 Motivations for Business Ownership

The women were asked why they had chosen to run their own business as opposed to pursuing another economic option such as seeking employment. Table 18 shows the major reasons given for this choice. The desire to be self-employed was the dominant (45 per cent) reason for women choosing to start a business, followed by business being a family tradition (21.1 per cent).

**Table 18: The Primary Reasons Given for Choosing to Start their Own Business**

<b>Primary reason for business ownership</b>	<b>Frequency</b>	<b>%</b>
To be self-employed	9	45
Family tradition	4	20
Brings high income	3	15
No other alternative for income	1	5
Small investment is required	1	5
Others	2	10
<b>Total</b>	<b>20</b>	<b>100</b>

The women were then asked what they felt were the three most critical motivating factors, which helped them to practically pursue business ownership, and whether their family members had been supportive of them in this decision.

On the women entrepreneurs surveyed, 19 out of 20 gave clear statements about what were their critical motivating factors. These statements have been grouped under seven headings, as shown in Tables 19 & 20. In terms of motivation, the women seem to have been particularly motivated by the desire to generate income and support for their families, as well as seeing the business as a vehicle for being independent.

**Table 19: Factors Prompting the Start of Businesses**

<b>Motivating factors</b>	<b>Frequency</b>	<b>%</b>
Desire to be self-employed and to become independent	9	45
Income generation and to support the family	6	30
Had an interest in the line of work and to exploit an opportunity	2	10
Had training and entrepreneurial qualification in the business area	2	10
Encouragement from family and friends to go into a business	1	5
Relatively favorable policy environment		
Other		
<b>Total</b>	<b>20</b>	<b>100</b>

When the multiple responses were taken into account, the profile of the reasons given was similar as shown in Table 20, with the primary drivers being the desire to be independent and generate income.

**Table 20: The Three Most Motivating Factors – Combined Responses**

<b>Motivating factors</b>	<b>Frequency</b>	<b>%</b>
Desire to be self-employed and to become independent	15	25
Income generation and to support the family	18	31
Had an interest in the line of work and to exploit an opportunity	10	17
Had training and entrepreneurial qualification in the business area	5	8
Encouragement from family and friends to go into a business	10	17
Relatively favorable policy environment		
Other		
<b>Total</b>	<b>58</b>	<b>100</b>

### **6.1.2 Attitudes of the Family at Start-up**

Tables 21 & 22 show that the majority of spouses (over 60 per cent) and other family members were very supportive of the women starting a business.

**Table 21: Attitudes of Spouse when Starting a Business**

<b>Attitude of Spouse</b>	<b>Frequency</b>	<b>%</b>
Very supportive	10	50
Supportive	8	40
Not supportive		
Reacted badly	1	5
Non-Responses (no spouse)	1	5
<b>Total</b>	<b>20</b>	<b>100</b>

**Table 22: Attitudes of other Family Members when Starting Business**

<b>Attitude of Spouse</b>	<b>Frequency</b>	<b>%</b>
Very supportive	12	60
Supportive	7	35
Not supportive		
Reacted badly	1	5
Non-Responses (no spouse)		
<b>Total</b>	<b>20</b>	<b>100</b>

Only one woman reported that her spouse had reacted badly but the rest of the family had supported her, whilst another reported that although her spouse was very supportive her other family members reacted badly. While the family appears to be supportive, the research was interested to see whether this support translated into practical contributions to household chores and childcare. The survey did not probe this in any great detail, but asked the women whether they received such practical help – 54 per cent of the women said they did.

The attitudes of the spouse or other family members when a woman tries to be self employed tend to depend on the type of business activity and the scale of the enterprise, as well as the socio-economic background of the family. If a young woman from a poor family starts a micro enterprise to support herself and her family, it is highly unlikely that the family will oppose her efforts to be self-employed – unless the nature of the work is such that it exposes her to situations that may not culturally acceptable to the family.

### 6.1.3 Constraints at Start-up

Most new business starts-ups, no matter how simple or complex, face some challenges in during the process of starting up. When asked about such challenges, the women entrepreneurs stated a number of problems they had encountered during the start-up phase (see Table 23).

**Table 23: Major Constraints Faced During Establishment**

<b>Constraints</b>	<b>Frequency</b>	<b>%</b>
Working space	7	35
Lack of credit facility	9	45
Lack of appropriately skilled labor	1	5
Government rules and regulations		
Lack of support service that would build confidence	1	5
Obtaining licenses	2	10
Access to raw materials		
Others		
No Response		
<b>Total</b>	<b>20</b>	<b>100</b>

The two most notable constraints were lack of appropriate working space (the problem mentioned most frequently by 35 per cent of respondents), followed by lack of credit facilities (45 per cent).

Clearly many of the women entrepreneurs have tried to overcome some if not all of their problems, in so far as they have actually established their businesses. The important additional question is, “Would these businesses continue operating or develop further?” The women were asked how they had overcome their problems and constraints, and the following are the most commonly mentioned actions.

***Space issues***

- Paying exorbitant rentals in the absence of own premises
- Managed to work in confined premises
- Adapted to limited resources
- Used small working premises

***Finance issues***

- Loans from moneylenders
- Loans from banks
- Credit in kind
- Devised ways to make credit suppliers trust me
- Rented machinery
- Used parents’ house as collateral
- Leased my house

***Labor issues***

- Increased wages
- Replaced unskilled labor with skilled labor
- Trained employees

***General***

- Support and assistance from relatives and spouses
- Through patience and persistence
- Lessons learned from mistakes
- Networking

The research showed that the women used various means to overcome some of the problems they faced during the start-up phase. For instance, they tried to mitigate problems by finding short-term temporary solutions, like borrowing money from local moneylenders, accessing credit in kind etc. Nonetheless, the terms and conditions of both these sources of credit tend to be exploitative and therefore puts the sustainability of these young enterprises at stake. Such temporary solutions do not pave the way for the eventual growth and development of the enterprises. In fact, this could be one of the reasons why many of the registered enterprises close down in their early years. The same is true of the solutions that the women entrepreneurs applied to overcoming the problem of finding premises for production and sales. Many indicated that they were renting premises for their enterprises but paying very high rent. Some of them were operating from home, regardless of the market access problems that this brought.

#### **6.1.4 Start-up Funding**

##### **(i) Capital invested in Start-up:**

Table 24 indicates that the women entrepreneurs required a wide range of differing levels of capital to establish their businesses. Some were as low as Rs.100, 000 and others as high as Rs. 1, 5000,000. Most (75 per cent) of the women entrepreneurs running micro businesses stated that they had required less than Rs. 2000,000 to set up their businesses, whereas about 5 per cent of them had invested over Rs. 250,000 to start their activities. Similarly, 75 per cent of the women entrepreneurs engaged in small-scale businesses required about Rs.450,000 to establish their enterprises, whereas a smaller number (about 10 per cent) had invested over Rs.500,000 to set up their businesses.

**Table 24: Costs of Establishing the Business**

<b>Cost to set up Business</b>	<b>Micro</b>	<b>Small</b>	<b>Total</b>	<b>%</b>
<100,000	1		1	5
>100,000-150,000	1		1	5
>150,000-200,000	2		2	10
>200,000-300,000	1		1	5
>300,000-450,000		12	12	60
>500,000		3	3	15
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>	<b>100</b>

Looking at the relative amounts of investment in the different sectors within the survey, it is evident that higher capital outlays were required in the service sector i.e., an average of Rs.400, 000 compared to Rs.200,000 in the trade sector. This is because service sector activities usually require more machinery, equipment, tools, materials and facilities, which imply larger investment outlays compared to trading activities.

### **(ii) Sources of Start-up Capital**

The main sources of start-up capital for women entrepreneurs in the survey included personal savings (45 per cent), followed by household finance (20 per cent) and assistance from friends and relatives (15 per cent), as shown in Table 25. Only ten per cent of the women entrepreneurs surveyed obtained bank loans to start their businesses.

**Table 25: Main Source of Start-up Funding (by Enterprise Category)**

<b>Main Source of Start-up Funding</b>	<b>Micro enterprise</b>	<b>Small enterprise</b>	<b>Total</b>	<b>%</b>
Personal Saving	2	7	9	45
Household	1	3	4	20
Assistance from friends/relatives	1	2	3	15
Borrowed from relatives or friends/money lenders		2	2	10
Borrowed from Bank	1	1	2	10
Inheritance				
Assistance from NGOs				
Micro Finance				
Others				
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>	<b>100</b>

When one considers the situation on the basis of the categories of micro and small enterprises, the same pattern appears to apply with only a slight difference in the percentages. Personal savings account for 40 per cent and 46 per cent of women entrepreneurs' sources of start up capital for those engaged in micro and small enterprises, respectively. The second and third largest sources of start-up capital appear to



be household finances (20 per cent for micro and 20 per cent for small enterprises), and assistance from relatives and friends (20 per cent for micro and 13 per cent for small enterprise operators).

Of those women entrepreneurs who had access to bank loans for start-up capital, 20 per cent are micro and 6 per cent small enterprises. The bank loans for women entrepreneurs starting up micro enterprises came from both formal banks and Micro Finance Institutions (MFIs), while those women who established small-scale enterprises obtained credit from formal commercial banks only. This latter group of women entrepreneurs reported that they did not consider MFIs relevant for their purposes, which is likely to be due to the smaller loan sizes offered by the MFIs. This is also corroborated by the findings of several reports reviewed in the secondary research phase, showing that women entrepreneurs running small-scale enterprises were not keen to get loans from MFIs due to their low loan ceiling.

### 6.1.5 Working Premises

As noted earlier, the majority of women entrepreneurs do not own their own working premises. A large proportion of women enterprises (75 per cent) carry out their activities in rented premises by paying very high rent. The distribution of women’s enterprises by ownership of premises is shown in Table 26.

**Table 26: Distribution by Ownership of Premises**

Ownership	Frequency			% Responses
	Micro	Small	Both	
Owned	2	3	5	25
Rented	3	12	15	75
Owned and Rented				
Others – shared				
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>	<b>100</b>

A further examination reveals that most women in micro enterprises (60 per cent) operate from rented premises, while women in small enterprises operating from rented premises account for about 80 per cent. Although the women reported that they are trying to find

temporary solutions to the problem of working space, the issue of lack of permanent solutions remains a constraint to many at start-up and as a factor inhibiting further growth. Issues such as rental levels, terms of the lease, physical conditions and location all likely contribute to a range of premises-related constraints.

### 6.1.6 Access to Equipment and Materials during Start-up

The majority of the women entrepreneurs interviewed (70 per cent) brought a wide range of equipment, fittings and materials into their business at the start-up stage. When asked how they set about obtaining equipment for their businesses, 67 per cent of the women who responded obtained their equipment and assets through direct purchases (see Table 27).

**Table 27: Ways in which Start-up Assets were Obtained – Primary Means**

	<b>Frequency</b>	<b>%</b>
Purchased	14	70
Inherited	3	15
Granted		
Leased/granted		
Leased		
Others	3	15
Non-Response		
<b>Total</b>	<b>20</b>	<b>100</b>

Micro and small enterprises use a variety of means to acquire assets with only a few using leasing. The majority of micro enterprises (75 per cent) purchased their assets and did not use leasing.

**Table 28: The Ways in which Start-up Equipment and Assets were obtained by Business Category (percentage responses)**

<b>Method</b>	<b>Micro- Enterprises</b>	<b>Small Enterprises</b>	<b>All Enterprises</b>
Purchased	4	10	14
Inherited	1	2	3
Granted			
Leased/granted			
Leased			
Others		3	3
Non-Response			
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>

The category showing equipment and assets obtained through inheritance was much more significant for small enterprises than for the micro enterprises.

### **6.1.7 Support Services Obtained**

As there are many challenges and constraints faced at start-up, business support services are often crucial to ensure a relatively smooth passage through this stage of business development. The majority of the women had received no assistance from external support services in establishing their businesses. Of those that did receive assistance (just under a third of all the women interviewed), most had received support with financial issues, followed by managerial problems and technical problems (see Table 30). In terms of accessing support, the largest group (30 per cent) had done so through friends and family, nearly a quarter through business associations (23.5 per cent), with the others gaining access through a range of banks (1 per cent) and other personal contacts.

**Table 29: Receipt of External Formal Support Services**

<b>External formal support service received?</b>	<b>Type of Enterprise</b>		<b>Total</b>	
	<b>Micro</b>	<b>Small</b>	<b>Frequency</b>	<b>%</b>
Yes	1	5	6	30
No	3	10	13	65
No response	1		1	5
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>	<b>100</b>

**Table 30: Type of External Formal Support Service Obtained**

<b>Type of Support Received</b>	<b>Frequency</b>	<b>% of respondents</b>
Financial	2	33
Technical	1	16
Managerial	2	33
Market Information	1	16
Networking		
Others		
<b>Total</b>	<b>6</b>	<b>100</b>

When the women entrepreneurs were asked about their major forms of support in getting their business started, these were very much in terms of family and friends. Over one-third of the women entrepreneurs surveyed stated that financial and material support from relatives and friends was their primary support;

If one considers the situation of support at start-up based on the scale of business category, one can observe certain patterns between the micro and small enterprise owners. For example, 20 per cent and 6 per cent of micro and small enterprise owners respectively had obtained financial support from relatives/friends.

One major difference was in the way that they had obtained material support from relatives and friends at start-up – 20 per cent of micro and 6 per cent small enterprises respectively. A likely explanation for this could be that more of the micro operators used materials and equipment for home-based activities whereas many of the small-scale enterprise activities were setting up their businesses outside of the home.

### **6.1.8 Attitudes of Women Entrepreneurs towards Self-Employment and their Current Business**

As discussed elsewhere in this report, the drive for self-employment is one of the most important factors that motivated women micro and small enterprise operators to establish their own businesses. This fact is supported by the survey findings, as 85 per cent of the operators said they are proud of being self-employed. Furthermore, 75 per cent of women

operating both micro and small enterprises stated that even if they were offered permanent job opportunities elsewhere, they would not forego their current businesses.

**Table 31: Attitudes towards Self-employment and Alternative Employment**

Category of Enterprise	Proud of being self employed		Will not leave current business if offered permanent job elsewhere	
	Frequency	%	Frequency	%
Micro	4	20	3	15
Small	13	65	12	60
Not Proud or not leave for a job	3	15	5	25
<b>Total</b>	<b>20</b>	<b>100</b>	<b>20</b>	<b>100</b>

Those who would not forego running their current businesses for permanent jobs elsewhere gave the following reasons for their choice:

- Pride in self-employment;
- Confidence and satisfaction in the business being operated;
- Lack of other skills;
- To keep the family tradition.

Women engaged in micro enterprise activities who would leave their business if offered permanent jobs elsewhere, stated the following reasons for their decisions:-

- To get better paying jobs;
- To get an opportunity to improve and pursue education/study;
- Leave business to the family and engage oneself in a better opportunity;
- Permanent job is an easier way to earn a living;
- Current business performance is not satisfactory.

## **6.2 Managing the Business**

Having examined the experiences and issues faced in establishing their businesses, the survey went on to explore the women's experiences in managing and further developing

their businesses. This looked at decision-making, time in the business, financial management, marketing and the formalizing of the business.

At the outset of this discussion it is important to note that at start-up most of the women entrepreneurs stated that they did not get any kind of formal external support (65 per cent of respondents). This would suggest that women entrepreneurs' own strengths and resourcefulness, as well as the support obtained from close relatives and friends, played a major role in the establishment and running of their new enterprises.

### **6.2.1 Decision-making**

The survey findings showed that women entrepreneurs are largely independent in making decisions concerning their businesses, particularly with regard to the utilization of the money generated from their businesses, 76 per cent of micro-entrepreneurs and 83 per cent of small-scale entrepreneurs make decisions with regard to the utilization of money generated from their businesses. Other women entrepreneurs also make some bank loans and transferring ownership (69 per cent in micro enterprises and 61 per cent in small-scale enterprises). There is also a significant involvement of husbands/spouses in making joint decisions – 32 per cent in the case of small-scale enterprises, and 18 per cent in micro enterprises.

This confirms the fact that as women start generating their own income they are more empowered to make their own decisions. It can be argued that their economic empowerment is a basis for social empowerment as well. The survey reveals that about 32 per cent of the women engaged in small enterprises make joint decisions with their spouses. This could indicate a number of things: for example, to run a small enterprise the resources required are relatively higher than for micro enterprises, and it can also entail the purchase of machinery and other fixed assets. The management can also be more complex, and this may lead some women entrepreneurs to seek the assistance of the spouse or other family members. If the woman wants to borrow from a bank by offering some sort of fixed asset as collateral, such as a house, she will need the consent of the husband.

Although most of the women said they make decisions about their businesses on their own, some of them reported that they do it on a trial and error basis because they didn't have prior managerial and technical training or adequate education to manage the business effectively. Decisions regarding sophisticated managerial, financial and technical issues appear to be difficult for some of the women entrepreneurs.

A significant number of women entrepreneurs who are engaged in growth-oriented and small enterprises are making use of the support, skills and assistance of their spouses. In some cases, this is not surprising as the spouses were involved with developing the business in the first instance.

When the women entrepreneurs were asked if they found making business decisions difficult, the majority (54 per cent) said not. Of the rest who said that they had problems, many (33 per cent) concerned financial matters (borrowing money and tax issues) and marketing/selling (28 per cent) issues (pricing, shifting location, diversification).

### 6.2.2 Time Spent in and Rewards from the Business

Tables 32 and Table 33 show that 85 per cent of women entrepreneurs are fully engaged in running their businesses. The full-time engagement does not show any significant variation between micro and small enterprise operators.

**Table 32: Full-time Engagement and Payment of Salary (by Enterprise Category)**

Category of Enterprise	Full-time Engagement		Pay themselves Wages/Salaries	
	Frequency	%	Frequency	%
Micro	5	100	1	20
Small	12	80	7	46
<b>Total</b>	<b>17</b>	<b>85</b>	<b>8</b>	<b>40</b>

However, 40 per cent of the surveyed women enterprise operators indicated that they pay themselves wages/salaries on a regular basis. Therefore, many women are working full-time in their businesses and are not receiving a regular income for their efforts. This

could be because the women choose not to take a regular salary (only taking income as and when they need it) because they reinvest the money in their business, or because there are insufficient funds in the business to permit a regular wage to be taken. It was also observed that more women small enterprise operators (46 per cent) pay themselves wages on regular basis, as compared to those operating micro enterprises (20 per cent).

When the women entrepreneurs who do not pay themselves wages/salaries on regular basis were asked why, the major reasons included:

- There was no need for a regular payment as they could draw the money at any time as they needed;
- They consider profit as their regular wage;
- They do not make adequate profit;
- They were reinvesting their profits;
- The income generated is too low.

As Table 33 shows, the average salary of those paying wages for themselves is Rs.45,000 per month for both the micro and small enterprise owners. Taking the women entrepreneurs as a whole, 10 per cent of them earn less than Rs.50, 000 on a regular basis, whilst 10 per cent earn more than Rs.150, 000 on a regular basis. It is also observed that the average wage for small business enterprise owners Rs.125, 000 is larger than for micro enterprise operators Rs.45, 000. The average earnings are comparable to a monthly salary paid by public institutions, e.g. a fresh university graduate.

**Table 33: Average Regular Wages/Salaries in Women-operated Enterprises**

<b>Type of Enterprise</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>Average Salary</b>
Micro	30,000	60,000	45,000
Small	50,000	200,000	125,000
<b>Both</b>	<b>20,000</b>	<b>200,000</b>	110,000

These findings provide some insights into how the women manage the money in their business. The women were also asked some direct questions in this respect.



### 6.2.3 Financial Management

As shown in Table 34, over 40 per cent of both micro and small enterprises keep the money generated from the enterprise separate from their personal money. Women in small enterprises appear to be in a slightly better position in this regard compared to micro enterprise operators.

Over half of all the women who responded said that they keep records on costs in order to calculate their profits; however there was a notable difference between micro and small business owners. Women with small enterprises are much better in keeping cost records than micro enterprises, although as was noted earlier there is not a significant difference in educational, skill and experience levels between the women entrepreneurs in micro and small enterprises. It may be that the women engaged in small-scale enterprises have had to become more aware and experienced in issues such as record keeping, due to the larger scale of their businesses and greater exposure to formal licensing and tax requirements, than those women engaged in micro enterprises.

**Table 34: Management of Money and Record-keeping (by Enterprise Category)**

Type of Enterprises	Keep Enterprises' Money Separate		Keep Record on Cost	
	Frequency	%	Frequency	%
<b>Micro</b>	2	40	3	60
<b>Small</b>	9	60	10	66

### 6.2.4 Marketing and Promotional Activities

As noted earlier, local markets (i.e. those in the immediate area of work/ residence) make up the main markets (90 per cent) for the products/services of the women entrepreneurs in the survey. This is particularly true for those women engaged in micro enterprise activities. Only very few small-scale business operators indicated that they supply their goods/services to the main regional markets. This would appear to suggest that the women entrepreneurs have limited experience of marketing and selling to distant markets, where they may be able to find better price advantages.

Essentially, most of the women entrepreneurs would appear to be facing stiff competition with others for a limited clientele in small local markets, and they are not actively seeking (or knowing about) potential opportunities for getting better prices for their products and services further a field. The survey results also showed that 59 per cent of the women entrepreneurs do not use any promotional means to advertise their businesses. The major promotional technique used by many (69 per cent) is by word of mouth and through the use of signboards, both of which tend to be locally focused.

When asked about their sales and marketing channels, 86 per cent of the women entrepreneurs said that they relied on themselves to market and promote their products and services directly. About 10 per cent indicated that their production and market depended solely on orders from clients, and a further 3 per cent said that they sold to and through retailers. This profile of marketing practices and experiences would suggest that many of the women entrepreneurs do not have good networks and limited contact with wholesalers or trading houses that could be used to market their products further a field.

When the women were asked about their main marketing constraints, some of the major issues identified were as follows:

- Lack of suitable location or sales outlet
- Stiff competition
- Lack of marketing know how
- Lack of market information
- Inadequate infrastructure
- Shortage of time (due to multiple tasks)
- Shortage of raw materials
- Shortage of working capital

Women entrepreneurs in both micro and small enterprise repeatedly referred to these largely marketing-based constraints. This implies that regardless of the scale of the enterprises, most women entrepreneurs seem to have common marketing problems.

Further details from the survey would indicate that many of these problems emanate from their limited mobility and multiple responsibilities as homemakers and entrepreneurs. They cannot aggressively penetrate into market niches beyond their areas of operation because of the above reasons, and also this is compounded by their lack of marketing know how. They are often unable to afford to have market research conducted in their areas of business due to limited resources. Cultural and social class issues also impinge upon their entrepreneurial behavior, such that they may shy away from processes that involve “aggressive” sales and marketing activities.

### **6.2.5 Formalizing the Business**

All of the businesses surveyed in this research were registered – or at least listed as, registered businesses. When the women were asked whether they were aware of government regulations affecting their businesses, 72 per cent said that they were, with a slightly higher percentage of the positive responses from the small business category (80 per cent), than the micro enterprises (67 per cent). Those who said they were aware of regulations were then asked, "Have you tried to comply with those regulations?" Some 86 per cent responded positively, although their attempts had not been without problems. Nearly 20 per cent of those responding had had no problems with the registration process, and for the rest the main complaints were about the level of taxes (43 per cent), cumbersome bureaucracy to get services (9 per cent), unfair/unrealistic service charges (5 per cent), and a general lack of information about how to obtain licenses, such as procedures and location of offices (6 per cent).

During the survey some of the women engaged in micro enterprises expressed the opinion that they prefer to remain unlicensed, although they have been registered with some of the authorities. They indicated that they are afraid that they may not be able to comply with the regulations – especially the high level of taxes – if they are licensed.

Being “registered” and “licensed” are two different things. Enterprises are registered to show that they have a legal entity. However, some micro enterprises start up and can be closed down easily (or temporarily) if necessary. In some cases for instance, where the woman is a nursing mother and she does not have any one to assist her in the business, she may have to close it down temporarily.

In the survey, there was a question about whether the women have temporarily closed down their businesses during the last two years. Just four of the women indicated that their enterprises had been closed down temporarily for reasons known to them. At times, family responsibilities oblige them to close down or transfer the business to others. Having reflected on some of the general management issues involved in running their businesses, the women entrepreneurs were asked more specifically about their views and experiences in trying to grow and further develop their businesses beyond start-up.

### **6.3 Growing the Business**

The survey showed that about 70 per cent of the women entrepreneurs who are currently engaged in small-scale undertakings had started as micro enterprise operators and grew to small-scale operators, which means that within the sample there has been some significant experience of growing a business. The women were asked a range of questions to reflect on their past business performance, issues of success, and plans for the future of their businesses.

#### **6.3.1 Attitudes to Growth**

Firstly, the women entrepreneurs were asked how they considered and measured growth in their business. Their responses show that a number of yardsticks are used to measure growth, and the following are the most common measurement criteria mentioned by respondents (n = 20, multiple responses):

- Increase in enterprise income (10)
- Increase in number of customers (9)
- Increase in number of products/services (diversification) (9)
- Expand market (7)
- Increase in number of employees (5)
- Increase in stock (4)
- Meet personal and family needs (4)
- Expansion of activities (2)
- Increase in capital and fixed assets (2)
- Improvement in living conditions (2).

### 6.3.2 Attitudes to Success

As far as success in business is concerned, Table 35 reveals that 75 per cent of the women entrepreneurs feel that they are “successful” in their businesses. It is observed that more women operating small enterprises feel they are successful (80 per cent) than those women operating micro enterprises (60 per cent).

**Table 35: Distribution of Women Entrepreneurs Reporting Success (per cent)**

Type of Enterprise	Successful		Not Successful	
	Frequency	%	Frequency	%
Micro	3	60	2	40
Small	12	80	3	20
All	15	75	5	25

The “successful” women entrepreneurs (15) defined success in their business in a number of different ways as illustrated below:

- Profitability of the business (15)
- Business enables support to family (14)
- Self esteem/satisfaction in the business (11)
- Income is growing (7)
- Business is expanding (5)
- Increased number of customers (4)
- Supplying more goods (4)
- Business is running smoothly (2)
- Opportunity for self-employment (created job for myself) (2)

Those who felt that they were not successful mentioned the following as criteria for their indicators for lack of success:

- Lack of market (5)
- Business is not profitable (5)
- Lack of adequate funds (3)
- Lack of skill and marketing know – how (3)

- Not personally satisfying work (3)
- Lack of suitable location (2)

### **6.3.3 Expansion and Diversification of the Women's Enterprises**

According to the survey, 67 per cent of women entrepreneurs have expanded or diversified their businesses in terms of the range of products and services since establishment. A greater proportion (76 per cent) of women in growth-oriented small scale enterprises undertook expansion or diversification compared to those with micro enterprises (60 per cent). The difference in the degree of expansion or diversification between the micro and small enterprises is attributed mainly to the difference in opportunities for expansion that are available for women entrepreneurs engaged in micro and small business activities.

Table 36 shows the main ways in which the women entrepreneurs described development of their businesses. These included expanding the size of enterprise (30 per cent), addition of new products (23 per cent), and hiring more workers (15 per cent), which were the most important ones. Some women (15 per cent) indicated that they have improved the quality of their products as a measure of expansion and development, whereas less than 7 per cent of the women entrepreneurs stated that they changed the type of business or started selling in new markets. In addition, 7 per cent of women entrepreneurs rationalized their business by reducing the type of products or the number of employees, and reducing their related costs by buying inputs in bulk to reduce cost and increase efficiency. This situation poses challenges and opportunities for increasing the number of growth-oriented women entrepreneurs, as well as hiring more workers and increasing the range of products and services.

**Table 36: Ways of Business Expansion and Diversification**

<b>Ways of expansion</b>	<b>Percentage</b>
Expanded size of Enterprise	4
Hired more workers	2
Improved quality of the product	2
Started selling in new markets	1
<b>Ways of Business Diversification</b>	
Added new products	3
Relocated working premises	
Changed the type of business	
<b>Rationalization of Business</b>	
Reduced costs by buying inputs in bulk	
Reduced type of products	1
Reduced number of employees	
Others	
<b>Total number of respondents who had expanded/diversified</b>	<b>13</b>

The women were then asked how they had acquired the skills and knowledge they needed to develop and grow their businesses. Table 37 (below) shows that previous experience and training played major roles for the expansion and diversification of women-owned enterprises, for both the micro and small enterprise categories. A greater proportion of micro enterprise owners than small-scale owners appeared to rely on their own experience, which a greater proportion of small enterprise owners used training as a source of know-how. Support from business advisory services was considered as a source of ideas for the expansion and diversification of businesses by 15 per cent of respondents.

**Table 37: Sources of 'Know-how' Acquired for Diversification/Expansion**

<b>Sources of skill</b>	<b>Micro</b>	<b>Small</b>
Own Previous Experience	3	8
Advice from others	1	5
Other sources	1	2
Non-response		
<b>Total</b>	<b>5</b>	<b>15</b>

### 6.3.4 Obstacles to Growth

Women entrepreneurs were asked: “What are the three biggest obstacles you face in developing your business?” As Tables 38 & 39 show, there is a wide range of factors which the women feel inhibit their business development. Taking the greatest obstacle first, Table 38 shows that a lack of capital, a general lack of confidence to take greater risks, and lack of skills in negotiation are seen as the biggest barriers to women in growing their businesses. These applied to both those running micro enterprises and small enterprises.

**Table 38: The Biggest Obstacles Faced in Developing Business**

<b>Obstacles</b>	<b>Frequency</b>	<b>%</b>
Lack of adequate working capital	9	45
Lack of confidence to take risks in business	4	20
Lack of skills in negotiation	2	10
Lack of managerial skills	1	5
Problems of working space and sales outlet	2	10
Others	2	10
<b>Total</b>	<b>20</b>	<b>100</b>

When the multiple responses to the three biggest obstacles were considered, the majority of the 20 respondents had only two obstacles, and the balance of barriers changed slightly. Once again, the lack of working capital was seen as the main barrier (30 per cent), followed by the lack of managerial skills (15 per cent), and space to expand for production and sales (15 per cent). Also, all three of these factors were seen slightly more important hurdles by micro enterprises as compared to small business – as regards lack of space 66 per cent of those mentioning space problems were micro enterprises. This table also shows some of the gender-based problems facing the women entrepreneurs, such as problems of mobility (5 per cent) and lack of support from household.



**Table 39: Three Biggest Obstacles Faced in Developing Business**

<b>Obstacles</b>	<b>Frequency</b>	<b>%</b>
Lack of adequate working capital	18	30
Lack of confidence to take risks in business	7	11
Lack of skills in negotiation	3	5
Lack of managerial skills	9	15
Problems of working space and sales outlet	9	15
Problem of mobility as a result of household chores	3	5
Lack of support from the rest of the household members	1	1
Others	10	16
<b>Total</b>	<b>60</b>	<b>100</b>

The women entrepreneurs were asked how they cope and try to overcome and tackle these problems. Of those women entrepreneurs responding to this (20), the greatest number (35 per cent) had not yet found solutions. Some of the major strategies mapped out and adopted by the women entrepreneurs to overcome the problems faced while trying to develop their enterprises included the following:

- Borrowing money from the informal sector
- Using credit from suppliers
- Paying high rentals in the absence of own premises
- Assistance from relatives
- Bringing back the profit
- Seeking advice from other people
- Hiring professional people
- Diversified the products
- Changed location

These solutions do not seem to be much different than those that the women entrepreneurs applied when establishing their enterprises or at the start-up stage. These included borrowing money from the informal sector, seeking assistance from relatives,

and paying high house rent. These reveal that the role of the support environment, both financial and non-financial support, in facilitating or hindering women-owned businesses has not changed much over time. However, the women seem to make different sort of efforts to succeed and keep their enterprises going. For example, they ploughed back the profits generated from the business, tried to diversify products, and changed location to overcome the problem of market. They also tried to improve their customer handling and other management skills based on lessons learnt through trial and error.

### 6.3.5 Current Sources of Business Finance

Lack of working capital was clearly stated as a major barrier to growth by many of the women entrepreneurs, so it was interesting to hear how the women actually funded their businesses. When asked this question directly, many of the women stated that the major source of finance for their businesses came from the proceeds of the businesses which are ploughed back for expansion of the enterprise (65 per cent), followed by a long way by loans (10 per cent) from banks – more so for small businesses – and MFIs. Table 40 shows other sources which were mainly relatives and friends as interest free loans or grants. Table 41 shows multiple responses to this question, indicating a similar spread of sources as for the single responses. In this case, the micro enterprises are slightly more likely to be using informal means such as, than the small business owners.

**Table 40: Primary Source of Business Finance (by Business Category)**

Current Source of business finance	Enterprise Category		Total	
	Micro	Small	Frequency	%
Ploughed back the profit	3	10	13	65
Bank loan		2	2	10
Credit from micro finance institutions	1		1	5
Money lenders	1	1	2	10
Credit in kind		2	2	10
Others				
<b>Total</b>	<b>5</b>	<b>15</b>	<b>20</b>	<b>100</b>

**Table 41: Multiple Responses to Sources of Business Finance**

Current Source of business finance	Enterprise Category		Total	
	Micro	Small	Frequency	%
Ploughed back the profit	5	15	20	42
Bank loan	2	3	5	10
Credit from micro finance institutions	2		2	4
Money lenders	2	2	4	8
Credit in kind	2	3	5	10
Others	5	6	11	23
<b>Total</b>	<b>18</b>	<b>29</b>	<b>47</b>	<b>100</b>

Most of the women running small enterprises cannot access bank credit because of the lack of fixed assets to offer as collateral. Out of the enterprises interviewed, only 10 per cent were able to get a bank loan as they were able to use theirs or their parents' fixed assets as loan security. Even those who have accessed credit complained that the terms and conditions of the loans were not favorable for the type of their enterprises.

Some of the examples given were that the repayment schedules set by the banks are not based on the paying capacity of the enterprises; thereby making it very difficult to meet their obligation to the banks, and others mentioned that the loan process was lengthy and tedious. There are no appropriate sources of credit designed for the majority of small enterprises and the growth-oriented micro enterprises who need working capital loans that are higher than the loan ceilings of the MFIs. Furthermore, the credit delivery modalities of existing MFIs (mainly group-based) do not fit into the demands of the growth-oriented women entrepreneurs and their enterprises, which require a different range of loan products, such as slightly higher loan amounts, individual loans, and longer repayment periods.

The survey reveals that women entrepreneurs in micro and small enterprises have tried to use significant portions of their profits for expanding their enterprises, and others have been borrowing from the informal sector. Borrowing from the informal sector is only a

short-term solution because such loans cannot finance the sort of long-term investments that are required to develop and grow their enterprises. This situation will tend to constrain the women’s abilities to grow their businesses. Business strategies of expansion, diversification and maintaining market share all require sources of funds, and yet the women entrepreneurs are having to rely primarily on their own resources and the profits from their enterprises. Clearly this situation provides both an opportunity and a challenge for support agencies to be able to offer suitable loan products to women engaged in both micro and small enterprise undertakings.

### **6.3.6 Problems Affecting the Negotiating Power of Women Entrepreneurs**

Negotiation skills are one dimension for women engaged in promoting their businesses, and this appears to be a particular problem for many of the women entrepreneurs. During the survey, some of the women pointed out that due to their upbringing or their background (coming from conservative families), their level of education and lack of exposure, they seem to have problems in situations that require aggressive negotiation or having meetings outside of normal business hours.

### **6.3.7 Future Plans and Visions of the Women Entrepreneurs**

Having looked at the past and current growth and development of the women’s businesses, the research then attempted to evaluate the women’s capacities and intentions in relation to planning the future of their business. Accordingly, the women were asked if they had thought about the future at all, and whether they had specific plans for the future of their businesses.

#### **(i) Future Plans**

Table 42 shows that about 90 per cent of the women entrepreneurs stated that they had future plans for their businesses – both for the micro and small enterprise categories.

**Table 42: Future Plans for the Business**

<b>Type of Enterprises</b>	<b>Have Future Plans</b>		<b>Donot Have Future Plans</b>	
	<b>Frequency</b>	<b>%</b>	<b>Frequency</b>	<b>%</b>
Micro	4	80	1	20
Small	14	93	1	6
<b>Both</b>	<b>18</b>	<b>90</b>	<b>2</b>	<b>10</b>

. Those women entrepreneurs with future plans indicated the following major components or activities in their plans:

- Expanding the business
- Improving the quality of products/services
- Changing the type of business
- Penetrating new markets
- Diversifying the products/services
- Improving management style

In discussing how they would take these plans forward, the women entrepreneurs referred back to what they had listed as the major obstacles they faced in developing their business. Notably these related to the lack of working capital, the lack of managerial skills (especially negotiation skills), and problems with working and selling space, which all further hampered the development of their businesses.

### **(ii) Five Years Ahead**

With regard to their short-term plans, nearly 60 per cent of the women micro and small scale entrepreneurs stated that they believed they would still be operating the same business five years' time. As Table 43 shows, the remaining 40 per cent of women respondents were split equally between those that felt they would not be still operating if their current trend of businesses continued, and the others who weren't sure.

**Table 43: The State of Business Ownership in Five Years' Time (by Business Category)**

Category	of	Will					
		Will continue in the		Discontinue		Not Decided	
Enterprise	Same Business	Current	Business	Business	Yet	Frequency	%
	Frequency	%	Frequency	%	Frequency	%	
Micro	3	15	1	5	1	5	
Small	9	45	3	15	3	15	
<b>Both</b>	<b>12</b>	<b>60</b>	<b>4</b>	<b>20</b>	<b>4</b>	<b>20</b>	

Those women who felt that they would still be in the business gave the following – mostly positive – reasons for their statement:

- In order to expand the current business
- Having a strong affiliation with the business (attachment/affinity to the business)
- The business is growing and promising
- No other alternative available
- Satisfaction with the current business

Similarly, the women entrepreneurs that decided they would not be continuing with the same business also gave a mixed range of reasons for to their conclusion. They noted:

- Want to diversify products/services
- Business is not profitable
- Need to change the business and location
- Plan to look for other opportunities
- Will close this business due to high taxes and lack of market
- Plan to sell business

In summary, we note from this section of the report that in spite of the numerous challenges the women entrepreneurs faced while trying to develop their businesses, most of them have been succeeding in keeping them going. The majority of the women entrepreneurs appear to have been actively developing their businesses since start-up, they believe that their businesses are successful, and they have clear plans for the future and see themselves in their businesses five years hence. However, this does not mean that being self-employed is an easy or trouble-free economic option. In general, the women recognize that they have had their ups and downs, and that going into business is a challenge in itself. Whilst most of the women are engaged full-time in running their businesses, less than one-third pay themselves a regular wage. The women rely primarily on the re-investment of their profits to fund further business development. This might be a very prudent approach to business, but taking account of the women entrepreneurs' own views this clearly constrains such development and growth – often quoted as their greatest obstacles to further growth. Lastly, whilst the women entrepreneurs are gaining a

great deal of experience by running their businesses, a significant number feels that they lack a range of managerial skills which may inhibit further growth.

## 6.4 Awareness and Use of Business Services

### 6.4.1 Awareness levels

Having looked at the women’s businesses per se, the research also explored how aware and knowledgeable the women entrepreneurs were about the broader support and policy environment in which they were running their businesses. Table 44 indicates the women entrepreneurs’ general awareness of the agencies and institutions providing various types of financial and business development services (BDS) support.

**Table 44: Awareness of Business Support Institutions and Services**

<b>Business Support Agencies and Institutions</b>	<b>Awareness Levels</b>			
	<b>Micro</b>	<b>Small</b>	<b>Both</b>	<b>%</b>
Savings and credit services	3	6	9	45
Training in Small Business Management	5	2	7	35
Business Information	2	3	5	25
Indirect credit services	2	2	4	20
Marketing assistance	1	2	3	17
Networking	1	2	3	17
Provision of extension services		2	2	13
Technology assistance		1	1	10
<b>Total</b>	<b>14</b>	<b>20</b>	<b>34</b>	<b>20(100%)</b>

Overall their awareness is not particularly high, with the best known agencies being those associated with savings and credit services providers (45 per cent), training providers in small business management (35 per cent), and business information suppliers (25 per cent). Only 17 per cent of the women entrepreneurs knew organizations providing marketing assistance and only 10 per cent knew about technology support. The low level of awareness of support institutions, such as those providing marketing assistance and technology support, is mainly because such organizations are very weak or almost non-existent, and those which do exist do not actively promote their services to their target customers – and even less to women.

Those women entrepreneurs who know of and have used the services of such agencies are not particularly complimentary about the effectiveness of these service providers, particularly those engaged in credit operations like banks.

As has been indicated earlier, the credit delivery modalities and the lending terms of the banks do not always meet the needs of both the small and micro enterprise categories. Therefore, it is not surprising that the women entrepreneurs complain about the limited loan products of these agencies.

If women entrepreneurs are to get an adequate market for growth and expansion, there are opportunities for providing them with market information and promoting their products/services.

Thus there is a challenge and opportunity for those designing and supplying appropriate non-financial support services for women entrepreneurs and for all those involved in the promotion of the micro and small enterprise economy in general and women entrepreneurs in particular. The issue of how appropriate the services are to meet the needs of the women entrepreneurs and their businesses would be an important point that must be addressed.



## **7. Summary of the Major Findings**

The primary research has provided a broad range of information on women entrepreneurs and women-operated enterprises, and on the problems and opportunities facing women entrepreneurs in Pakistan. The research has also contributed to a greater understanding and knowledge of the experiences of women's business growth, the business support framework, and the broader environment within which women's businesses operate in Pakistan. Following are the major findings arising from the fieldwork investigations:

### **7.1 Regional Divergence**

Although the survey was carried out in three different major cities of Punjab, there appears to be no major differences in the way the women start and develop their businesses or in the overall enabling or support environment. There are no significant observed differences between the land lease policies and availability of premises in these major cities. One observed difference between Lahore and the rest of the two cities is that as Lahore is a major city, the population is larger and therefore offers greater market opportunities. Gender inequalities appear to be the same in the major towns.

### **7.2 General Characteristics of the Women Entrepreneurs and their Enterprises**

The findings of the primary research and the in-depth interviews indicate that the majority of women entrepreneurs (87 per cent) are less than 29 years of age; 80 per cent were married and most have attained secondary level of schooling. The average household size was found to be 6 persons.

The research also confirmed that the major motivating factors for women to start their own businesses were to support their families, to be self-employed, and to generate their own income. The survey results showed that 75 per cent are engaged in services and 25 per cent in trade.

In more than half of the cases (55 per cent) the initiation of the business idea for the enterprise came from the woman herself. The women did not face any significant negative reactions in establishing these businesses, as 90 per cent of spouses and 95 per cent of other family members were supportive of their business ideas.

## **7.3 Financial & Non Financial Resources**

### **7.3.1 Financial Resources**

The survey indicated that the main sources for the start-up and expansion of women operated enterprises came from personal savings and family loans/contributions. This has proved to be a constraint for some women entrepreneurs, especially when trying to mobilize adequate working capital for expanding or diversifying the business.

Although savings are one of the means of accumulation of capital, many women entrepreneurs reported that savings alone were not always sufficient for running and expanding their business operations. The growth of the enterprises can be restricted due to a lack of finance for working capital and for long-term capital investments. The women entrepreneurs found it very difficult to access credit from banks due to the requirements of the banks, such as the collateral, the expected level of contribution from the women entrepreneurs themselves, and from MFIs due to the low loan ceiling, and the inconvenient lending and repayment arrangements.

### **7.3.2 Non-financial Resources**

The majority of women entrepreneurs (75 per cent) have experienced difficulties in finding and acquiring land and premises for production or provision of services, as well as for selling purposes. Most run their businesses from rented premises, but the relatively high rents poses critical problems for them and can hinder their expansion and diversification.

The vast majority of women entrepreneurs market their products and services to their local markets, which for most means a limited market access. Very few of the small scale and growth-oriented enterprises sell at regional markets. This shows that there is limited exploration of market development into new markets, which should bring better price

advantages. Because of these reasons, many of the women entrepreneurs are engaged in stiff competition with each another for the same small local markets, and this inevitably results in lower returns all round.

The potential for market development is also limited since many of the women are engaged in similar types of businesses. Many of these business sectors are traditionally dominated by women for historical and socio-cultural reasons. The mobility of some of the women entrepreneurs is also restricted by family responsibilities and cultural barriers, and this contrives to limit their access to wider markets.

Most of the women entrepreneurs sell their products directly to consumers, and few market through intermediaries such as wholesalers. The limited linkages between the women micro-entrepreneurs and the medium and large businesses also mean that their opportunities are limited for networking and growth.

Women entrepreneurs use a narrow range of promotional methods with the majority use word of mouth and signboards to advertise their products/services. Advertising, using exhibitions, distributing flyers and business cards are not well used by the women entrepreneurs. Once again, this is partly due to their lack of promotional know-how and partly their lack of resources.

Many women entrepreneurs lack access to adequate business development services (BDS). Reasons indicated for this are: a low level of awareness about service providers, and some women entrepreneurs themselves are not accustomed to seeking and obtaining such support services. There also seems to be only a limited range of services available that are tailored to the specific needs of women entrepreneurs. Furthermore lack of planning on the part of the women entrepreneurs has also led them to a number of difficulties for example the lack of sufficient market. This leads us to to the conclusion that the female entrepreneurs did not plan out well before starting their business.

## **7.4 Managerial Capacity of the Women Entrepreneurs**

It was clear from the survey that women entrepreneurs manage their enterprises with support from family and friends, both at start-up and expansion. Use of external, formal, managerial capacity-building support by women entrepreneurs is very limited.

### **7.4.1 Decision-making**

The findings of the field survey indicated that the majority of women entrepreneurs make their own independent decisions on the utilization of money generated from their businesses, as well as on matters that affect their business. In addition, it was noted that a significant number of the women surveyed who operate small enterprises make joint decisions with their husbands when the decision involves complex matters or where the husband's permission is required – for example offering their joint property as collateral or disposing of a major property

### **7.4.2 Awareness Level of Government Policies**

The primary research showed that there appears to be an adequate level of awareness among women entrepreneurs about government policies that concern their businesses. According to the survey, most of the women entrepreneurs think that changes are required to create a more conducive environment for their respective operations and to facilitate the growth of their enterprises. In particular, most have mentioned that the tax system needs a significant improvement, as the existing tax laws, which now levy taxes on the basis of estimates, do not consider the ability of small businesses to pay taxes.

### **7.4.3 Differences between Micro and Small Enterprises**

As far as access to resources or support services is concerned, both the micro and small enterprise categories seem to face the same constraints at start-up and during the growth stage of their enterprises. Because of the nature of activities and the level of capital invested, the small enterprises have generated more employment than the micro enterprises.

## 8. Proposed Interventions

The primary research showed that women entrepreneurs have important potential and opportunities for growth. But they lack certain facilities and are facing various constraints, and this situation has restricted their prospects for growth. In the interventions proposed, it is suggested that they should focus mainly on those who have growth potential and are engaged in small-scale enterprises in particular, in order to achieve meaningful employment creation through this sector. The proposed interventions are grouped under a number of headings as shown below.

### 8.1 Financial Institutions

Limited access to the credit services of banks has been identified as one of the key constraints facing women entrepreneurs. Banks and micro-finance institutions should review their loan products for the women entrepreneurs in growth-oriented micro and small enterprises. In undertaking this review, the banks should consider:

- Allocating certain portions of their loan able funds for women entrepreneurs who are planning to grow their business;
- Designing alternative collateral systems that take account of the women's economic position, as well as the development and financial requirements of their enterprises:
- Lowering the level of the banks' required contribution from women entrepreneurs, at least for those at start-up stage;
- Greater collaboration and networking among MFIs and banks so that women entrepreneurs who outgrow the financial services of MFIs could be directed to banks for higher loans.

### 8.2 Role of Government

#### 8.2.1 Enabling Environment

It is very important that the regulatory framework that affects business activities in general and those influencing women entrepreneurs in particular, be revised regularly to

create a more conducive and enabling environment. In this regard, the tax system needs proper attention as almost all women entrepreneurs have complaints over the existing subjective method of the tax levy assessment, which is based on subjective estimates and which does not take account of the ability of the enterprises to meet the tax demands.

### **8.2.2 Access to Land and Premises**

The problem of working space, sheds and premises is another area where women entrepreneurs need support. Women entrepreneurs are experiencing difficulties in meeting the high level of rents, and most of them do not own their own premises. Government, with support from donors, could establish and/or construct production and marketing sheds for women entrepreneurs in suitable locations. In order to encourage private investors to engage in the construction of suitable premises for women entrepreneurs, Government could provide incentives such as tax relief and making available plots of lease free land for productive purposes.

Once again with donor support, the Government could establish common facility centres where women entrepreneurs could undertake certain specific activities under one roof. This mechanism has the advantage of reducing costs for the individual women entrepreneurs and bringing together specialized services in a more cost effective manner.

## **8.3 Role of Donors and NGOs**

### **8.3.1 Credit Facilities**

Following on the proposals indicated above it is also proposed that donors and NGOs could play a crucial role in supporting MFIs and banks in providing funds that could be used for on-lending to women entrepreneurs. They may mobilize financial resources and deposit them with either MFIs or banks so that they could be channeled to women entrepreneurs, or used to create a credit guarantee programme with the financial institutions in order to minimize the women entrepreneurs' problem of lack of collateral. Donors could also help more robust associations of women entrepreneurs to create their own financial institution (MFI) to avail special credit to their members. This approach may also help to establish the role of women entrepreneurs' associations as financial and non-financial service providers. By offering credit services, this could enable the women

entrepreneurs to achieve financial sustainability and be in a stronger position to provide "credit plus" services, such as technical training and advice and lobbying support for women entrepreneurs.

### **8.3.2 Training and Other Capacity Building Programmes**

Non-governmental organizations and donors can play a key role in mobilizing resources that could be channeled to non-financial (BDS) support service providers to enable them to carry out training needs identification programmes so that training and other support services provided are needs-based and market-oriented. Furthermore, they can assist the support service providers to organize training courses, and undertake other initiatives such as exposure visits within and outside the country so the women entrepreneurs can exchange and learn from other experiences.

## **8.4 Role of Other Support Agencies**

### **8.4.1 Credit Facilities**

Non-financial (BDS) service providers could also play an important part by assuming facilitator roles and linking women entrepreneurs to credit delivery institutions. BDS providers could also play a technical intermediary role by offering the necessary training and advice on business plan preparation to women entrepreneurs, and by referring those with feasible businesses to be able to apply for credit from the MFIs and banks.

### **8.4.2 Marketing and Business Information Assistance**

Most of the women entrepreneurs surveyed indicated marketing and business information as among the main constraints to the growth of their enterprises. To tackle this problem, various stakeholders need to address problems related to poor levels of awareness of and skills in marketing. Some of these proposed interventions are listed below.

#### **(i) Linking Women Entrepreneurs with Medium and Large Firms**

Linkages need to be created between women entrepreneurs in micro and small-scale enterprises and medium and large-scale enterprises in the form of contractual and commercial arrangements, such as through subcontracting and trading houses, which would prove to be good steps towards creating sustainable market opportunities for

women entrepreneurs. In this regard, support agencies and associations could create and maintain databases of the products/services of women entrepreneurs so that they might provide a matching service with medium and large-scale enterprises. Similarly, large trading firms could be encouraged to serve as marketing outlets for the products and services of women entrepreneurs in MSEs.

**(ii) Provision of Training on Quality Improvement and Cost Reduction**

By monitoring those international products/services coming on to the market that may be similar to those being produced by women operators in Pakistan, various support agencies and associations could provide training on quality improvement for local women entrepreneurs. This would support women entrepreneurs to ensure that they are more competitive in terms of quality, design, packaging, etc.

**(iii) Market Opportunities and Appropriate/Improved Technologies**

Support agencies and women entrepreneur associations should gather and disseminate information on existing appropriate and affordable technological options that may assist women's enterprises. Marketing information centers could be established to enable women to collect relevant market research information.

**(iv) Construction of Display Centers and Providing Advertising Support**

Support agencies and/or women entrepreneur associations could initiate permanent and visible display centers with support from donors in good locations within various towns, so as to enable women entrepreneurs to display their products. In addition, promotional support for the products/services of women entrepreneurs can be provided by support agencies/associations through the use of public media and by assisting women entrepreneurs to produce their own brochures, posters, advertising and promotional materials, etc.

Moreover, support agencies/associations could organize exhibitions and/or enable women entrepreneurs to participate in exhibitions and buyers/seller meetings. Special events



could also be organized by support agencies/associations for the display of products/services of women entrepreneurs only.

### **8.5 Other Business Development Services (BDS)**

Provision of other business development services such as training, both technical and managerial, as well as advisory and counseling services, can be crucial for the sustainable growth of women's enterprises. Leadership training and the development of negotiation skills could be provided for women entrepreneurs to help them build their confidence as businesswomen. In this regard, support agencies need to consider tailoring their training and advisory services to meet the specific needs and situations of women entrepreneurs. As indicated from the field survey, most women entrepreneurs are married women who also assume household responsibilities.

Hence, the training packages have to be delivered at places and times convenient to women entrepreneurs. Advisory and counseling could take place at their businesses, thereby making it more convenient for the women. Training could be arranged in nearby locations which are convenient for transportation services. Support organizations can also play facilitating roles by referring and linking women entrepreneurs to other organizations for special skills training.

### **8.6 Co-ordination of Activities and Awareness Creation**

The provision of services for women entrepreneurs should be better coordinated in order to increase the effectiveness of such programmes, as currently there appears to be little cooperation or coordination amongst service providers.

Thus, it is proposed that one coordinating institution for BDS services for women entrepreneurs be established at the federal and regional levels for streamlining needs based services to women entrepreneurs. In addition, women entrepreneurs should be made more aware of the role and contributions of various support services and the availability of commercial BDS service providers and institutions. Such awareness creation could be undertaken by the information centers that it is proposed should be

created in various cities. Building awareness of existing laws and regulations amongst women entrepreneurs should be considered as an important activity by the Government.

However, it is also noted that a considerable amount of effort is already going into improving collaboration and coordination among the various governmental, donor and NGO actors.

### **8.7 Monitoring and Evaluation**

Monitoring and evaluation activities have to be carried out both at the level of the promotional organizations to evaluate the provision of services, and at women entrepreneurs' level to consider the impacts of services provided on their enterprises, on job creation and on poverty reduction.

### **8.8 Further Areas to be explored**

Several other areas were identified through the field survey that could be explored further. These are:

- Ways and means of enabling women entrepreneurs' associations to deliver quality services, such as BDS, to their members in a sustainable manner;
- Promotion of innovative business ideas through examining the experiences and good practices of successful women-owned businesses;
- Additional research to examine the experiences of young women (20-30 years old) in order to support them in establishing and growing their own businesses.

## 9. Recommendations

The major issues and recommendations arising from the group work sessions are presented below.

### 9.1 Access to Resources, in particular to Finance

#### (a) Issues:

- A number of background issues were identified concerning women entrepreneurs' access to appropriate resources.
- Large and micro loans are available for businesses, but there is little in the way of medium-sized loans for growth-oriented MSEs. There is a need to “fill the gap in the middle” in terms of accessing finance.
- Micro-finance institutions (MFIs) do lend money to women, but they do not provide business development services or advice. They tend to lend to micro-entrepreneurs who generally enter and operate in overcrowded market segments.
- Women entrepreneurs find it difficult to secure appropriate workspaces at reasonable rents.

#### (b) Recommendations:

- I. There is a need to strengthen the capacities of MFIs in order that they are better able to:
- Extend their activities to more women as well as a wider range of women entrepreneurs;
  - Improve the coverage of their services across the country;
  - Improve their products and lending services to meet the needs of growth oriented businesswomen by providing larger loans and longer repayment periods;
  - Review interest rates with a view to offering variable rates based on business needs.
  - The Government should give special emphasis to the allocation of land and premises to women entrepreneurs at reasonable rates.

II. Where market failure exists, SME development incubators need to be established to help alleviate the shortage of appropriate premises for women entrepreneurs, as well as the provision of more and better BDS and information services for women entrepreneurs.

## **9.2 Market Access and Developing BDS**

### **(a) Issues**

A number of issues emerged concerning the difficulties that women entrepreneurs face in obtaining information about new market opportunities and market entry requirements, especially for export markets, where they increasingly face the economic impact of global competition. Women also face specific challenges concerning their abilities to travel and physically access markets outside of their immediate communities.

### **(b) Recommendations:**

I. In the face of apparent market failure, BDS providers should consider offering assistance in marketing to facilitate women entrepreneurs' access to local, regional and international markets, and to encourage and promote the greater use of technology to achieve this.

II. The Government and business advocacy groups should encourage links between BDS providers, MFIs and other financial institutions to improve women entrepreneurs' access to the full range of financial and non-financial (BDS) support services available.

III. BDS products and services should be promoted to move women entrepreneurs into more profitable sectors and to help make their enterprises more productive and competitive. This should involve BDS provision in areas such as:

- Quality assurance schemes
- Productivity Improvement Programmes
- Production technology
- Product development
- Packaging development
- Business skills development
- Information about markets including export markets
- Support with information technology

## **9.3 Enabling Environment**

### **(a) Issues:**

A wide range of issues was discussed during the group work. The main points raised were as follows:

- The bureaucracy of government regulations and red tape, the largely negative attitudes towards business, and the overall lack of transparency prevent the development of a real public-private partnership for business.
- There are great differences between the laws and customary practices as regards gender equality in society, and this impacts negatively on the operations and effectiveness of women entrepreneurs.
- The licensing procedures relating to business are overly bureaucratic, and obtaining accessible information about new laws and legislation in a timely manner is a major inhibitor for business.

### **(b) Recommendations:**

I. As the informal economy is largely dominated by women, it is important that steps are taken by the Government and BDS providers to improve their economic and social protection position by:

- Providing some form of 'official' recognition to informal workers to protect them from harassment and provide basic forms of social protection;
- Providing financial and non-financial support to women in the informal economy so that they can more easily access and navigate the steps involved in formalizing their businesses.

II. The Government should take the lead in a number of initiatives aimed at changing the attitudes of society towards women entrepreneurs and creating a more positive and constructive environment for their expansion and growth.

III. Special efforts should be made to improve partnerships between all actors who influence the socio-economic environment for women in general and for women entrepreneurs in particular.

IV. There is a need to promote and support the practice of good governance by all, in government, business and non-government organizations. There is a need to highlight and reward positive, honest and transparent practices wherever and whenever they occur.

V. There is a need to promote gender equality in enterprise development through:

- Enforcing laws in an equitable and transparent manner
- Identifying and promoting the dissemination of good practice examples from other countries
- Promoting women entrepreneur role models through videos films and other publicity and promotional materials.

VI. Develop women entrepreneurs' voice through advocacy and lobbying. Women entrepreneurs need to be supported and profiled in exercising their rights.

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### International Organizations

*United Nations:*

<http://www.un.org>

[http://www.un.org/partners/civil\\_society/m-women.htm](http://www.un.org/partners/civil_society/m-women.htm)

*Women Watch*

<http://www.un.org/womenwatch/>

*International Labor Organization. Gender Equality – Home page*

<http://www.ilo.org/public/english/bureau/gender/> organization for Economic Co-operation and development

<http://www.oecd.org>

<http://www.oecd.org/dsti/sti/industry/indcomp>

### Business Web Sites for Women

Business Women's Directory

<http://www.bizgrowth/bizdirectory.html>

Biz Resource Site

<http://www.bizresource.com>

Women Leaders Online and Women Organizing for Change

<http://wlo.org>

Women in Business

<http://www.bizwomen.com>

Pakistan's First Online Portal for Women Entrepreneurs-

[www.win.org.pk](http://www.win.org.pk).

The Government of Pakistan. Statistics Division. Federal Bureau of Statistics website

[www.statpak.gov.pk](http://www.statpak.gov.pk).

The International Finance Corporation

[www.ifc.org](http://www.ifc.org).

The International Labor Organization in Pakistan

<http://www.ilo.org.pk/>.

The United Nations Development Program in Pakistan

<http://www.un.org.pk/undp/> .

## **List of Useful Resources**

### **Gender Entrepreneurship Markets (GEM) Manual**

The IFC GEM qualitative mapping methodology has been codified into a practical manual “The Gender Entrepreneurship Markets Study.” The manual, available in print and CD-ROM, provides a systematic framework, tools and guidelines to conduct gender entrepreneurship country assessments. The manual is designed to help program developers design targeted technical assistance to promote gender equality. Copies are available for internal IFC distribution through the GEM Program.

### **All Pakistan Women’s Association**

67B Garden Road  
Karachi, - 74400 Pakistan  
Tel: +92 21 721 2991  
Fax: +92 21 722 1965  
E-mail: apwa@pienet.net

### **Asian Women in Business**

358 Fifth Avenue, Suite 504  
New York, New York 10001, USA  
Tel: +1 212 868 1368  
Fax: +1 212 868 1373  
E-mail: info@awib.org  
Website: <http://www.awib.org/>

### **First Women Bank**

S.T.S.M. Foundation Building, Cl -10/20/2, Beaumont Road Civil lines,  
Karachi - 75530 Pakistan  
Tel: +92 21 565 7681/ 455 3149  
Fax: +92 565 7755  
E-mail: info@fwbl.com.pk  
Website: <http://www.fwbl.com.pk>

### **Pakistan Association for Small and Medium Enterprises**

113 - E, Block 2, P.E.C.H.S.  
Karachi - 75400 Pakistan  
Tel: 92 21 439 3544  
Fax: 92 345 214 8165  
E-mail: info@pasmе.org.pk  
Website: <http://www.pasmе.org.pk>

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### **Pakistan Association of Women Entrepreneurs**

F-9/1 Block, 4 Hatim Alvi Road  
Clifton, Karachi - Pakistan  
Tel: 92 21 2451 348/ 245 1705

**Rawalpindi-Islamabad Women Chamber of Commerce and Industry (RIWCCI)**  
E-mail: IRWCCI@yahoogroups.com

**Pakistan Federation of Business and Professional Women's Organization**  
Dr. S.R.A. Women's Complex, Street No.2, Block-9, KDA Scheme No.5  
Clifton, Karachi - Pakistan  
Tel: +92 21 5873717, +92 21 5860690, +92 21 5378064  
Email: pfbpw@cyber.net.pk  
Website: www.pakistanfederation.org

**Small & Medium Enterprise Development Authority (SMEDA)**  
6th Floor, LDA Plaza  
Egerton Road, Lahore - Pakistan  
Tel: +92 42 111 456  
Fax: +92 42 630 4926/ 630 4927  
E-mail: helpdesk@smeda.org.pk  
Website: <http://www.smeda.org.pk/>

**The Aga Khan Development Network**  
House N 12, Street N 61, Sector F-5/3  
Islamabad - Pakistan  
Tel: +92 51 227 6812/111 2532  
Fax: +92 51 227 6815  
Website: www.akdn.org

**Women Chambers of Commerce and Industry (WCCI)**  
107 Office, Park Tower, Clifton  
Karachi - Pakistan  
Tel: +92 21 537 4245  
Fax: +92 21 583 0238  
E-mail: wcci-bsa@super.net.pk

**Young Business and Professional Women (Young BPW)**  
Pakistan Federation of Business and Professional Women  
Street 7, Boulevard 4,  
Clifton, Karachi - Pakistan.  
Tel: +92 21 536 576  
Email: pfbpw@cyber.net.pk  
Contact: Salima Ahmed

**Annex 1- Questionnaire**  
**Survey Questionnaire for Assessing Factors Affecting Women**  
**Entrepreneurs in Micro and Small Enterprises in Pakistan**

Name of interviewer \_\_\_\_\_

Date of interview \_\_\_\_\_

Place of interview:

City: \_\_\_\_\_

Region \_\_\_\_\_



**Part I Individual Level: Basic Information**

1.1 Name of the respondent \_\_\_\_\_

1.2 Which age bracket are you in?

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

1.3 Place of Birth \_\_\_\_\_

1.4 Marital status:

1. Married
2. Divorced
3. Separated
4. Single
5. Widowed

1.5 Do you have any formal education?

- 1 Yes          2 No

1.6 If yes, to Question 1.5, highest grade completed?

- 1 Primary
- 2 Secondary
- 3 Vocational
4. Others (specify)\_\_\_\_\_

1.7 What professional qualifications do you have?

1. Certificate

- 2. Diploma
- 3. Degree
- 4. Not applicable

1.8 If No to Question 1.5, do you read and write?

- 1. Yes
- 2. No

1.9 If No to Question 1.8, who assists you in communicating for your business? (With suppliers, government offices, customers, etc.)

- 1. Your husband
- 2. Your son/daughter
- 3. Relative
- 4. Friend
- 5. Other \_\_\_\_\_

1.10 How many persons are there in your household? \_\_\_\_\_

<b>Dependents Age</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Relation to the owner</b>
0-4 Years				
5-18 Years				
18 Years and above				

1.11 What were you doing immediately before starting this business?

- 1. Student
- 2. Unemployed
- 3. Employed
- 4. Housewife
- 5. Another business (specify)\_\_\_\_\_
- 6. Others (specify)\_\_\_\_\_

1.12 Did you have any prior work experience relating to this business?

1. Yes - Substantial
2. Very little
3. No, just started from scratch

1.13 If you had prior business experience, who owned the business?

1. Other people
2. Myself
3. My family
4. Others, specify \_\_\_\_\_

1.14 Is the business or enterprise still operating?

1. Yes
2. No

1.15 If No to Question 1.14, what was the major reason?

\_\_\_\_\_

1.16 Was it a formal business?

1. Yes
2. No

## **Part II Enterprise Level Basic Information**

2.1 Name of the enterprise \_\_\_\_\_

2.2 Address: \_\_\_\_\_ House No. \_\_\_\_\_

Telephone \_\_\_\_\_ Fax number \_\_\_\_\_ (your own)

2.3 When did this business start (Year) \_\_\_\_\_

2.4 Who initiated the business idea?

1. Myself
2. My husband
3. Other family member
4. Friends
5. Taken over already established business
6. Bought existing business
7. Other \_\_\_\_\_

2.5 Main product/service of the enterprise

\_\_\_\_\_

2.6 What sector is your business in?

1. Trade
2. Production
3. Services
4. Hand-craft
5. Other (specify) \_\_\_\_\_

2.7 Type of Enterprise

- 1 Micro (2-5 employees)
2. Small Enterprise (above 5)

2.8 Are you engaged full-time in this business?

- 1. Yes
- 2. No

2.9 Form of ownership

- 1. Individual proprietorship
- 2. Partnership
- 3. Share Company
- 4. Private Limited Company
- 5. Others (specify)\_\_\_\_\_

2.10 Do you have a working premise?

- 1. Yes
- 2. No

2.11 If Yes to Question 2.10, is the premise

- 1. Owned?
- 2. Rented?
- 3. Other? (Specify) \_\_\_\_\_

2.12 How many employees do you have?

<i>Type of employment</i>	<i>Female</i>	<i>Male</i>
Full time		
Part time		
Paid family members		
Unpaid family members		

**Part III Information on Entrepreneurial Capacity, Resources for start up**

3.1 Why did you prefer to start your own business?

1. Family tradition
2. To be self-employed
3. Brings high income
4. Small investment is required
5. No other alternative for incomes
6. Others

3.2 What were the responses of your spouse & other family members when you started your enterprise?

Category	Very supportive	Supportive	Indifferent	Not supportive	Reacted badly
Spouse					
Other Family Members					

3.3 What were the three most motivating factors to start this business?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

3.4 What equipment or other assets did you have (have access to) when starting/creating the enterprise?

3.5 How were these obtained?

1. Purchased
2. Leased/granted
3. Inherited

4. Other (specify)\_\_\_\_\_

3.6 How much did it cost you to set up the business? \_\_\_\_\_

3.7 What was your main source of start-up funding?

1. Personal saving
2. Household
3. Borrowed from relatives or friends/money lenders
4. Micro-finance institutions
5. Assistant from friends/relatives
6. Inheritance
7. Borrowed from Bank
8. Assistant from NGO's
9. Others (specify) \_\_\_\_\_

3.8 Do you get support with household chores/childcare (like nursery and schools, day care centers, formalized or not).

- 1 Yes            2 No

3.9 What support did you get to start this business?

1. Government Policies
2. Easy access to credit
3. Financial support from relatives/friends
4. Material support from relatives/friends
5. Both financial and non-financial support from relatives/friends
6. None

3.10 What were the five greatest constraints you faced at establishment?

1. Working space
2. Working capital/finance
3. Support services that would build my confidence

4. Appropriately skilled labour
5. Obtaining the licences etc.
6. Access to raw materials
7. Government rules and regulations
8. Lack of credit facilities
9. Others

3.11 How did you overcome these problems?

3.12 Did you get any external formal support services?

1. Yes
- 2 No

3.13 If Yes to Q.3.12, what type of support?

1. Financial
2. Technical
3. Managerial
4. Market information
5. Networking
6. Other coaching

3.14 How were these types of supports accessed? \_\_\_\_\_

3.15 Who decides on how the enterprise money is utilized?

1. My husband
2. Myself
3. Other members of the family
4. don't know

3.16 Who is responsible in your business for making major decisions?

1. Myself
2. My husband



3. Other family members
4. Friends Jointly with my husband
5. Other (specify)\_\_\_\_\_

3.17 Where do you sell most of your products/services?

1. Local market - area of work/residence
2. Regional markets - capital city of the regional state
3. National markets -
4. Foreign market -

3.18 How do you sell or promote your products/services?

1. Marketed directly by the company itself
2. Through an intermediary
3. Production is based on demand
4. Sold to retailers

3.19 Do you promote your products/services?

1. Yes
2. No

3.20 If Yes to question 3.19, then how?

1. By word of mouth
2. Local news paper
3. Exhibition
4. Radio
5. Television
6. Other (specify)\_\_\_\_\_

3.21 What are the three major marketing constraints of your business?

- 1 \_\_\_\_\_
- 2 \_\_\_\_\_
- 3 \_\_\_\_\_

3.22 What type of decision(s) is (are) difficult for you?

3.23 Do you keep your enterprise money separate from your personal money?

1 Yes          2 No

3.24 Do you keep records of your costs in order to calculate your profit?

1 Yes          2 No

3.25 Do you pay yourself a wage/salary?

1. Yes          2. No

3.26 If No to Question 3.25, then why? \_\_\_\_\_

3.27 How much is your salary on a regular basis?

**Part IV Information on the Level of Development/Diversification of Enterprise**

4.1 Have you developed, diversified, expanded, and changed your enterprise since establishment?

1 Yes            2 No

4.2 If Yes to Question 4.1, in what way?

1. Expanded size of the enterprises
2. Added new products
3. Hired more workers
4. Improved quality of the product
5. Reduced costs by buying inputs in bulk
6. Reduced costs with cheaper source of credit
7. Started selling in new markets
8. Changed the type of business
9. Reduced the type of products
10. Reduced number of employees
11. Reduced market outlet
12. Relocated working premises
13. Others(Specify)\_\_\_\_\_

4.3 Has there been any temporary closure of your business in the last two years?

1 Yes            2 No

4.4 If Yes to Q. 4.3 why? \_\_\_\_\_

4.5 How did you get the skills to diversify and develop your business?

1. By training
2. By advice
3. Own experience
4. Other (Specify) \_\_\_\_\_

4.6 Do you feel you are successful in your business?

1 Yes          2 No

4.7 If Yes to Question 4.6, how?

4.8 If No to Question 4.6, why?

4.9 How do you measure growth of your enterprise? \_\_\_\_\_

**Part V Information on Business Enabling Environment, Facilities/Resources Available**

5.1 Do you think the present policy environment discriminates against women?

1. Yes
2. No

5.2 If your answer to Q. 5.1 is yes, in what way and level?

1. In its content and meaning
2. At implementation level
3. The fact that it is gender neutral

5.3 If your answer to Q. 5.1 is No, in what way?

1. In its content and meaning
2. At implementation level
3. The fact that it is gender neutral

5.4 Do you think changes in government policies would help women's enterprise to grow?

1. Yes
2. No

5.5 If your answer is yes to Q5.4, what policies and why?

5.6 If your answer is no to Q5.4, why? \_\_\_\_\_

5.7 Are you aware of government regulations affecting your business?(Don't read: labour law, tax, safety and health, licensing, others)

1. Yes
2. No

5.8 If your answer is yes to Q.5.7, have you tried to comply with those regulations?

1. Yes
2. No

5.9 What problems did you face to comply with the regulations? \_\_\_\_\_

5.10 What are your current sources of finance for the business now?

1. Money lenders
2. Credit in kind
3. Credit from micro-finance institutions
4. Bank loan
5. Ploughing back the profit
6. Others (specify) \_\_\_\_\_

5.11 Are you affiliated with business and/or women's organizations?

- 1 Yes            2 No

5.12 If Yes to Q. 5.11, how do you see the role of such organizations in promoting women's enterprises?

5.13 Which are the organizations you are affiliated with? \_\_\_\_\_

5.14 Are you aware of institutions that give support to business growth and those with special facilities for women?

<b>Services rendered</b>	<b>Aware</b>	<b>Not aware</b>
1. Saving and credit services		
2. Indirect credit services (feasibility & application processing, technical advice etc.)		
3. Marketing assistance		
4. Technology assistance		
5. Provision of extension services		
6. Training in small business management, etc		
7. Business information		
8. Networking		
9. Others (Specify)		

## **VI. Information on Current Problems and Prospects**

6.1 Given the trend in your business performance do you expect to be in the same business five years from now?

1. Yes                      2. No                      3. don't know

6.2 If No to Q.6.1 Why?

6.3 If Yes to Q.6.1, why? \_\_\_\_\_

6.4 What were the three biggest obstacles you face in developing/doing business?

1. Lack of skill in negotiation
2. Lack of confidence to take riskier business
3. Lack of adequate working capital
4. Problem of mobility as a result of household chores
5. Lack of managerial skill (record keeping, marketing, project idea generation etc.)
6. Lack of support from the rest of the household members (husband, children etc.)
7. Problem of working space or sales outlet
8. Others (Specify) \_\_\_\_\_

6.5 How did you over come these obstacles? \_\_\_\_\_

6.6 Can you mention specific changes in the business environment now (recently, since Government promised to implement certain measures to assist women entrepreneurs)?

- 1 Yes                      2 No

6.7 If Yes to Q.6.6 mention the specific changes?

6.8 Are you proud that you are self-employed?

1 Yes      2 No

6.9 If someone offered you a permanent job would you give up your business? And go for the job?

1 Yes      2 No

6.10 If your answer to Q. 6.9 is yes, Why?\_\_\_\_\_.

6.11 If your answer to Q.6.9 is no, why?\_\_\_\_\_

6.12 Do you have plans for the future of your enterprise?

1 Yes      2 No

6.13 If your answer is yes to Q.6.12, in what areas?

1. Expanding the business
2. Improving the product quality
3. Changing the type of business
4. Penetrate new market
5. Diversify the product/service
6. Close the business down
7. Improve my managerial skill
8. Others (specify)\_\_\_\_\_

If your answer to Q. 6.12 is no, why not? \_\_\_\_\_



**VII. Information concerning Gender**

7. 1 Are there any problems, that you felt were related to being a woman?

1 Yes

2 No

7.2 If yes, what are they? \_\_\_\_\_

7.3 Do you think there are major business issues/constraints you face because you are a woman entrepreneur?

1 Yes

2 No

7.4 If yes, mention some of them: \_\_\_\_\_

## Annex 2- List of Persons Contacted

No.	Name	Business Sector/Name	Location
1	Mrs.Nusrat Khan	Services, Obees Beauty Parlor	Rawalpindi
2	Mrs.Sobia Mustafa	Services, Sobia's Beauty Salon	Rawalpindi
3	Mrs.Samara Malik	Services, Allama Iqbal School	Lahore
4	Mrs.Sohaila Faheem	Services, Faheem Corp	Lahore
5	Ms.Salma Asif	Retail, Salmaz Boutique	Lahore
6	Mrs.Ammara Khan	Services, Aminah Dental Clinic	Rawalpindi
7	Ms.Asma Tariq	Services, The Job Consultant	Islamabad
8	Mrs.Naheed Qureishi	Services, Apple School	Islamabad
9	Mrs.Naheed Awan	Services, Awan Trainers	Rawalpindi
10	Mrs.Nusrat Saleem	Services, the Grammer School	Rawalpindi
11	Mrs.Haseem Daood	Services, Sana's Herbal Clinic	Rawalpindi
12	Mrs.Amna Ali	Retail, Barkat's	Rawalpindi
13	Ms.Sana Gillani	Production, Sanaz Accessories	Lahore
14	Mrs.Azra Malik	Services, Babe Haram	Lahore
15	Mrs.Samina Khan	Services, Aroze Parlor	Rawalpindi
16	Mrs.Fareena Khan	Services, Ahem's Parlor	Rawalpindi
17	Mrs.Aroosa Kamal	Services, Kamal Property Dealers	Islamabad
18	Mrs.Asma Kamal	Retail, Rani Emaan Boutique	Rawalpindi
19	Ms.Ruby Malik	Services, Ruby's Electrolysis	Islamabad
20	Mrs.Nighat Fareed	Retail, Bareeze	Islamabad