

Gobalisation -Challenges Faced By Women Entrepreneurs

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Abstract

As technology speeds up lives and the new millennium is now upon us, it is useful to take time to reflect on what will surely be one of the driving forces of the global economy of the 21st century. Women are an emerging economic force that policymakers cannot afford to ignore. In the global economy of the 21st century, international trade will be a key source of economic growth and development. National Foundation of Women Business Owners (NFWBO) found that women-owned firms involved in the global marketplace have greater revenues, are more optimistic about their business prospects and are more focused on business expansion than women-owned firms that are domestically oriented.

Introduction

As technology speeds up lives and the new millennium is now upon us, it is useful to take time to reflect on what will surely be one of the driving forces of the global economy of the 21st century. Women are an emerging economic force that policymakers cannot afford to ignore. What are the implications of this for businesswomen throughout the world? How can women's business associations best channel this potential and maximize it to improve the status of women in the world economy.

The world's modern economy, and in fact democracy, depends on the participation of both sexes. Wouldn't it be ideal to envision as normal a global international order based on democracy, free enterprise, and international law? Since no such system has ever existed, this system looks utopian, if not naive. However, governments and institutions promoting democratic values make a real difference in women's business organizations in newly emerging market democracies.

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Women entrepreneurs are increasingly becoming the driving forces of many economies particularly in India. Studies show that they account for 30 % of all businesses though these are in the lower end of the economic scale. In rural Area, it is estimated that they produce between 60 -80 % of food and constitute most of the businesses in the informal economy.

In the global economy of the 21st century, international trade will be a key source of economic growth and development. Recent surveys conducted in several countries by the National Foundation of Women Business Owners (NFWBO) indicate that women-owned firms involved in the global marketplace have greater revenues, are more optimistic about their business prospects and are more focused on business expansion than women-owned firms that are domestically oriented. Obviously, expanding into international trade can payoff for women-owned firms. However, it is not clear that smaller enterprises are benefiting from this potential as much as larger firms. Women's business associations can and should ensure that their members-large and small-are equipped to reap the rewards of expanding In to the international arena. Women must learn how to play the international trade game,

and a global network of women's business associations can help hem do that. Information technology can help identify markets, provide industry information and spotlight trends about what the role of women in national economies can be. More information about women-owned business enterprises is sorely needed to force policymakers to realize that women area n economic force to be reckoned with. Part of this process is to document the economic significance of women-owned enterprises in order to establish a constructive dialogue.

The IOE recognizes the importance of promoting women entrepreneurship in both developed and developing countries. Building strategic partnership and alliances with women owned businesses will not only enhance the representatively of IOE members but also strengthen their institutional capacity to negotiate and participate in national policy formulation processes. There are however a number of constraints to women owned businesses that need to be addressed. Some of the constraints include:

- societal and cultural attitudes which play an important part in determining who within a society becomes an entrepreneur;

- a lack of skills and education which constrain the growth potential of SMEs;
 - a lack of experience in starting and managing a business;
 - a lack of access to credit as women tend to request smaller loans which are not profitable for financial institutions, they also lack collateral, and operate in sectors which are seen to be less profitable by bankers; .
 - a lack of information about markets, suppliers, export opportunities;
 - a lack of an enabling business environment which is a major constraint to all businesses including women owned businesses. The regulatory and legal framework governing competition, investment, transactions, contractual laws, labour laws, taxes, property rights and procurement procedures affects all enterprises.
- their employees. And women are changing the face of business ownership internationally; between one-quarter and one-third of the world's businesses are owned by women. As their numbers grow and as their businesses prosper, they will change the way the world does business."Material was gathered through examining the existing published research. Most of the available literature on women's business ownership has concentrated on entrepreneurial development in industrialized countries at the national level and within the less developed informal sector. Very little is available on the role of women entrepreneurs in a global economy. Cultural and social traditions play a large role in determining who with in a society becomes an entrepreneur. For example, social conditions in some societies inhibit women from starting their own businesses. For a female business owner, the process of starting and operating a new enterprise can be difficult because often they lack the skills, education, and support systems that can expedite their business pursuits. Women's motivations for starting a business are related to their need to be independent, achieve job satisfaction, attain personal accomplishment and fulfillment, be creative and economically self-sufficient.

Review And Analysis of Current Literature

"Entrepreneurship offers tremendous opportunities for women across the world by opening doors to greater self-sufficiency, self-esteem, education, and growth, not only for the women themselves, but also for their families and

Men and women entrepreneurs are found in two distinct sectors: the formal or traditional mainstream sector, and the informal or marginalized sector. An informal sector that operates outside the formal sector is very active in developing and transitional economies. Informal economic activities and their related incomes and outlays often escape statistical reporting; yet self-employment is an important economic opportunity for women.

Women Entrepreneurs: Challenges & Opportunities in the 21st Century

A two day workshop on women entrepreneurs was held in Kuala Lumpur recently for some 105 participants from 26 countries in the Pacific rim. It was hosted by the Malaysian Chapter of the Pan Pacific Southeast Asian Womens Association, which is the longest established women's organization in the world. The main theme of the workshop was to promote self-reliance and motivate participants towards economic independence while identifying constraints faced by women. The pre-conference workshop on Women Entrepreneurs brought together women leaders in business, in corporations, in the public sector and in the community. Representatives from 26 countries in the

Pacific and Southeast Asia region were in attendance. The framework of the workshop focused on presentations by 10 Malaysian panelists who showcased their experiences in specific types of businesses. As well, 26 countries presented demographic profiles of their countries, linking this information to business opportunities available in their countries. Participants joined forces together and planned integrated systems for the future. More importantly it established friendships where mutual trust was reaffirmed. Unlike in the past, where business often is known for cut throat competition, we talked about partnerships and win-win situations.

At a time when goods, capital, people and services are supposed to move freely across international borders, the organizers could not think of a better way than having a forum to articulate concerns and know how, and to share the vision of "Excellence in entrepreneurship with a strong commitment towards improving the quality of life in the family and society."

In the past the Pan Pacific Southeast Women's Association has concentrated primarily on social and health issues, which are of course important, but we must now move on to the next level, to effect a greater fulfilment which benefits

not only the individual but the family, community and indeed the nation.

After 3 decades on women's advancement, culminating in the 1995 4th World Conference on women in Beijing, our quest remains that of investing in women's capabilities and empowering them to contribute to economic development.

Women are starting businesses twice as fast as men world wide. Emerging opportunities are evident for women in society. There are career, entrepreneurial and leadership opportunities for women in advanced countries in the Asia-Pacific communities, in Mainland China, in Southeast Asia and South Asian countries.

In Canada, one third of small businesses are owned by women. In Britain, since 1980 the number of self employed women has increased 3 times as fast as men.

In Southeast Asia, women are making up more than 40% of the workforce, starting up businesses at twice the rate of men.

In China today, there are already 20 million private entrepreneurs and 25% of the entrepreneurs in China are women and they too are starting up businesses at twice the rate of men.

As we enter the next millennium, the role of women in the socio-economic system is increasingly more assertive and important, spurred on by growing spending consumer power. With two thirds of the world's wealth in the Pacific Rim, the Asia Pacific region beckons to the entrepreneurs to show them their wares. It is a 3 trillion dollar market, with 1.6 billion consumers. The emergence of women in society is witnessed in many Asian communities. In Japan where there are 19.2 million women, 4.3 million of whom are employed. Out of 5 million households in Taiwan, the female homemaker has at her disposal an annual income of \$20,000, a total of 100 billion in purchasing power. In South Asian countries, Muslim women are becoming more assertive and have boldly ventured in business, playing an active role in the economic development of their countries.

Although the future looks bright, there are still challenges that need to be addressed. According to the 1996 Human Development Report of the U.N. women still "lack access to productive assets, land and capital" In 1990 multilateral banks allocated about \$6 billion for rural credit to developing countries but only 5% reached women. Commercial banks are still reluctant to extend loans to women because of perceived likelihood of

repayment and the cost of administering many small loans.

It is well known that competitiveness in the 21st century will rest largely on how we can access information to use for one's business. Therefore, education and training in the new skills of information technology will be a pre-requisite.

The glass ceiling syndrome, real and imagined, could be broken when women have faith in themselves. In order to overcome the traditional biases and prejudices towards women entrepreneurs, we could create management and leadership styles based on experiences and intuition. Managing employees in the workplace is not the prerogative of men alone as long as we value human resource. Developing a deep bench of talent and making technology work will therefore be a critical component of entrepreneur development.

Thus in the new millennium the challenge is to set the stage, to learn to coach employees, to inspire, to gain commitment, to set examples of excellence and to believe in good ethics for business. These internal tasks must be organized first, then only can they join with the business arena with market-sensitive awareness and keep the global

perspective in place. Therefore when we enter the new information age, women will be on a level playing field with men. The emergence of women in business is not coincidental but evolutionary. Small and medium industry represent vital links to the economic backbone of the country. The world is free to trade and the players are invited to play with all the forces reinforcing each other to shape economic growth as never before in the history of man.

The goals of the conference was to establish an entrepreneur network which forms a consortium to help participants build up businesses and then to trade internationally among themselves.

Among the projects that are in the works, is a collective economic action for women. The globalization of the world's economy has created an awareness of the marginal economic situation in which many women live today. There are countries that are still fighting for human rights for women. Of particular interest are self-help projects that might be applied to other countries or situations. The purpose of the information bank would be: (1) to help women to globally communicate and exchange ideas, and (2) to produce a women's economic project resource book.

Examples of such projects are

- (1) The bank in Bangladesh that provides micro lending assistance to women who operate their own businesses.
- (2) SEW A- the women's union in India.
- (3) Common Threads- a support group for sweatshop workers in Los Angeles.

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Women in advanced market economies own more than 25% of all businesses

In Japan - 23% of private firms are established by women

In Russia - women own 64% of firms employing 10 people or more

In China - women founded 25% of the businesses since 1978

In Germany - women have created one-third of the new businesses since 1990 representing more than one million jobs

In Europe and Newly Independent States Transition Economies - women are 25% of the business owners

Women Entrepreneurs in the Global Economy

In Hungary - women started more than 40% of all businesses since 1990

In Poland - women own 38% of all businesses

In Mexico - 32% of women-owned businesses were started less than 5 years ago
In France - women head one in four firms

In Swaziland - Women account for about 70% of micro, small, and medium enterprises

In USA - women own 38% of all businesses (8 million firms), employ 27.5 million people (or 1 in 5 workers), and generate \$3.6 trillion in annual sales

In Great Britain - Women are one-fourth of the self-employed sector

In the EU - one-third of new businesses are started by women

Sources: Estes, 1999; NFWBO, 1998; Women in Business-Lesotho, 1998; Jalbert, 1999c;

Carter & Cannon, 1992. Growth in many countries, whether developed, developing, or transitional, has been driven by trade. Evidence suggests a gender dimension to trade development,

which the UN's International Trade Centre (ITC) has addressed. Three factors galvanized the ITC to focus on female entrepreneurship and trade.

Women also need to be twice as persistent and assertive to make their presence felt in a predominantly male business world. Network, but in a way you feel comfortable with. Establish limits and do make sure that you are well within your comfort zone when networking with others.

Do not forget you are running a business. Piling on work/life benefits will not do anyone any good if doing so cuts too deeply into the company's bottom line. You have to learn to be attentive to people's needs and still run a profitable business. Women typically fight shy of self-endorsement. Do not be afraid to promote yourself.

In overcoming these obstacles, there are actions to be taken by government, financial institutions and employers' organizations by working closely with women business associations. It is important for women entrepreneurs to join hands with mainstream employers' organisations so that these obstacles, challenges and problems can be turned into legitimate policies. Using public forums, media and direct pressure upon legislators, it is possible to advocate to

change those laws that are discriminatory toward women entrepreneurship. Employers' organizations can also develop specially targeted services to women entrepreneurs. This can be effectively done by supporting technical assistance centres, providing business and technical assistance to women, long-term training, counselling, networking and men to ring to potential and existing entrepreneurs. This way, they can help foster an entrepreneurial culture for women through education, management training and changes in societal values.

Recommendations for Governments

1. Fostering an Entrepreneurial Culture for Women

- (a) Foster awareness and a positive image of entrepreneurship among women
- (b) Improve the conditions for women's entrepreneurship
- (c) Encourage entrepreneurship through the educational system
- (d) Teach entrepreneurship to women
- (e) Foster entrepreneurial networks

2. Facilitating the availability of finance for women entrepreneur

- (a) Disseminate financial information to women

- (b) Encourage financial intermediaries to take a leading role
 - (c) Take women's needs into account in programme design
 - (d) Improve women's asset position
 - (e) Promote micro- and equity finance
- Technology sharing and transfer with do-hows and know-hows, including incremental technology, across regions and countries.
 - Information collection and dissemination on scientific and objective analysis of structural, social and economic changes.

3. Increasing the participation of women entrepreneurs in international trade and the global economy

- (a) Disseminate information on international trade opportunities
 - (b) Fostering public/private partnerships to globalize women-owned enterprises
- Facilitate in bringing forward entrepreneurship development of women by exchanging and projecting women entrepreneurs in different countries as role models.
 - Data availability and the serious limitations of their comparability represents an important constraint at present. Because of national differences in economic structures, the same statistical measures may cover phenomena of different economic and social significance. Further research is, therefore, needed on statistics of women entrepreneurs. To this end, pilot studies should be conducted in cooperation with national statistical organizations and then mainstreamed into national data collection surveys and census. Efforts should also be made to collect gender disaggregated data at all levels and for all sectors in a continuous and systematic fashion.

4. Improving awareness about Women's Entrepreneurship

- (a) Engender SME statistics
- (b) Standardize SME research methodologies

Recommendations for ESCAP and other donor agencies

- Support setting up of information exchange across regions - including building the capacity of network member organisations to build their capacities for some of the following tasks:

- ESCAP could also make coordinating efforts with other development agencies in already identified thrust areas. Instead of spending money in different areas in small amounts, focused efforts in cooperation will be more effective. Similarly, coordinating with private organizations for providing training in exports, technology transfer, etc., could be provided.
- ESCAP could also sponsor a study of the experiences gained from other regions to learn from them how increased globalization is affecting women entrepreneurs.
- Funding and technical expertise can be made available to develop a regional information network with national centres where women can exchange information about trade opportunities and share experience. The role of existing national trade promotion agencies in this respect is important. Periodic interactions/ experience exchange workshops between network members from different countries, focusing on women entrepreneurs could also be funded. Conferences of women entrepreneurs which discuss how to effectively bring down barriers could be considered.
- More research and consultations are needed to assess which institutional mechanisms are most effective in dealing with various elements of new economic policies that have a direct impact on women entrepreneurs. These could be conducted in all the countries of the region and a regional synthesis of lessons learned could be compiled.
- Support to training activities in developing countries at different levels:
 - Network organization - to build and sustain networks.
 - Individual entrepreneurs - Start-up and growth training.

Recommendations for women entrepreneurs and their organizations

Women themselves can speed up the process of entrepreneurship by:

- Mobilizing themselves into groups to form network to support themselves and to access finance, markets, training, information and negotiate better terms.
- Endeavouring to be represented in policymaking bodies and in other trade related bodies.

- Actively pursue education in relevant areas to get the skills and expertise necessary to embark on the entrepreneurship role.
- Advocating the importance of education and taking active efforts to spread awareness of women entrepreneurs as role models.

Key policy recommendations

- Increase the ability of women to participate in the labour force by ensuring the availability of affordable child care and equal treatment in the work place.
- Listen to the voice of women entrepreneurs.
- Incorporate a women's entrepreneurial dimension in the formation of all SME-related policies. Promote the development of women entrepreneur networks.
- Periodically evaluate the impact of any SME-related policies on the success of women-owned businesses and the extent to which such businesses take advantage of them.
- Improve the factual and analytical underpinnings of our understanding of the role of women entrepreneurs in the economy.

Conclusion

Women are more likely than men to admit when they do not know something and ask for help. They are natural networkers and relationship builders, forging powerful bonds and nurturing relationships with clients and employees alike. They are also more inclined to seek out mentors and develop supportive teams. In business this translates into establishing rapport with clients and providing great customer service. This perhaps is the reason why many women tend to launch businesses that are client based or service-oriented. Globally, women are enhancing, directing, and changing the face of how business is done today. Ultimately, female business owners must be recognized for who they are, what they do, and how significantly they impact the world's global economy.

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