Women Entrepreneurship – A Global Perspective

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Abstract:

Today, women in developed economies own more than 25% of all businesses and women-owned businesses in Africa, Asia, Eastern Europe and Latin America are growing rapidly. This paper focuses on women entrepreneurs in global scene and the problems faced by them while managing their own businesses in the competitive world of business environment. The study leverages the data on women entrepreneurship from Global Entrepreneurship Monitor (GEM). A critical evaluation of the literature revealed that female entrepreneurs often have similar reasons for starting their own businesses, including issues related to the glass ceiling and balancing family and work. While the obstacles for female entrepreneurs still exists, women still experience challenges in attaining vital information, training and financing for their entrepreneurial ventures.

Keywords:

Entrepreneurship; Women entrepreneurs; Women-owned businesses; Global Entrepreneurship Monitor; Glass ceiling.
Introduction

The exceptional growth of women owned businesses has made headlines during the recent decades - women steadily have been launching new enterprises at twice the rate of men, and their growth rates of employment and revenue have outpaced the economy. Porter (1990) considers entrepreneurship ‘the heart of national advantage.’ Women entrepreneurship is intrinsic and a natural process. Women are naturally bestowed with the persona of entrepreneurship. Maternal intuition generates enormous might and fortitude that drive them towards success. Women empowerment becomes reality by nurturing their innate qualities of entrepreneurship. Women have been a part of the working world for hundreds of years but only very recently has the world of work truly changed for women (Higginbotham & Romero, 1997). For men, being an entrepreneur is a business strategy; for women, it's a life strategy (Barbara, 1986). Entrepreneurship means different things to different people. An entrepreneur is defined as somebody actively involved in starting a business or is the owner/manager of a business (Harding et al, 2006). Entrepreneurship is like giving birth to a child. The women’s love of child overcomes the risk of life. The entrepreneur overcomes the risk of loss with the passion of entrepreneurship. Although women are starting more businesses than any other ‘demographic group,’ the research on female entrepreneurs is very much limited (Forgrieve, 2001). In this concern, the aim of the study is to investigate into the issues and challenges faced by woman’s entrepreneurs around the world, including Indian situation. Today, women in the advanced market economies own more than 25% of all businesses and women-owned businesses in Africa, Asia, Eastern Europe, and Latin America are growing rapidly. According to the Center for Women's Business Research (2003): women own a 50% or greater stake in 48% of privately held companies in the U.S.A; women start 424 new enterprises each day, more than double the number of their male counterparts; the revenues climbed an average of 5.6% annually over a seven year period versus a rate of 4.8% for all firms; and employment at woman-owned companies has risen 24% over this same period, again more than twice the rate for private.

Review of Literature

The Center for Women’s Business Research shows that ‘over one in 18 adult women in the U.S. is a business owner.’ This means that almost 6% of all adult women own and run their own business (Peacock, 2002). In another study of women entrepreneurs, Rani (1996) found that the availability of leisure time motivated women entrepreneurs from higher-income classes. However, lower-income women were motivated by the opportunity to improve their economic standing. With the growing number of female entrepreneurs, it is important to understand why the increase has occurred. Research shows that 27% of female business owners were ‘motivated either by barriers to advancement or lack of challenges in current careers’ (Weiler, 2001). Thus, women find that the only way to get the desired satisfaction and to advance to those positions of leadership is by starting their own business. Along with this, women are also being influenced by increased confidence achieved through more education. Of the women who went into business for themselves within the last ten years, 45% of them had at least a bachelor’s degree, as compared to 26% of women who have been in business for twenty years or more (Peacock, 2001). Female entrepreneurs tend to place more emphasis on the balance of important life factors in measuring success, according to a study by Vermond (2000). As an example of this perspective, Vermond quoted an interview with a female entrepreneur saying ‘If I work three and a half days a week and I make three quarters of what a man makes, but it allows me to do all these other things in my life that are important to me, am I being more successful or less successful?’ Another study
examined factors that prevented entrepreneurship development among women (Pillai and Anna, 1990). They found that although government programs existed to help women entrepreneurs financially, family support and encouragement were still rated as the highest facilitating factors. Women often complained of a lack of access to financial capital from institutional lenders and had to rely on family and friends. These findings were replicated by Verheul and Thurik (2001).

Women Entrepreneurs in the Global Context

Women entrepreneurs make an important contribution to the development of the world economy, particularly in low- and middle-income countries. Increasingly, female entrepreneurs are considered important for economic development. Not only do they contribute to employment creation and economic growth through their increasing numbers, but they also make a contribution to the diversity of entrepreneurship in the economic process (Verheul & Thurik, 2001). Women entrepreneurs are starting businesses at twice the rate of men and their businesses are growing in size as well as number. A study in 2004 by the Center for Women's Business Research, a nonprofit research group in Washington, D.C., says that women now own a 50% or greater stake in 48% of privately held U.S. companies, up from 44% in 1997. Women start 424 new enterprises every day, more than twice as many as men do. Employment at woman-owned firms has risen 24% over the past seven years, twice the 12% rate for private companies overall. Revenues in the same period climbed at an average annual rate of 5.6%, vs. 4.8% for all firms (Nancy, 2004). According to Scott (2008), in 2004, women made up 51% of the U.S. population and almost half (47%) of the non-military workforce, yet they composed only 27% of business owners. In 2003, only 34.2% of self-employed people in the United States were female. In 2004, 7.1% of women in the U.S. labor force were self-employed, as compared to 12.4% of men in the labor force.

The survey titled 'Barclays Wealth Insight: A question of Gender' (2007) reported that the amount of wealth generated by female entrepreneurship (26%) is highest in Asia where as the global figure stands at 20%. Asian female entrepreneurs including those from India and China are generating more wealth than women in any other region of the world. The report disproved the stereotypical idea that Indians and other Asian women rely on inheritance and marriage as the lead sources of their wealth. A vast majority of women, particularly from Asia and India are generating their wealth independently. According to Allen et al. (2007), the overall entrepreneurial activity rates for women range from the lowest levels of 1.91% in Belgium (compared to 7.74% for men); 3.88% in Germany (compared to 7.57% for men) and 3.18% in Singapore (compared to 9.16% for men), to 49.90% in the Philippines (compared to 55.12% for men); 35.8% in Russia (compared to 44.55% for men) and 33.34% in India (compared to 40.47% for men). As per the National Foundation of Women Business Owners (1998), women owned businesses are increasing to comprise one-quarter to one-third of businesses in the formal economies of Brazil, Mexico, Australia, Ireland, Italy, England, Germany, France, and certain African countries and women business owners of these countries share similar concerns. Today, women in advanced market economies own more than 25% of all businesses and women-owned businesses in Africa, Asia, Eastern Europe, and Latin America are growing rapidly. The global impact of women entrepreneurs is just beginning to gain intensity. For example, women produce more than 80% of the food for Sub-Saharan Africa, 50-60% for Asia, 26% for the Caribbean, 34% for North Africa and the Middle East, and more than 30% for Latin America. Female entrepreneurs are active at all
levels domestically, regionally, and globally. The country-wise information provides further insight into the issue.

**Canada**

There are more than 8,21,000 women entrepreneurs in Canada and they contributing to an extent of CAD 18,109 billion to the economy annually. Between 1981 and 2001, the number of women entrepreneurs increased by 208%, compared with a 38% increase for men. In 2000, women owned SMEs averaged CAD 311,289 in sales, compared with 654,294 in sales for firms owned by men (Sarmite, 2003).

**United Kingdom**

There are approximately 1,013,000 self-employed women (7.6% of women in employment) and 2,706,000 self-employed men (17.4% of men in employment) in the UK. Survey evidence indicates that businesses that are wholly or majority female owned account for between 12.3% - 16.5% of the UK business. A large proportion of female entrepreneurial activity takes place in businesses that are co-owned equally by men and women. If the definition of women’s enterprise included co-owned businesses, it is estimated that between 34.1% - 41.2% of the UK small business stock is either owned or co-owned by women (Carter et al., 2006).

**Bangladesh**

Women entrepreneurs constitute less than 10% of the total business entrepreneurs. It is heartening to note that despite many barriers, a new women's entrepreneur class has arisen in Bangladesh taking on the challenge to work in a male-dominated, competitive and complex economic and business environment (Hossain Abir, 2007).

**South Africa**

The total entrepreneurial activity rate for men in South Africa is 8.1% compared to 4.9% for women. Men are 1.7 times more likely to be involved in entrepreneurial activity than women. This is slightly higher than the corresponding global average for 2002 of 1.6 times more. The overall difference between entrepreneurial activity rates of men and women is largely due to the much higher opportunity entrepreneurial activity rates amongst men. Men are twice more likely to be involved in opportunity entrepreneurship than women. (Hendricks, 2005).

**Ethiopia**

According to the Ethiopian Central Statistical Authority (2004), almost 50% of all new jobs created are attributable to small businesses and roughly 49% of new businesses that were operational between 1991 and 2003 were owned by women. More than half of all women entrepreneurs in Ethiopia often face gender related challenges related to establishing new businesses as well as operating or expanding existing businesses (Amha and Ademassie, 2004).

**USA**

From 1987-99, women’s business increased 103%, their sales grew 436% and their employee ranks swelled 320% (NFWBO, 1999a). Women owned businesses account for 28% of all privately owned businesses, and employ 9.2 million people. They contribute $2.38 trillion to the U.S. economy. Thus, women business owners are driving force in the U.S economy both in terms of numbers and gross revenue.
Germany

Women have created one-third of the new businesses in Germany since 1990 representing more than one million jobs. There are a total of 1.03 million women owned businesses in Germany. Women owned and managed businesses having annual turnover of at least € 16 620 represent 18% of the total in this group and provide jobs for 2 million employees. Their turnover is in total € 232 billion- approximately 6% of the overall turnover or 11% of the turnover gained by owner managed firms (Kay et al., 2003).

Ireland

In terms of female entrepreneurs, the estimates suggest that around 15% -18% of established entrepreneurs in Ireland are women. Ireland’s history, culture and policies had an impact on women’s level of participation in entrepreneurship (Henry and Kennedy, 2003).

India

The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India. In the recent years, women entrepreneurship in India has been a new impetus for economic development. With the changing global scenario, women entrepreneurship has emerged in the forefront. According to the Global Entrepreneurship Monitor (2007), one in eleven (8.9%) women is involved in entrepreneurship across the globe and India occupies the second position among the 22 countries where 14.1% of women have ventured into entrepreneurship. It is difficult to accurately estimate the number of women entrepreneurs in India as aggregate data is not available. Some information on women entrepreneurs is available at national level household survey under the broad category of self-employment. As per the census 2001-02, the total number of enterprises owned by women was 1,063,721, which accounted for around 10.11% of total small scale enterprises. Out of these 137,534 (around 10%) were registered and the remaining were unregistered. They were dispersed all over India with the highest number located in Maharashtra and Gujarat and lowest in Punjab. Approximately 60% of them represented small-scale units, 15% represented large-scale units and the rest comprised cottage and micro enterprises. They comprised a wide range of sectors from trade to manufacturing. However, the involvement in manufacturing activity was minimal (Morris, Mijajaki, Watters, and Combes, 2006).

Prevalence Rates of Women Entrepreneurial Activity across 41 Countries in 2007

Creation of a new venture is the fundamental entrepreneurial achievement. The Global Entrepreneurship Monitor (GEM) 2007 Report on Women and Entrepreneurship (GEM, 2007) is the fourth in a series of reports providing a comprehensive view of the role played by women in entrepreneurial activity across the world. The project provides comparable data for a cross-national assessment among 41 countries which represent more than 70% of the world’s population and 93% of global GDP in 2007. GEM divides countries into two low/middle-income groups and one high-income group based upon their per capita gross domestic product (GDP) and global region. Eleven countries - China, Croatia, Hungary, India, Kazakhstan, Latvia, Romania, Russia, Serbia, Thailand, and Turkey comprise the Europe and Asia low/middle-income group. The Latin American and Caribbean low/middle-income country group includes eight countries - Argentina, Brazil, Chile, Colombia, Dominican Republic, Peru, Uruguay, and Venezuela. The high-income country group is comprised of 22 countries: Austria, Belgium, Denmark, Finland, France, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Netherlands, Norway, Portugal, Puerto Rico, Slovenia,
Spain, Sweden, Switzerland, United Kingdom, and United States. According to the report, low/middle-income countries such as Peru, Thailand, Colombia, and Venezuela exhibited the highest women entrepreneurial activity prevalence rates (38.46% 45.42% 26.60% and 21.71% respectively) followed closely by the Dominican Republic, China, Chile, and Brazil. Latvia and Russia, both European low/middle-income countries exhibited the lowest rates (3.43% and 3.37% respectively) followed by the two high-income countries Austria and Belgium. India stands in the middle with 9.66% of women entrepreneurship. The country-wise rates of women entrepreneurship is presented in Figure-1.
The issues and challenges for women entrepreneurs

Women’s entrepreneurship is both about women’s position in society and the role of entrepreneurship in the same society. Women are faced with specific obstacles that have to be overcome in order to give them equal access as men. Moreover, in some countries, women experience obstacles with respect to holding property and entering contracts. The outcome of the entrepreneurial process is sensitive to the effect of a wide range of initial conditions. Therefore, it is necessary to review different barriers women might meet when being engaged in the entrepreneurial process.

1. Balancing between work and family

Balancing work and family is very important for women entrepreneurs all over the world and the role of family policy has been identified as very crucial in this regard. The review of literature reveals that female entrepreneurs often choose their careers to accommodate the amount of time they have to devote to their families (Winsor and Ensher, 2000). According to the results of the Small Business Outlook Poll (CIBC, 2004), small business owners overwhelmingly say that being an entrepreneur gives them the flexibility to take care of their family commitments (79%). A major struggle for women, as identified by Vermond (2000) was realizing that they cannot ‘do it all.’ He advised women to bring in outside help to assist with the workload both at work and for domestic tasks. With greater availability of child care facility now-a-days, women will tend to increase their time for participation in entrepreneurship. However the child care facility in the developed countries has had a negative response. It has been found that the Scandinavian countries (Finland, Denmark and Sweden) which have low women entrepreneurship provide universally the child care and maternity benefits to their women, whereas countries like US, Australia and the UK which have high level of women entrepreneurship, neither provide government aid nor have adopted policies that guarantee access to child care (Kirsi, 2005). Thus instead of being a facilitating factor family responsibilities in these countries have become an obstruction in the growth of entrepreneurship. High levels of child care provisions often accompany high levels of women’s employment but low levels of women’s entrepreneurship.

2. Glass ceiling

In 1986, two Wall Street Journal reporters coined the phrase ‘glass ceiling’ to describe the invisible barrier that blocks women from the most senior positions in corporate America. Catalyst and other studies have documented the persistence of the glass ceiling in limiting women’s career advancement as well as the phenomenon of corporate ‘glass walls’ (Belle & Nkomo, 2001). According to Matthews and Moser (1996), many women who leave the corporate world to become entrepreneurs do so in an attempt to escape such discrimination. The glass ceiling is not simply a barrier for an individual, based on a person's inability to handle a higher-level job; it applies to women as a group who are kept from advancing higher because they are women (Morrison, White & Van Velsor, 1992). Rosener (1990) noted that ‘men are more likely to use power that comes from their organizational position and formal authority, whereas women ascribed their power to personal characteristics like charisma, interpersonal skills, hard work, or personal contacts rather than to organizational stature.’
3. Informational needs

Women who become entrepreneurs typically have degrees in subjects other than business, and usually do not have experience in managerial positions. This gap in business knowledge and experience creates a major struggle for female entrepreneurs especially during start-up time when all entrepreneurs try to gather as much pertinent information as possible (Nelson, 1987). Lack of adequate training also acts as a barrier to access the latest and cost-effective technology, which makes their enterprises less competitive. According to Shah (1990), in the low income group, more than 82% of women became entrepreneurs due to economic needs and of them, more than 50% were not even graduate, as a result of which they could not avail the advantages of the latest technology.

4. Funding and other resources

Availability of credit is one of the biggest problems, which women entrepreneurs face all over the world. In a survey of 50 women entrepreneurs from Delhi, Vinze (1987) found that though financial assistance provided by banks is sufficient, procedures and formalities are barring many women entrepreneurs to obtain the finance from organized sector. Due to weak social position, they are not allowed to seek finance themselves instead the male family members seek finance on their behalf (Mayoux, 2001). Even though developed countries in comparison are better than developing countries, the women entrepreneurs mostly rely on own savings. They seldom depend upon external finance for their business. Exceptions to this are Ireland and US. Ireland is one country where majority of women entrepreneurs rely heavily on external finance. In both these countries women do not face the problem in availing credit from external sources According to a report by the United Nations Industrial Development Organization (UNIDO), ‘despite evidence, those women’s loan repayment rates are higher than men's, women still face more difficulties in obtaining credit often due to discriminatory attitudes of banks and informal lending groups’ (UNIDO, 2002). Particularly in developing nations, women have limited access to material resources such as land and capital.

Conclusion

This analysis put forth evidence that female entrepreneurs do bring different qualities to the business arena and through perseverance and hard work they are overcoming many of the challenges they have faced. Women entrepreneurs did not enjoy the same opportunities as men due to a number of deep-rooted discriminatory socio cultural values and traditions (Roomi & Parrot, 2008). These restrictions can be observed within the support mechanisms that exist to assist such fledgling businesswomen. Even then, the success of female entrepreneurs is apparent. Even though the women entrepreneurs throughout the globe are facing many challenges the literature is consistent that women are making significant progress in the entrepreneurial field, and they are making a significant impact on the economy. Individually, entrepreneurship provides women with the independence they crave and with economic and social success they need. Nationally, business ownership has great importance for future economic prosperity. 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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