

**【APEC Project (SME 02/98)】**

**Women Entrepreneurs in  
SMEs in the APEC Region**

**1999**



**Asia-Pacific Economic Cooperation  
Policy Level Group on Small & Medium Enterprises**

**Bang Jee Chun of Hoseo University and  
Small & Medium Business Administration**

**Republic of Korea**

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**This project was undertaken by Prof. Chun's coordination  
and 7 economies co-researchers with the auspices of the  
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**APEC Contact in Republic of Korea**

International Cooperation Division  
Small & Medium Business Administration(SMBA)  
920, Doosan-Dong, Seo-Gu, Taejon-City,  
Republic of Korea, 302-701  
Tel : 82-42-481-4366, Fax : 82-42-472-3269  
E-mail : [pty@digital.smba.go.kr](mailto:pty@digital.smba.go.kr)  
Website : <http://www.smba.go.kr>

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Website : <http://www.apecsec.org.sg>

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## PREFACE

*Women Entrepreneurs in SMEs in the APEC Region* documents the state of women's entrepreneurship and discusses the policy issues to foster women's entrepreneurship throughout the APEC region. Notwithstanding the increasing economic and social significance of women's business ownership and management, knowledge on women's entrepreneurship has been seriously limited due to the lack of data and research. This collection of reports contributes to expanding our knowledge on the subject by discussing basic statistics, identifying common issues and obstacles women entrepreneurs face, and describing the best policies of member economies. The findings of this work are expected to have implications for developing policies to promote women's entrepreneurship.

The eight member economies covered in this volume are Australia, Canada, Indonesia, Korea, Mexico, the Philippines, Chinese Taipei and the US, which are at differing levels of economic development as well as with diverse social attitudes towards women's business ownership. Some economies have better national statistics available than others. Most have little longitudinal data on women's entrepreneurial activities to demonstrate the trends. In three economies, new surveys were conducted specifically for this work to compile qualitative data. The findings seem to suggest the convergence in the experiences of women entrepreneurs across the APEC economies in many aspects including their personal characteristics, management styles, obstacles and challenges they face. Subgroup differences among women entrepreneurs need to be further researched. Women's entrepreneurship seems to be embedded in their private networks as they tend to rely on family and friends at all the phases of the entrepreneurial process, suggesting the prime role of private arena for women in business. Varying legislations and policies are in place to support women's entrepreneurial activities in member economies, from strong government initiative at the national level to local level small assistant programs. The findings suggest implications for policy intervention to create support mechanism in the APEC member economies.

The collection is a result of the project, "Women Entrepreneurs in SMEs in the APEC Region", an APEC funded research conducted from April 1998 to Oct 1999 with Korea as the lead economy. Experts selected in participating economies were commissioned to write each chapter in this volume. Economy reports were produced in line with the general research guideline agreed upon by the authors. At the Workshop on "*Women Entrepreneurs in SMEs in the APEC Region*" held in Seoul, in June 1999, the authors reviewed and commented on the reports. The revisions integrated the outcomes of the workshop. The eight chapters are the revisions of these economy reports.

Many have contributed to the publication of this work. I wish to thank all individuals and organizations that have contributed to the implementation of the project and the publication of this collection. APEC and its SME PLG funded this research. Korea SMBA, provided moral and practical aid to transform my research idea to a Korea's initiative to launch a collective project at the APEC and to this publication. The Federation of Korea Women Business Owners, and Hoseo University, Korea generously offered partial financial support to the project. I am grateful for Julie Weeks for nicely putting together the executive summary and kind help with English editing of parts of the manuscript.

Bang Jee Chun  
Hoseo University  
Republic of Korea  
Dec. 1999

## CONTRIBUTORS

### **Mary Barrett**

Mary Barrett, the author of Australia report, is the faculty of business, university of the Sunshine Coast. She became an academic in the field of Management at Queensland University of Technology in 1992 and joined the Sunshine Coast University College as a Senior Lecturer in Management in mid-1996. She is now also the Director of Graduate Business Courses at that University. Her research and consultancy interests include a variety of topics related to HRM, family business, women in management, especially as owners of their own businesses, management theory, management education issues especially on-line education, organisational cultures, and quality management in non-traditional areas. She finished the following degrees at the University of Queensland: (BA Hons (German), (1977); BA Hons (French), (1979); PhD, (1987) and MBA (1993).

Faculty of Business

University of the Sunshine Coast

MAROOCHYDORE DC Qld 4558

Australia

Phone : 61 7 5430 1250

Fax : 61 7 5430 1231

E-mail : [mbarrett@usc.edu.au](mailto:mbarrett@usc.edu.au)

### **Annette St-Onge**

Annette St-Onge, the author of the Canada chapter, is the regional director of Business Development Bank of Canada and manager of special Projects for women entrepreneurs, marketing, human resources, micro loan program. She received NS Teaching Certificate, M.Ed. (Incomplete) and B.Com. (certificate), Mt. St. Vincent Academy. She published "From Ideas to Opportunities", "Profiles of Success" and "FBDB-Management Services Programs and Services". She has been the president of Atlantic Canada Entrepreneurship Award Association, the president of Opportunities for Women Entrepreneurs Inc. and the board member of Association of Atlantic Women Business Owners.



Business Development Bank of Canada  
5, Place Ville-Marie  
Bureau 500, Montreal, Quebec  
H3B 5E7  
Phone : 1 613 954 3555  
Fax : 1 613 954 5492  
E-mail : [annette.st-onge@bdc.x400.gc.ca](mailto:annette.st-onge@bdc.x400.gc.ca)

### **Carunia Mulya Firdausy**

Carunia Mulya Firdausy is a Research Professor in Economics and Development areas. He is currently Director of the Center for Economic and Development Studies-Indonesian Institute of Sciences (CEDS-LIPI). He obtained his Ph.D. in Economics from Department of Economics, University of Queensland, Australia in 1992. His interests and research areas are on macroeconomics, international economics, agricultural economics, and other economic development issues.

Puslitbang Ekonomi dan Pembangunan-Lembaga Ilmu Pengetahuan Indonesia,  
Jalan Jenderal Gatot Subroto 10, Widya Graha LIPI, Jakarta 12190-Indonesia.  
Phone : 62 21 7988953  
Fax : 62 21 5262139  
E-mail : [peplipi@indosat.net.id](mailto:peplipi@indosat.net.id)

### **Bang Jee Chun**

Bang Jee Chun, the author of the Korea report, is the Professor of Industrial Psychology, Hoseo University, Korea. Dr. Chun's research and teaching interests include a variety of topics related to women and work, women and entrepreneurship, leadership, women and technological change, motivation, organization, and employment relations. Dr. Chun has her BA in English Literature and MA in Sociology from Ewha Women University, and a Ph. D. in Sociology from the Vanderbilt University, US.

College of Management and Industrial Psychology  
Hoseo University, San 29-1 Sechul-Ri, Baebang-Myun,

Asan-City, Chungnam-Do, Republic of Korea (336-795)

Phone : 82-418-540-5255

Fax : 82-418-532-4224

E-mail : [chumbj@office.hoseo.ac.kr](mailto:chumbj@office.hoseo.ac.kr)

Homepage : <http://www.hoseo.ac.kr>

## **Hyun Song Lee**

Hyun Song Lee, the co-author of the Korea chapter, is assistant professor of Social Welfare, Hoseo University. He obtained a B.A and a M.A in Sociology from Seoul National University, Korea, and a ph. D. in Sociology from the Ohio State University, US. He was a research fellow at the Korea Institute for Health and Social Affairs before joining Hoseo University. Dr Lee's is currently interested in issues regarding quality of life and social organization.

College of Social Welfare

Hoseo University, San 29-1 Sechul-Ri, Baebang-Myun,

Asan-City, Chungnam-Do, Republic of Korea (336-795)

Phone : 82-418-540-5603

Fax : 82-418-540-5603

E-mail : [hyunslee@dogsuri.hoseo.ac.kr](mailto:hyunslee@dogsuri.hoseo.ac.kr)

Homepage : <http://www.hoseo.ac.kr>

## **Gina Zabludovsky**

Gina Zabludovsky, the author of the Mexico chapter, is professor and researcher at the School of Political and Social Sciences, UNAM. Dr. Zabludovsky received her Ph.D. at the Universidad Nacional Autonoma de Mexico-UNAM. Her research areas are women business owners and women managers in Mexico, business organizations in Mexico, and sociological political theory.

Universidad Nacional Autonoma

De Mexico-UNAM

Phone : 525-520-7840

Fax : 525-202-8532

E-mail : [ginaza@servidor.unam.mx](mailto:ginaza@servidor.unam.mx)

## **Sonia Tiong-Aquino**

Ms. Sonia Tiong-Aquino is the Deputy Director of the Institute for Small-Scale Industries (UPISSI) and a lecturer at the National College of Public Administration and Governance of the University of the Philippines. She is the Associate Director of the Small Enterprises Research and Development Foundation, Inc. (SERDEF), a non-government organization. Her fields of engagements are small enterprise development, entrepreneurship and enterprise development, business consulting, ergonomics, technology business incubators, micro financing, and institution building, training and development work. She is presently the Chair of the International Advisory Group of Experts for the APEC Project entitled Training and Certification Program for small Business Counselors. She has a Bachelor of Science in Chemical Engineering and Master in Business Administration.

Institute for Small Scale Industries  
University of the Philippines  
UP Campus, Diliman, Quezon City 1101  
Philippines  
E-mail: [sta@upissi.ph.net](mailto:sta@upissi.ph.net)  
Homepage : <http://www.upissi.ph.net>

## **Sin-Yuan Lai**

Sin-Yuan Lai, the author of Chinese Taipei chapter, is the Director of International Affairs Division, Taiwan Institute of Economic Research, and an associate professor at the National Chi-Nan University. She is currently Director General for the PBEC Chinese Taipei Committee and Deputy Director General for the PECC Chinese Taipei Committee. Dr. Lai received her D. Phil in Development Studies from Sussex University in England.

Division of International Affairs  
Taiwan Institute of Economic Research  
5<sup>th</sup> F., 16-8, /Tehui Street, Taipei, Taiwan  
Tel:886-2-25865000  
Fax:886-2-25946528  
E-mail:d9003@tier.org.tw

## **Julie R. Weeks**

Julie R. Weeks, the author of the U.S. report, is the Director of Research of the National Foundation for Women Business Owners, headquartered in the Washington, DC area. She has over 20 years experience in market and public policy research in the private and public sectors, including a term as Deputy Chief Counsel for Statistics and Research at the U.S. Small Business Administration. Over the past six years, Ms. Weeks has grown NFWBO's research program into an international force in women's entrepreneurship. Ms. Weeks makes numerous presentations in the U.S. and internationally on topics relating to economic trends and women in business, and has consulted with corporations, non-governmental organizations and international economic policy organizations on issues related to women's entrepreneurship. Ms. Weeks has a BA in political science and an MA in political science and research methodology from the University of Michigan.

National Foundation for Women Business Owners

1100 Wayne Avenue, Suite 830

Silver Spring, MD 20910 USA

Phone : 1-301-495-4975

Fax: 1-301-495-4979

E-mail: [NFWBO@worldnet.att.net](mailto:NFWBO@worldnet.att.net)

Home page: [www.nfwbo.org](http://www.nfwbo.org)

## **SUMMARY**

### **Women's Business Ownership in the APEC Region**

- From what is known to date in the seven economies included in this volume, women own and operate approximately one-third of firms in the formal sector of the APEC economy: around 30% in Indonesia; 31% in Mexico; 32% in Korea; 33% in Canada; 34% in the Philippines; and 38% in the United States. These percentages include all types and sizes of businesses — women who are self-employed, own-account workers as well as those who are employers.
- While data limitations do not allow an exact accounting of the share of employment or revenue growth accounted for by women-owned firms, we can say the growth in the number of women-owned firms exceeds overall business growth by 2:1 in Canada and 1.5:1 in the United States. In other economies, though growth also appears to be strong, there is little historical information upon which to analyze trends.

### **Characteristics of Women-Owned Firms**

- Women-owned firms are found in all sectors of the economy, though are more likely to be concentrated in service-based or cottage industries. In Mexico, for example, the highest concentration of women-owned employer firms is found in the hotel and restaurant sector, followed by trade. This is also the case in Korea. In Indonesia, where SME data are largely restricted to the manufacturing sector, women are concentrated in the food, beverage and tobacco industry. In addition, in the Philippines, a recent survey of women-owned firms found 45% to be in manufacturing – mostly in the production of crafts or non-durable items like clothing – and 26% in retail trade. In Australia, Canada and the United States, the majority of women-owned firms are found in services or retail trade.
- Where there are trend data, however, it is shown that some of the highest growth rates for women-owned businesses are in less traditional industries, such as construction and transportation. In the United States, for example, the highest rate of growth in the number of women-owned firms since 1987 has been in construction and wholesale trade. In Canada, there has been an exponential increase in the number of self-employed women in the construction, transportation, storage and

communications sector, and in finance, insurance and real estate. Thus, while the majority of women-owned firms in the APEC region are in service-based industries, more and more women are entering into less traditional businesses.

- Women-owned businesses are generally younger than other businesses. In Canada, for example, half of self-employed women have been self-employed for five years or less, compared with 36% of men. In Korea, one-third of women-owned firms have been in business for less than two years, compared to one-quarter of men-owned firms. Similarly in Mexico, 32% of women-owned firms were started within the past five years, compared to 20% of men-owned firms.
- Women-owned firms are also generally smaller in terms of employment. In Korea, for example, the average employment size of a firm is 2 persons in women-owned enterprises and 4.4 persons in men-owned enterprises. In Mexico, 90% of women employers have fewer than 5 employees, compared to 78% of male employers. In Chinese Taipei, 82% of women employers have fewer than 10 employees, compared to 76% of men employers. In the United States, there is not a significant difference in the employment size of women- and men-owned firms. There is, however, a gap in revenues between women- and men-owned firms in all countries studied – both because of the relative youth of women-owned firms and due to their industry concentration.
- It should be pointed out that almost all women-owned firms — indeed, the vast majority of all firms regardless of gender of ownership — have no employees other than the owner. In the United States, over three-quarters of women-owned firms have no paid employees, and in Canada two-thirds of women business owners are own-account workers. In Korea, the number of own-account workers is 4-1/2 times larger than the number of women employers.
- However, the importance of women as employers is growing. In Korea and Mexico, for example, 15% of all of the employers in the private sector are women. In the United States, one out of every four company workers is employed in a woman-owned business.

### **Characteristics of Women Entrepreneurs**

- On a personal basis, women business owners throughout the APEC region are far more similar than they are different. Most are in their 30's or 40's, most are married, and most have children. Thus, women business owners face the dual responsibilities of growing a business and raising a family.

- Women often come into business ownership with less formal experience than men. They either have less formal education, or less business-specific education or work experience. In Australia, for example, the highest level of schooling for 54% of women employers is secondary school, while 65% of men employers have gone on to higher levels of education. And in Canada, a study has shown that men had an average of eight more years of experience in their business, and were more likely to have had previous business ownership experience than women.
- Women entrepreneurs also show many similarities in the way they manage and lead their businesses, on the basis of self-described practices, and — where research has been conducted — there are shown to be several distinct differences between women and men. A review of the literature in the eight countries studied here reveals that women describe their business leadership styles as participatory, inclusive, and considerate of others. Their self-described style is considered to be less “command and control” and less hierarchical when compared to that of their male counterparts.
- This analysis can be complicated by some of the social factors at work in some societies. There may be legal or cultural constraints on the extent to which women can lead or grow their businesses. It is mentioned both in Indonesia and the Philippines that, in many cases, women business owners defer to husbands or other family members in key business decisions, and many turn over greater power to these other family members as the business grows.
- Motivations for entrepreneurship among women are varied. They range from economic necessity or wanting to improve the economic situation for themselves and their families to a desire for more fulfillment or independence. In the United States, a recent study showed that the overwhelming majority of women business owners had started their businesses from scratch, and that, for most, entrepreneurship was a gradual process motivated by the desire to test out a winning idea or to control their own destiny. A recent survey of women business owners in Korea found much the same results. On the other hand, in Indonesia, it is found that economic reasons are a more predominant factor in self-employment and entrepreneurship. Non-economic motives are more likely to be the province of women with higher levels of education and family income.
- Whatever their reasons for entering into business ownership, women throughout APEC face many of the same challenges once they have started their businesses. Most of those challenges are related to access to capital, access to information, and access to support networks. When women business

owners are queried, these are among the key challenges they say they are facing.

- One of the most pressing issues for women business owners in growing their businesses is access to financing. In Mexico, fully 86% of women business owners are operating without outside credit. In Australia, women are less likely than men to borrow money at business start-up. And in Canada, a national study revealed that women were much less likely to borrow from banks (39%) than were their male counterparts (50%). Although access to capital is an issue for men as well as women business owners, in studies that have compared women and men business owners and their access to capital (Australia, Canada, Mexico), women business owners are found not to have the same level of access to capital for the growth of their businesses. In the United States, among firms past the start-up stage, there is no longer a significant gap in access to capital as there was in the early 1990's.
- There is also a clarion call from women business owners for more formal training and education in business management issues — including marketing, financing, personnel matters and technology. Women entrepreneurs unanimously indicate their desire for the opportunity to learn more about how to be more effective business leaders and managers. For example, nine out of ten women entrepreneurs interviewed in Korea feel they need education in business management issues, as did a majority of women business owners in Mexico and the Philippines.
- Quite often, the formal and informal networks that are available for men business owners are closed to women. Women have made some inroads in these areas, such as developing women's networks within industry associations (such as CANACINTRA, CANACO and COPARMEX in Mexico), but these are few, and are viewed by many as auxiliary chapters out of the main flow of information and power.

Thus, many women are starting their own business associations. In the United States, the National Association of Women Business Owners is entering its 25<sup>th</sup> year. The Women Entrepreneurs of Canada was established in 1992. In the Philippines, there were 200 registered women-related organizations in 1980; by 1994, that number grew to 558. Women value these networks for sharing both challenges and solutions, for getting advice and ideas, and for opening up business opportunities. Still, many women do not belong to such organizations, nor do they know that such opportunities exist.

- Another area where women business owners say they require access to networks and support is in the area of day care. Support of young children is essential for women who must balance the



demands of business ownership with the challenges of raising a family. This need has, in some instances, limited the growth of women-owned firms. In Canada, there is a correlation between having young children and basing one's business at home. In Indonesia, it was found that women with young families spent less time in their enterprises.

## **Best Practices**

During the course of research for this volume, several innovative programs and activities were summarized. Although they are mentioned in some detail in each chapter, here are some highlights:

- **Access to capital:** Korea's SME Development Fund, which provides some degree of preference to applications received by women-owned firms; and the U.S. Small Business Administration's Women's Prequalification Loan Program, which has backed more than \$59 million in loans to women-owned firms.
- **Access to training/education:** Australia's National Women's Vocational Education and Training Strategy, which includes management and leadership programs targeted to, among other groups: rural women, indigenous populations, and immigrants; and the Philippines Department of Trade and Industry's (DTI) Tulong sa Tao Para sa Kababaihan, which provides educational, training, and trade fair opportunities to women. The DTI has set up one-stop enterprise development centers in every province of the country.
- **Access to networks/markets:** Canada's Minister of Trade led a women's trade mission to the U.S. in 1997. This event has led to bilateral research on trade issues among women business owners in Canada and the U.S., and a bilateral trade summit, which was held in Canada in May, 1999. A public-private partnership, led by Canada's Department of Foreign Affairs and International Trade and the Embassy of Canada in the U.S., has spearheaded these efforts. Korea, as a result of its "Act on Assisting Women Entrepreneurs," has established a Presidential Commission on Women Entrepreneurs. This commission will promote a number of activities to raise the level of access for women business owners in a number of areas.
- **Awareness raising:** For the past several years, the University of Toronto in Canada, with the sponsorship of a number of private and public organizations, has held a gala awards event honoring women business owners in Canada. The Canadian Woman Entrepreneur of the Year Awards honors women in six categories of achievement: start-up, quality plus, impact on local economy, turnaround, international competitiveness, and lifetime achievement.

- In Mexico, there have been a number of very high visibility events within the past two years, which have raised the level of awareness of women's entrepreneurship. Among them are: a one-day conference held in Mexico City in October, 1998 announcing the results of a landmark study of women and men business owners, which garnered widespread public attention; several women entrepreneur associations have joined forces to organize a series of annual national and international congresses, such as the International Federation of Hispanic Women, which held a conference in Acapulco. In addition, the Asociacion de Mujeres Jefes de Empresas (AMMJE), the most established women's business association in Mexico, is expanding and establishing chapters in cities throughout Mexico, which is attracting visibility.

### **Policy Recommendations**

- It is clear from this analysis that the amount of solid research information about women's entrepreneurship does not yet match the level of interest and need. Therefore, more information is needed about women business owners and their enterprises: their number and level of economic contributions, growth trends, the issues and challenges they are facing, and their goals and accomplishments. Such data should come both from official government censuses and surveys, and from non-governmental organizations such as associations, universities, and institutes.
- The most successful programs and initiatives come when there is oversight and organization. Therefore, it is recommended that governments create or designate an office or agency with the oversight responsibility for programs and initiatives to foster women's business development.
- The organization of education and training for new and growing women-owned businesses should be a key emphasis for such an office. Training in the areas of marketing, finance, and technology are especially important.
- Financing is the lifeblood of business development as well. Microcredit programs targeted especially toward women business owners have proven very successful, and should be encouraged.
- Frequently, training and technical assistance and microcredit programs can lead to the formation of women's associations. These associations play a vital role in providing a longer-term support network that discrete programs cannot nor should not provide. Encouraging the development of women's business associations is another key element of a coordinated approach to sustaining economic development for women entrepreneurs.

- Finally, increasing public awareness of the role of women-owned businesses in the economy aids in the further development of these businesses, and is an encouragement to other women. Whether through public recognition events, conferences, seminars or media profiles, organizations in both the public and private sectors can play a role in highlighting the variety of contributions that women are now making throughout the Asia Pacific region.

**WOMEN ENTREPRENEURS IN SMEs  
IN AUSTRALIA**

**Authored by**

**Mary Barrett  
Faculty of Business  
University of the Sunshine Coast  
Australia**

## EXECUTIVE SUMMARY

The report opens with a general statistical survey of Australian women business owners and their firms' characteristics and performance. The tables include a number of comparisons with men and male-owned firms. They reveal some areas of potential concern, such as the consistently smaller size of women's firms, their severely restricted presence across the spectrum of industries, and their comparatively small sales. The lesser amount and quality of business-related education and experience of women business owners compared to men may be both a cause and a result of the lesser amount of time women-owned firms have been in operation. This however contrasts with the rapid pace at which women are entering the world of business ownership in Australia.

The remainder of the report delves into the story behind the figures. The socio-cultural background of women business owners, including their differing styles and levels of education, their traditional caring roles which are usually maintained alongside their business activities, and their "invisible" contribution to family and ethnic businesses are examined. The differing potential of women-owned firms is linked to under-capitalisation, but also to the possibility that the motivations and expectations of women owners may differ from those of men. The differences in the initial skill base of men and women, at least as women see it, may be behind a lack of general planning and especially financial planning at start-up, although neither men nor women do much planning.

The ways women-owned firms tend to be structured differently from those of men (less access to limited liability) and women's greater representation among home-based businesses are linked to systemic differences in how the legal system regards men and women business owners. The result is often a disadvantage to women. The much debated area of differences in men's and women's management style is examined, with some explanations found in industry-linked factors that are unrelated to "inherent" differences between the sexes. Training needs are examined in terms of both specific areas of business knowledge which women feel they lack as well as the modes of training delivery they prefer. and other potential innovations in finance, marketing, training and general support. The recommen The report concludes with instances of current Australian business assistance schemes dations and conclusions from the report in all these areas include the need for continuing attention to old problems as well as new problems increasingly apparent in a changing society.

## I. General survey – descriptive and table data

### 1. Male and female labour force by industry, occupation, employment status

#### 1.1 Male and female labour force by industry

Industry categories	Male '000s, (%)	Female '000s, (%)
Agriculture, forestry and fisheries	Data not collected	Data not collected
Mining and manufacturing	172.4 (69.4)	76.0 (30.6)
Electricity, gas, water*		
Construction	303.4 (83.8)	58.7 (16.2)
Wholesale and retail	418.5 (57.9)	304.5 (42.1)
Restaurants and hotels	65.4 (44.1)	83.0 (55.9)
Transport, storage and communications*	93.9 (76.3)	29.1 (23.7)
Finance, insurance, real estate and business services	229.9 (53.7)	198.5 (46.3)
Public, personal, social services and others	266.0 (61.5)	166.8 (38.5)

Data for electricity, gas and water and communications industries is not available separately. However, the total of 2,470,000 employed persons of whom 58.7% are male includes these elements of the labour force.

Source: Survey of Employment and Earnings, unpublished data, Labour Force Survey, unpublished data. Adapted from table 1.3 of Small Business in Australia, 1995 (1321.0) in ABS 1997, p 328.

#### 1.2 Male and female labour force by occupation

Occupation categories	Male 000's (%)	Female 000's (%)
Professional, technical and related workers	2,330.8 (67.5)	1,119.8 (32.5)
Administrative and managerial workers	476.0 (75.7)	152.6 (24.3)
Clerical and related workers	739.5 (27.9)	1,907.6 (72.1)
Sales workers	Included in 3 <sup>rd</sup> category	Included in 3 <sup>rd</sup> category
Service workers	Included in 3 <sup>rd</sup> category	Included in 3 <sup>rd</sup> category
Agri. Forestry workers and fishermen	Data not collected	Data not collected
Prod trans equipment operators and labourers	1,191.6 (73.4)	432.1 (26.6)

Source: ABS(1998) Labour Force Australia, ABS Catalogue 6203.0

An important message of these two tables is the much greater extent to which the female labour force is concentrated into specific occupational categories when compared to me. Women work

disproportionately in the retail and service areas. This phenomenon will be seen again later in the data on women entrepreneurs.

### 1.3 Male and female labour force by employment status

Employment categories	Male 000's (%)	Female 000's (%)
Unpaid workers	Data not available	Data not available
Employers	245.0	121.6
Own-account workers	566.7	271.3
Unpaid family workers	Data not available	Data not available
Paid workers	Data not available	Data not available
Regular employees	Data not available	Data not available
Daily workers	Data not available	Data not available

Data drawn from May 1996 census

Source; Labour Force, Australia (Cat no 6203.0) in ABS1997a, p 119

Table 3 makes it clear that, for the employment categories for which data is available, women are only about half as likely as men to employ others or to work for themselves. The reasons for this, are of course, less apparent, but are likely to include the well-known “dual role” of women, that is, the fact that women still tend to carry the larger proportion of family responsibilities. Other evidence also suggests that some women prefer the greater degree of personal control attainable in a smaller firm, ie that employs a small number of people, or where the owner simply works on her own account.

### 1.4 Male and female employers by age and education

#### 1.4.A Male and female employers by age

Age categories	Male 000's (%)	Female 000's (%)
Less than 30	99.8 (12.1)	45.5 (10.7)
30-50	518.0 (62.6)	298.1 (70.3)
Greater than 50	210.0 (25.4)	80.8 (19.0)
Total	827.8 (100.0)	424.3 (100.0)

In this category, it is clear that women and men employers are similar: both groups tend to be between the ages of 30 and 50. However, for women it must be remembered that these years also correspond to the greatest demands of family rearing.

#### 1.4.B Male and female employers by education

Education categories	Male 000's (%)	Female 000's (%)
Primary school 0-6 years	Data not collected separately	Data not collected separately
Secondary school 7-12 years (Includes primary school)	286.1 (44.9)	228.3 (54.1)
College/university 13-15 years* and university graduates	193.4 (26.3)	534.0 (73.7)

\*Includes skilled vocational workers

Source: Adapted from tables 1,2 and 5 in Characteristics of Small Business, Australia, 1995 (8127.0) in ABS 1997b, p 330

Women and men employers are also similar in that their level of education is fairly high, with a considerable proportion having gone to university. However it is also known that women business owners feel their level of business training and experience is less extensive than for men in the same situation.

#### 1.5 Male and female employers by industry

Industry categories	Male '000s, (%)	Female '000s, (%)
Agriculture, forestry and fisheries	Data not collected	Data not collected
Mining and manufacturing	49.6 (65.8)	25.8 (34.2)
Electricity, gas, water*		
Construction	184.3 (86.4)	28.9 (13.6)
Wholesale and retail	153.5 (60.7)	99.4 (39.3)
Restaurants and hotels	17.9 (52.2)	16.4 (47.8)
Transport, storage and communications*	49.5 (82.1)	10.8 (17.9)
Finance, insurance, real estate and business services	46.4 (31.4)	101.5 (68.6)
Public, personal, social services and others	74.0 (47.9)	80.6 (52.1)

Data for electricity, gas and water and communications industries not available separately. In Australia these are public utilities, therefore it is not open to individuals to establish private firms in these industries.

Source: Survey of Employment and Earnings, unpublished data, Labour Force Survey, unpublished data. Adapted from table 1.3 of Small Business in Australia, 1995 (1321.0) in ABS 1997b, p 329.

As noted earlier in the tables concerning men's and women's labour force participation, women business owners' firms are represented in across a much more restricted selection of industries than those of men. Women owned firms are overwhelmingly to be found in the retail and service areas.

## 2. Data on women entrepreneurs and their business

### 2.1 Women entrepreneurs' number of employees and business type by industry

#### 2.1.A A Number of employees



Industry categories	Less than 5 employees Total no. Female no.	5-19 employees Total no. Female no.	20-99 employees Total no. Female no.	100+ employees Total no. Female no.
Manufacturing	16,985 5,197	16,343 5,001	4,733 1,448	1,377 421
Wholesale trade	16,725 7,041	12,975 5,462	2,968 1,250	493 207
Retail trade	48,371 20,364	32,878 13,842	3,372 1,420	488 205
Property and business services	63,977 29,621	22,699 10,510	3,637 1,684	554 257
Other	96,806 37,270	38,658 14,883	7,343 2,827	1,218 469

Source: Adapted from Table 3.13 *Business Longitudinal Survey*, p 38 and from table 1.3 of Small Business in Australia, 1995 (1321.0) in ABS 1997b328. Data correct as at June 1995.

**Note 1:** Figures for women may be slightly overstated for the numbers of firms with greater than 100 employees, since the percentage of female owned firms (as calculated for the first table in this report) has been taken as the same in each size category.

**Note 2:** The "manufacturing" category includes mining. However there are very few if any women business owners in the mining industry in Australia, so this does not create a major overstatement in the data.

**Note 3:** Given how the official data is collected in Australia, it is not possible to give separate data for the size categories 20-49 employees and 50-99 employees.

From this table it is again evident that women owned firms are less likely than those of men to employ others. In part, this is because the nature of the service sector is such that fewer employees are likely to be involved than, say, manufacturing. On the other hand, there are other factors including the aspirations of individual female owners and the likelihood that they exercise multiple responsibilities for family and community that lead to this situation.

#### 2.1.B Women entrepreneurs' business type by industry

Industry categories	<i>Company</i> All firms Female	<i>Sole prop'r or p'ship</i> All firms Female	<i>Other</i> All firms Female
Agric, forestry, fisheries	Data not collected	Data not collected	Data not collected
Mining and manuf.	26,015 7,960	3,049	1,472
Electricity, gas, water*			
Construction	25,787 4,177	21,419 3,740	8,747 1,417
Wholesale and retail	52,342 22,036	43,583 18,348	22,345 9,407
Restaurants and Hotels	9,752 5,451	9,691 1,697	5,224 620
Transport and Storage	10,521 2,493	7,160 1,697	2,616 620
Finance, insurance, real estate and business services	50,496 23,380	20,162 9,335	20,209 9,357
Public, personal, social services and others	10,222 3,935	15,087 5,808	2,797 1,077

Data for electricity, gas and water and communications industries not available separately.

Source: Adapted from a number of tables in the *Business Longitudinal Survey*, Industry Commission, Department of Industry, Science and Tourism, publication number 007/97, 1997.

**Note 1:** A similar caution must be repeated here to the earlier one regarding a possible overstatement of women-owned firms in the larger size categories. However, this is not considered a major distortion of the data, since the total number of firms in these categories is in any case small.

The difference between men and women owned firms in terms of women owned firms being less likely to have the legal protection of corporate status is just one instance of how women owned businesses are more vulnerable than those of men. Another way in which this can be seen is in the general lack of official visibility of women's contribution to business. For example, until relatively recently, official data about family business was not collected in Australia. It is known, however, that women are major contributors to family businesses. Moreover, even within the family business setting, anecdotal evidence suggests that male heads of family business have greater recourse to informal family assistance than do women in the same situation.

## 2.1.C Women entrepreneurs' duration of business by industry, number of employees and business type

### a. Women entrepreneurs' duration of business by industry

Industry categories	Less than 1 year All firms Female	1-2 years All firms Female	More than 2 but less than 5 years All firms Female	5 years or more All firms Female
Agric,forestry, fisheries	Data not collected	Data not collected	Data not collected	Data not collected
Mining and manuf.	1,605 491	3,222 986	8,712 2,666	27,246 8,337
Electricity, gas, water*				
Construction	1,079 175	5,759 933	12,450 2,017	36,666 5,940
Wholesale and retail	5,167 2,175	9,982 4,202	28,799 12,124	74,320 31,289
Restaurants and hotels	929 219	2,490 681	5,162 5,737	16,086 2,913
Transport and storage	924 219	2,876 681	24,207 5,737	12,290 2,913
Finance, insurance, real estate and business services	2,803 1,298	11,104 5,141	24,208 11,208	52,933 24,508
Public, personal, social services and others	1,011 389	1,992 767	6,531 2,514	18,571 7,149

Source: Adapted from Table 3.19 *Business Longitudinal Survey*, Industry Commission, Department of Industry, Science and Technology, publication no 007/97, Australian Government Publishing Service, 1997.

Data not collected separately. In Australia, these are public utilities, so it is not open to individuals to open private firms in these industries.

The overwhelming evidence of this table is that, in comparison to men, women owned firms are younger. That is, they are less likely than male owned firms to have surmounted the crucial five year survival hurdle.

b. Duration of business by firm size\*

Firm size	Less than 1 year	1-2 years	More than 2 but less than 5 years	years or more
Less than 5 employees	8,693	27,275	59,560	147,355
5-19 employees	4,372	9,165	27,840	82,177
20-49 employees	397	1,227	3,233	11,922
50-99 employees	108	369	496	4,301
100+ employees	64	129	379	3,558

Adapted from Tables 3.17, 3.49 and 3.55 of the *Business Longitudinal Survey* Industry Commission, publication number 007/97, Australian Government Publishing Service, 1997.

c. Duration of business by business type

Business type	Less than 1 year	1-2 years	More than 2 but less than 5 years	years or more
Company	6,858	18,579	45,790	122,843
Sole proprietorship/partnership	4,708	12,302	32,190	77,409
Other	2,067	5,283	13,529	49,038

Adapted from Table 3.17 *Business Longitudinal Survey*, Industry Commission, publication number 007/97, Australian Government Publishing Service, 1997.

**Important note concerning the two tables on this page:** It is not possible to derive information about these issues for women-owned firms with any confidence. The data is not collected directly, and cannot be calculated without stretching a number of assumptions too far. Specifically, while we can make a reasonable estimate of the number of women owned firms in each size category (as in the immediately preceding tables) by assuming a constant percentage of women-owned firms in each category, it is unlikely that the same assumption also holds for the numbers of women-owned firms across other areas such as business type or duration.

However, the following points throw some light on the issue. The *Business Longitudinal Survey* on p 56 indicates that 11% of firms with less than 5 people had a female major decision-maker and 3.8% of firms with 200 people or more had a female major decision-maker. It is clear that women are less well represented among the major decision-makers of larger firms.

2.2 Women entrepreneurs' duration of business by the entrepreneurs' age and education

2.2.A Women entrepreneurs' duration of business by the entrepreneur's age

No data is collected in Australia regarding age of women entrepreneurs which can be collated with the age of their businesses. However, it is known that 64% of all small business owners are aged between 30 and 50 years, and that a somewhat higher proportion (70%) of women small business owners are in this age group. Since the median age of starting a family in Australia is 29 years, *it is in the prime age group for business ownership that women are also faced with child bearing and child*

*rearing responsibilities.* This suggests that, if the Australian government is to support the expansion of small business, including those owned by women, childcare support is crucial.

## 2.2.B Duration of business by the entrepreneurs' level of education

Characteristics of firm or its major decision-maker	Less than 1 year	1-2 years	More than 2 but less than 5 years	years or more
Only 1 major decision-maker	9,233	23,257	56,354	154,183
Male decision-maker	8,184	20,583	50,198	140,186
Female decision-maker	1,049	2,674	6,186	13,997
School qualification	2,938	8,411	19,232	59,456
Trade qualification	3,483	6,865	17,002	43,336
Tertiary – business management	1,472	3,697	8,158	21,951
Tertiary - other	1,340	4,284	11,992	29,441
Total number of firms	13,633	38,165	91,509	47,049

Source: Adapted from Table 3.58 of the *Business Longitudinal Survey*, p 63

Note: Data is for all firms which have a single major decision-maker. The third row (in bold type) shows the duration of firms with a single female decision-maker.

## 2.2.C Women entrepreneurs' duration of business by annual sales (in \$US\*)

	Less than 1 year	1-2 years	More than 2 but less than 5 years	5 years or more
Av. annual sales				
1994/95				
In 000's*	392.8	516.8	762.4	17,400.8
Total no. of				
Firms	13,633	38,165	91,509	249,291
Total sales all firms				
(in millions)	5,400	19,700	67,800	43,326,000
Total sales female				
firms(in millions)** %	610	2,700	7,600	3,943,000

\*Data in A\$ has been converted to US\$ at the exchange rate appropriate for the period the data was collected, ie A\$ = .8x\$US.

\*\*On the basis of the proportion of women who are the sole decision-maker compared to men who are the sole decision-maker (as shown in the immediately preceding table), the proportion of sales attributable to women's firms has been calculated as follows:

Less than 1 year: women's firms = 11.3% of sales for all firms

1-2 years: women's firms = 11.5% of sales for all firms

>2 but < 5 years: women's firms = 10.9% of sales for all firms

5 years or more: women's firms = 9.1% of sales for all firms

Note: As with previous tables this may produce a slight over-estimate of the sales of women's firms since it is known that in general women's firms are smaller than those of men, and smaller firms in general have smaller sales. However, since in each age category the majority of firms are small, the over-estimate should not be severe.

Source: adapted from Table 3.17 and Table 3.58 of the *Business Longitudinal Survey*, pp40, 63.

## 2.2.D Women entrepreneurs' duration of business by annual sales\* in each industry

There is insufficiently precise data available in Australia to compile this information in table form. However the following information throws some general light on the topic.

- Of 846,000 small businesses in Australia in 1997, 37% were operated by an individual male or predominantly by males. 10% were operated by an individual female or predominantly by females. The remaining 53% were operated by a mixture of genders where neither gender predominated. 95% of businesses without gender dominance had two operators.
- It is known that some industries in Australia are dominated by male owners. That is, men predominate in the goods producing industries, such as mining, manufacturing and construction. With the exception of the transport and storage, and wholesale trade industries, women predominate in each of the services-producing industries.
- In non-employing businesses, only the accommodation, cafes and restaurants; education; and health and community services industries have a higher proportion of women than men. Specifically, women-operated businesses occur more frequently in non-employing businesses than other sized businesses, with 16% of non-employers being predominantly women-operated. This compares with only 5% of businesses with 1-4 employees and 4% of businesses with 5-19 employees.
- Businesses predominantly operated by males are also more prevalent among non-employers (40%) compared with businesses with 1-4 employees and 5-19 employees (24% and 38% respectively). Businesses where there were equal numbers of male and female operators were thus more likely to occur in larger firms, with 58% of businesses with 5-19 employees and 61% of businesses with 1-4 employees being of this type. This compares with only 44% for non-employing businesses.

## **II. Women's entrepreneurship**

### **1. Start-up process**

#### 1.1 Socio-cultural background

Relevant factors in the socio-cultural background of women business owners include their education and other forms of experience for business, including previous business ownership and family

situation. Aboriginality and non-English speaking background also have implications. The previous section already includes some comment on the fact that the median age of women business owners coincides with women's peak child-rearing period, and the implications of this for government policy.

**Education** There is a distinct difference between men and women business owners with respect to education. Almost two thirds of Australian small business owners have some form of qualification with 36% having a skilled/vocational education and 27% with a degree or diploma (ABS 1997b). While the proportion of men and women with degree/diploma qualifications is about the same, there is a large discrepancy between women and men with secondary schooling, as well as basic skill and vocational training. Women are generally much less qualified than men with the highest level of qualification being secondary schooling (54%) compared to 35% of men. Significantly fewer women than men possess basic or skilled vocational qualifications (22% compared to 39% respectively). This suggests there are two major groups of female small business operators: the unskilled operator and the vocational skill or degree holding operator. The latter group is more likely to be aware of and get access to training and support for their businesses.

**Business background** In addition, women small business operators are less experienced in business than their male counterparts. Small businesses owned by women have generally been operating for shorter periods than those of men (almost two-thirds of those operated by women have been started in the last five years compared to half of male-operated businesses (ABS 1997a: 121). This phenomenon tends to show up in studies of specific industry groups. Barrett (1996) in her study of women and men business owners in six established industries, found that there was little difference in the extent to which men and women had owned businesses previously. However she found that men in the sample were more likely to have a previous business *still running*, thus adding to their experience base.

**Family situation** The well-known "dual job" situation of women, ie domestic work combined with job responsibilities is partly made possible by the flexibility of business ownership. It is also linked to the fact that women with their own businesses work significantly fewer hours per week than their male counterparts (30 hours compared to 45 hours, with 42% of women working 20 hours or less). It is also known that men are more likely to have unpaid family support in their business than are women, so some of the contribution of women to business is "invisible". However not all women work short hours in their businesses: more than 25% of women work 45 hours or more per week in their businesses.

**Aboriginality/ethnicity** There has been little research in Australia dealing with indigenous women in small business, but loans schemes such as the Business Funding Scheme run by the Aboriginal and

Torres Strait Islander Commission do exist. The aim of this scheme is to encourage Aboriginal and Torres Strait Islander women to establish themselves as business owners in areas of commercial potential.

There are considerable numbers of ethnic-born women owner-managers in Australia's small business sector. Lennon, Sprott and Gatton (1994) find that women who have migrated from non-English speaking (NES) countries are more likely than other women to be employers or run their own business. Of the total number of women of NES background in the workforce in 1992, 4.3% were classified as "employers", compared with 3.6% of Australian-born women and 2.9% of women who have migrated from other English speaking countries. Furthermore, 8% of NES migrant women are self-employed, compared with 7.4% of Australian-born women and 6.2% of English speaking migrant women (Employment and Skills Formation Council, 1994, p 3). The countries from which women are most likely to be self-employed include Korea, Greece, the Netherlands and Cyprus. There are likely to be differences between these groups and Australian-born women entrepreneurs in language proficiency, educational attainment, family and domestic obligations.

There appear to be two different levels of involvement by ethnic women in small enterprise:

- Ethnic women co-owning and operating the business with their spouses, where the male is the dominant decision-making partner. The role of the women in these businesses is often one of an unpaid labourer who often takes on most of the domestic work for the family (approximately 60% of the ethnic firms surveyed in a study by Castles *et al.* in 1991).
- Ethnic women partly or wholly owning the business and controlling the operations and decision-making (approximately 11% of the ethnic firms in the study by Castle *et al.*).

**Potential** The level of capitalisation of women's businesses, as well as the owners' wishes and expectations, which sometimes differ from those of men, and the export behaviour of women owned businesses are all relevant to their growth potential.

**Capitalisation** When establishing their business, women and men typically use different financial means. Women rely primarily on their own or family capital for the financing of new businesses (Still and Timms 1997, 18) and are also less likely to use personal savings or to borrow money (46% compared to 56%). The majority of women started their businesses with less than \$10,000 and a sizeable proportion with less than half this amount. A higher proportion of women than men started their business with less than \$1,000 (ABS 1997a, p 121). As a result, women are most likely to

operate a micro-business, and indeed to start their businesses in sectors where entrance is easy and start-up capital required is minimal. Exceptions include professional women in knowledge based industries such as starting a dental or medical practice.

The literature is divided over whether women find it more difficult to find finance, but Still and Timms (1997, 18) report that they are more satisfied than men with their relationship with the bank over the longer term.

**Owner's wishes and expectations** Given the time limitations and, possibly, the more limited access to capital mentioned earlier, and also because women entrepreneurs often actively seek a form of workforce involvement which allows them balance in their lives, women entrepreneurs often have more modest expectations of the growth potential of their business in the year ahead compared to men. In all, many women feel they cannot take on the larger time commitments of being an employer and engaging in larger scale business expansion requiring more administration. The view of Stills and Timms (1997, 62) is that what is needed in assisting women in small business is to identify women-owned businesses with conventional growth patterns and encourage the development of an entrepreneurial spirit while still appreciating the diversity of businesses owned and run by women.

**Export behaviour** Given the factors discussed already in this section, it is not surprising that male business owners are more likely to export than women, and are more confident about the growth opportunities likely to arise from exporting. In addition, the fact that so much of women-owned business is concentrated in services industries suggests that some of the discrepancy in export behaviour between men and women-owned firms is due to structural impediments rather than any inherent reluctance on the part of women to export.

**Motivations** Motivation is a traditional topic in entrepreneurship research – of men as well as of women. It is usually part of a project to determine the characteristics of entrepreneurs and small business owners in different situations, and has typically been explored in quantitative surveys of up to 500 participants. In another kind of qualitative research, motivation is used as a theme to develop typologies, distinguishing common patterns of difference among particular kinds of small business operators. Australian research has tended to take a generalist approach incorporating an investigation of motivations for business formation as part of a wider investigation of the characteristics of different populations of entrepreneurs.

**Specific motivational issues** Reviews of the literature on women in business note considerably diversity in the reasons for firm formation by women. These range from career frustration, job



dissatisfaction, the desire for independence, autonomy and freedom, reward for effort, challenge and achievement and “nowhere else to go”. “Push” and “pull” factors (the former indicating so-called “negative” factors such as the need to earn income to support the family or to allow time for other commitments, and the latter more “positive” factors such as the desire for achievement) have been found to operate for both men and women, but differently in each case. Watkins and Watkins (1986b) find that where males are precipitated into an essentially similar occupation on an independent basis by a displacement event such as a redundancy, many women require a greater stimulus to push them into business on a more restricted experience base.

**Most frequent motivations** In Australia Borzi’s 1994 analysis of Australian, Canadian and US literature echoes the findings of Stevenson in 1996 that there are three major objectives for women cited as reasons for business formation:

- To escape and insecure and low-paid labour;
- The desire to escape supervisory controls or domestic constraints; and
- To reject social stereotypes imposed on them by social institutions.

Borzi further notes that men primarily wish to gain independence from others, while women wish to gain balance, with independence, work and family carrying equal importance.

Other topics in recent Australian research which include material on motivation include studies of self-employment, home-based businesses, ethnic minorities, regional characteristics, general characteristics of women business owners, comparative characteristics of men and women in business, and a comparison of women business and women corporate managers. Of these, I will deal with the motivations of women from ethnic minorities who establish businesses in Australia.

**Motivations of women from ethnic minorities** Studies in Australia and elsewhere of business ownership by women from ethnic minorities, particularly women from non-English speaking backgrounds, show that family concerns are prominent in the owner’s motivations. Providing for the children’s education is a major issue, and the presence of children in migrant families appears to be associated with a greater propensity towards entrepreneurship.

The majority of immigrant businesses are family businesses. Although immigrant women seem ready to provide their own labour to the family business, many do not use family members in their businesses to the same extent that men do (Morokvasic, 1991). Furthermore, women consider their husband’s and son’s job creation when starting their own business. Family strategy appears to take priority over their own personal objectives. Males, by contrast, put their own entrepreneurial strategy forward, family or kin being a means to attain personal entrepreneurial goals.

**Changes to motivations of ethnic women** Some studies have noted that the findings above relate principally to immigrant women with lower levels of qualifications and less knowledge of English. However, there is a new profile emerging for ethnic-born women small business owner-managers which challenges the old picture of women migrants as unskilled, passive and subject to patriarchal exploitation. This change in profile for recent immigrants is likely to be related to different motivations for entrepreneurship, and to influence the gender obstacles, advantages and policy implications relating to ethnic women in small enterprise.

**Decision-making process** While the motivational factors discussed above clearly relate to the decision to start a business, including the whole range of “push-pull” factors, the overall planning process – especially financial planning - around start-up time is an issue in itself.

**General planning** Evidence is mixed as to whether women engage in more planning prior to start-up than do men. Among Australian comparative studies, Williams (1986) concludes that women do engage in relative more pre-start-up planning. Barrett (1995 a,b) reports no significant difference between men and women in this respect, finding that both genders tend to do relatively little planning.

**Financial planning** Studies of small enterprise failure consistently show that poor financial decision-making is a significant contributing factor. Australian evidence indicates that 44% of owner-managers of failed firms regard poor financial management, including poor record keeping, as the major cause of their business failure (Williams, 1986a). Surveys of women business owners frequently show women expressing concern at their perceived lack of financial management expertise (Still, 1990). The Yellow Pages Australia (1994) survey finds 76% of women perceive themselves as having at least adequate finance and financial planning skills compared with 83% of men, while in other areas of expertise women rate their expertise at least as high as men rate theirs.

## 1.2 Characteristics of women’s entrepreneurship

**Organisation and structure of women-owned SMEs** The comparatively small size of women-owned SMEs compared to those of men is a theme running through all the quantitative data in the first section of this report. We have also already commented on the differences between men and women owned family businesses with respect to hours worked and differences in the degree of family assistance available to the owner of the business. There are also a number of other issues concerning the way the law affects women business owners, and the structure of their firms. They include contractual relationships, home-based businesses, women as partners in businesses, responsibilities for debt and fairness of property division when a marital relationship ends, and rural businesses involving women.

**Contractual relationships** The Australian Law Reform Commission (1994a) has found that the law regarding independent contractors tends to favour men over women. This is because a worker

working away from home is more likely to be regarded as an employee. This is a gender-biased test since male independent contractors are more likely to be in this situation than women, who typically work at home. In addition, the legal distinction between an employee and an independent contractor is unclear (Hunter, 1992), leading to uncertainty about whether women contractors are seen as genuinely in business for themselves. The same study has found that women independent contractors tend to earn much less than their male counterparts, and to be more isolated.

**Home-based businesses** While the majority of women-owned firms are not home-based, it is still true that women are more likely to run home-based businesses than are men. This has an unfavourable consequence for women, arising from local government by-laws restricting home-based businesses.

**Women as partners in businesses** A larger number of small businesses run by women compared to those run by men fall into the category of sole proprietorships and partnerships which offer no limited legal liability.

**Implications of relationship breakdown** When a relationship breaks down, and division of property follows under the law of trusts, the law disadvantages women because of its preference for financial contribution rather than other forms of contribution. As we have seen earlier, women often contribute to a business in terms of unpaid labour, and will be disadvantaged in this situation. The law does not deal adequately with cases of “sexually transmitted debt” because it fails to respond adequately to issues such as the quality of consent, the fact that such guarantee transactions are not made at arms length, and the injustice is suffered mainly by women who guarantee their husbands loans, and end up financially disadvantaged.

**Rural businesses involving women** Farm women are often categorised as non-productive “sleeping” partners which affects the award of damages in cases of negligence resulting in personal injury. Women operating businesses in rural areas are more likely to have difficulty gaining access to child care and relief for child care costs. Finally, farm women are often not sufficiently aware of their rights and obligations in relation to the family business, and access to legal advice for rural women is limited.

### 1.3 Management style

**Is there really a difference in men’s and women’s management styles?** The supposed difference in women’s management styles compared to those of men is one of the most disputed areas of research in women’s management and entrepreneurship. Proponents of the view that women manage differently from men are also inclined to point out the shift taking place in major corporations due to the influx of greater numbers of women to more senior levels, and a resultant “softer” more “people-focussed” approach to management, with a wider variety of issues being taken into account than just the bottom

line. Others, equally vehement, argue that this is a false dichotomy, and even that the assumption that women manage differently can be damaging to women, since men can incorporate aspects of a softer style into their management repertoire and gain credit for this, whereas women exercising the same style can be perceived as doing it simply because they are women, and be assumed to be incapable of stronger, tougher styles of management. A number of issues need to be taken into account in deciding whether women business owners really manage differently from men:

- **Structural factors** It has been noted already that women-owned businesses are more likely to be found in service areas. As a result, women typically have more indirect interaction with their customers than do men. Some research (Barrett 1995) has shown this can actually *decrease* women business owners' and others' perception of their ability to handle staff, since for women there is more at stake when staff are given more responsibility.
- **Delegation** Lack of willingness to delegate responsibility to employees has been found to be associated with lower levels of education and less experience with business ownership, say through running a previous business. Accordingly, it is frequently associated with women business owners, who are perceived as *less* skilled with people, contrary to the popular stereotype.
- **Organisational climate** On the other hand, women frequently cite the desire to control the atmosphere of their work environment, and put their personal stamp on it as one of the reasons they began the business in the first place. The desire for flexibility and balance is another important factor. Women's distaste for the driven atmosphere of large corporations, as well as their non-family friendly practices have frequently been cited among the reasons for executive women are leaving to start their own businesses. This is in addition to the traditional problem of the "glass ceiling", or women's inability to advance to senior levels in organisations as a result of conscious or unconscious "systemic" factors.

#### 1.4 Training needs

**Skills for which training is needed** Women starting businesses for themselves need to do a long list of things. At the least, they must familiarise themselves with their chosen industry, acquire or update industry or business skills as well as work-related communication skills, workplace practices and ethics, and general managerial skills, develop a support network (more on this in the next section), organise child-care, develop a business plan and seek finance to establish the business. Of all these, the areas of business advice and training most often undertaken or needed by women are financial management, marketing and promotion, business planning, industrial relations, general management

and confidence building (Victorian Women's Consultative Council, 1988a; MacDiarmid and Thomson, 1991; Meredith and Barrett, 1994).

**Barriers to training** Despite this, only 27% of small business operators have some training in small business, and women's participation in training courses has not increased despite greater resources in recent years. The problems include perceived male domination of courses, restrictive entry criteria, and the timing of courses which tends to interfere with women's carer responsibilities. In addition, information about government training and assistance programs is fragmented, leading to women in small business being under-represented in their use of government services including tax concessions for research and development.

**Women's training preferences** Women prefer training that is short, flexible, modular, leads to a credential, is relevant to business survival and growth, and has adequate opportunities for follow-up (Still and Timms, 1997, 36). It also needs an emphasis on women: women-only groups, women trainers and consultants, visible female role models, networking and mentoring programs, group learning, and alternatives to TAFE for those not academically inclined.

#### 1.5 Business networks and informal support mechanisms

Australian research in business networks and informal support mechanisms for women in business for themselves supports overseas findings about their importance, and also their relative inaccessibility to women. As mentioned earlier, the "invisibility" of much of women's work in family and rural businesses means women often do not join networks as business people in their own right. In addition commenting on the time and money needed to attend industry conferences, business women sometimes question the validity of information gained at industry conferences as potentially biased, or a product of male self-aggrandisement. Immigrant women are also less likely to be members of business networks.

One Australian study (Calvert et al., 1994) found that only half their sample belonged to networks, and that the business women most likely to be members would be Australian born, own a business in community services, manufacturing and finance, or property and business services; own a home-based business with no employees; own a firm that had existed less than 10 years; own a firm with turnover of less than \$100,000; and have post-secondary education.

Other research (eg Still and Guerin, 1987b) suggests that women's networks – as opposed to more general industry associations - are important sources of support, but not credibility. A later study by the same authors found that two-thirds of the proprietors do not use women's organisations or business

associations.

Networks in regional areas have also been found to be inadequate. Research in Western Australia suggests that women want access to networks which are informal and flexible for business discussion and professional development. Existing organisations have been criticised as “political” or “service oriented”, and many women say they don’t have time for such involvements, particularly when they are caring for children.

### 1.6 Equity ethics

As long as Australian women are not participating in the work force in proportion to the numbers in the population, and wish to participate more, there is an issue of equity ethics. While the proportion of women in the workforce, including the business population, is rising steadily, there are many who can still not manage to push their participation beyond a part-time involvement, within a limited range of industries, resulting in reduced earning capacity. The causes appear rooted in the studies girls choose in secondary school and the continuing difficulties of obtaining childcare, whose cost is not compensated by women’s increased earning capacities.

## III. Policies

### 1. Financing

- New Enterprise Incentive Scheme (NEIS) This income and training support scheme was conceived as a means of stimulating the small business sector and encouraging unemployed people to become self-employed. It has been in existence since 1985, but is currently in abeyance while the government revises its overall jobs support policy. In 1992 a number of initiatives were undertaken within the scheme to encourage greater participation by women, who were under-represented. This scheme should be reinstated, and special attention be given to women’s needs, as before.
- It would also be reasonable to consider introducing loan guarantee or subsidised loan schemes, such as exist in the US and the UK. These enable women to obtain business finance, when they might appear unattractive loan applicants for reasons of lack of collateral or experience. They are available for seed, start-up or very early stage financing, and recipients need to have a viable proposal or to undertake prescribed business training programs. The amounts involved are typically very small, with the average being considerably less than the maximum of \$US10,000.
- Women’s World banking, a non-profit international finance institution founded in 1979 from UN

seed funding, now operates in 36 countries, mostly in the third world. The possibility of applying this model in Australia should be investigated.

- Grameen bank style initiatives, or peer lending schemes, which are also now mainly used in the third world, may be able to be adapted for the Australian situation.
- Lists of private investors known to be willing to support women-owned businesses could be developed.

## **2. Marketing**

- Australia runs an export markets development scheme to provide financial assistance to Australian small and medium exporters for promotional expenditure aimed at seeking out and developing export markets. The scheme is run by Austrade and includes special seminars for women.
- Business school involvements At some universities, including the University of the Sunshine Coast, students in international business courses have established links with business people in which the students undertake export market and export development research. Some of these have been highly successful, and such schemes should be encouraged.

## **3. Training**

- Expansion of life-long training through the TAFE system is essential for the Australian workforce to deal with structural changes to the economy, new technologies and so forth, as well as to cope with the needs of special groups, which include women, whose career paths are typically more erratic than those of men.
- The National Women's Vocational Education and Training Strategy is a broad, nation-based strategy aimed at helping women find employment in vocational areas, take further training after career breaks, and undertake vocational training in management and leadership. It includes a focus on Recognition of Prior Learning (RPL). Specific schemes to support the Strategy include piloting small business training programs for indigenous women, rural and remote women, and women from non-English speaking backgrounds. There are many innovative aspects to the programs, including customised learning materials, self-directed learning groups, on-farm networking and after hours access to support services.
- Adult and Community Education (ACE) This is a very long-established program contributing to

life-long learning that has been very successful in regional areas. Around one million people participate annually through a variety of venues and specific training programs. Specific ACE strategies aimed at improving the participation of particular groups include: increased funding in areas where many people have not completed high school, evaluation of current skills programs which teach people to evaluate general life skills; training RPL consultants; developing a common qualifications framework with TAFE which should benefit recent women migrants to gain recognition for their skills.

- In addition to these and other programs, however, there is a need to undertake more research into the effectiveness of training schemes. This should include: researching the training needs of the more “invisible” business operators, including women in family businesses, rural women and migrant women; studies to improve the recognition of the qualifications of migrant women and the contribution of ethnic and indigenous business to Australia ; amassing longitudinal data on women-owned firms, researching how best to deliver training in women’s “peak need” areas of finance, marketing and sales skills at start-up ; researching women owners’ training needs beyond start-up; the extent, nature and conditions of home-based employment ; the effectiveness of women-only programs; and programs aimed at helping women expand their businesses; and researching so-called “second generation” solutions, such as building joint marketing and product development sources, building networks in local communities, and interdependence and contract sharing by firms.

#### **4. Support mechanisms**

- Identifying role models Successful business women often mention specific role models, and comment on the need for greater recognition of businesswomen’s contribution to wealth and society generally. Schemes such as Celebrating Women in Business, the ABC Rural Woman of the Year, and the Telstra Business Woman of the Year award should be encouraged.
- Awareness of and greater support for Parental leave, Career breaks and Childcare Schemes that advise small business owners how they can adopt workplace practices such as parental leave, career breaks and child care which will enable employees to better balance their work and family lives should be encouraged. Restoration of government subsidies particularly for childcare is needed.



## **5. Suggestions and recommendations**

A number of specific suggestions and recommendations about existing and potential policies have been made in the preceding section. Broadly speaking, however, the Australian government needs to note the changing nature of the workforce and the business population, including the societal and industry changes which affect these groups, and which seem to move faster than policy changes can match. Some of these changes are in line with women's traditional skills, such as the growth of the communications based industries and the service sector generally, and some of them will tend to disadvantage women, such as the aging population which will place an increasing burden on women, society's traditional carers.

As well as new problems, it needs to be recognised that some old problems, such as access to childcare and basic training, have not gone away, and are being exacerbated by the new issues.

Government policies need to be examined in areas whose relationship to the immediate needs of business owners might not seem immediately apparent. These range from the differing attitudes of the legal system to men and women-owned firms, educational policy for girls, access to and costs of information technology, general development issues for regional areas, and training for special needs groups.

Most importantly, public policy needs to adopt a fine-grained approach to the needs of women, who do not form a homogenous group. To take just one example: while some women value the flexibility of part-time work in their own business and the opportunity it gives them to pursue other obligations and interests, others are unduly restricted by structural barriers, access to child care or other problems, from being able to make their business contribute as fully as it might to the economy. All of the specific recommendations which have preceded this section respect these principles.

## **6. Conclusion**

While women's contribution to the business sector is growing, helping to sustain at least the idea that small business will be the engine of economic growth in the future, so too are the problems associated with this. In comparison to men-owned firms, women owned firms still employ fewer people, export less, make less money, and are less likely both to offer and to use training opportunities. While some of these differences may be attributable to ways women *want* to run their firms differently, there is evidence that not all that could be is being done to help women and their firms contribute to the economy and that a variety of systemic problems often prevent the issues even from being recognised. The practical suggestions raised in the report should go some way towards producing better policies, and better coordination between existing ones.

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**WOMEN ENTREPRENEURS IN SMEs  
IN CANADA**

**Authored by**

**Annette St-Onge  
Business Development Bank of Canada**

## EXECUTIVE SUMMARY

Women own and operate approximately 33% of small and medium size enterprises, in Canada. This represents a 22% increase over the past 30 years. The majority of women owned SMEs are started from scratch, are unincorporated, have no employees (and the ones which do have employees, employ fewer than five), are less than five years old, are in the Trade and Services sectors, have sales revenue less than \$250,000 per year, have initial capitalization of less than \$10,000, and grow very slowly.

However, among the more established women-owned businesses, there is a higher proportion of incorporated structures, higher sales volumes and more employees.

Among recent start-ups, there is a greater diversification in the sectors in which women-owned firms are appearing (for example, manufacturing, and business services). In fact, a new breed of woman entrepreneur may be emerging - one who is younger, better educated, more experienced in business and business management, more strategic in her planning, more aware of global business opportunities, more focused on growth as an objective, and with greater management savvy. All indications point to a continuance of the phenomena with a growth rate of two to one over that of their male counterparts, and young women entrepreneurs (30 years of age and under) responsible for 80% of the net growth in self-employed in that age category over the 1991-96 period. Growth of women's activity in sectors such as construction, transportation, storage, communications, finance and insurance and real-estate is noteworthy since these areas have been traditionally male-dominated. Sixty percent of women are operating in the community, business and personal services sector. With the percentage of women diversifying their range of business activity, we are seeing reduced activity in the trade (retail and wholesale), accommodations and food service sectors (traditionally associated with women's entrepreneurial activity.)

In addition to the self-employment opportunities women have created for themselves, one-third are creating employment for others. Women are more likely than men to operate a business from a home base and still earn lower incomes than self-employed men. This may be attributed to the fact that 77% of women entrepreneurs have spouses, and are more likely to have children at home, for which they are the primary care-givers. Women business owners are less likely than men to have previous experience in starting a business, managing a business, and managing the finances of a business. This lack of experience, combined with lack of previous management experience has in many cases impacted on their ability to access financing.

The federal government, some provincial governments, and the private sector have developed programs and services specifically tailored to meet the need of women entrepreneurs. Initiatives to

support start-up, growth, exposure to high growth sectors, as well as market development tools have been prioritized. To support these initiatives, in practice, Canada focuses on six major components: loan funds, both for start-up and expansion; tailored export development and international trade development activities; customized entrepreneurial training programs; establishment of a number of women's enterprise centres -- one stop shopping; promotion of the role for women in entrepreneurship; and support for the establishment and growth of business networks.

As a result, there are numerous "best practices" to be shared. There is a need to continue to nationalize these offerings, so that all of Canada's women entrepreneurs will grow and flourish in these roles. Greater coordination of effort among government departments will facilitate the transfer of "best practices" from one region to another and enable a systematic approach to meeting needs, while reducing overlap and duplication and filling gaps in the market. Continuing support will be required to encourage entrants into non-traditional arenas of female entrepreneurship. Service providers must address evolving skills enhancement needs. As business owners strive to reach new markets, sector specific and export related support is required. Technology will be a key medium in program delivery and design to reach all audiences across this vast country.

# **I. GENERAL SURVEY ON WOMEN ENTREPRENEURS**

## **1. Introduction to the State of Small and Medium Sized Businesses(SMEs) in Canada**

In a population of about 30 million, Canada has an estimated 2.5 million businesses, over 99% of which fall within the definition of small and medium sized (under 500 employees)<sup>1</sup>. The majority of these businesses are very small; in fact, 94% have fewer than 20 employees and about 75% have fewer than five employees. The average Canadian business has 12 employees and the median age of these firms is five years. Over 60% of all Canadian enterprises have no employees except the owner; about 950,000 are employer-businesses. Small firms are responsible for over 80% of net new job creation in the country in recent years, the majority of which has been generated by new business starts, specifically, through own-account self-employment. In the first eight years of 1990, self-employment expanded at an average annual rate of 4.2% and accounted for over three out of four new jobs in the economy. During this time, growth in the number of paid employees grew a mere 0.2% per annum. Between 1976 and 1997, the number of self-employed workers more than doubled (from 1.2 million to 2.5 million), while paid employment increased by one-third<sup>2</sup>.

The self-employment share of total employment grew from 11.5% to 16%, a 41% increase.

Most SMEs start small and stay small; over a ten year period, less than 4% grow into an employment size category larger than the one in which they started. There is a high degree of dynamism in the SME sector only 30% of the total number of firms which existed in 1983 still existed in 1994 and, of the new firms which started in 1983, only 20% survived their first ten years in business. A high and growing number of new business start-ups are replacing firms which, voluntarily or otherwise, cease to exist. By 1995, 56% of the labour force was employed in SMEs and this share continues to grow.

Although the majority of SMEs are owned by men, women's share of Canadian business ownership has grown from about one in ten (11%) in 1964 to one in three by 1996 (33%). Over the 1976 - 1997 period their numbers grew by 300% and their share of self-employment almost doubled (from 17% to 33%)<sup>3</sup>. This paper presents information on the role of women in the development of SMEs in Canada, describes the challenges they face as they start and grow their businesses and outlines the response of the public and private sector to this development.

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<sup>1</sup> A small firm has less than 100 employees, a medium sized business has 100-499 employees, and a large business has more than 500 employees. A micro-business has under 5 employees.

<sup>2</sup> Lin, Zhengxi, Janice Yates and Garnet Picot, Rising self-employment in the midst of high unemployment: An empirical analysis of recent developments in Canada, Statistics Canada, September 1998, pg. 3-4.

<sup>3</sup> Statistics Canada, Labour Force Historical Review 1998, Cat. No. 71F0004.

## 2. The State of Self-Employed Women

This paper uses data from more than one official data source but relies heavily on Census of Canada data. It also references various data derived from the Statistics Canada Labour Force Survey. Both of these data sets allow for gender comparisons.

Census of Canada data reports that there were 1,889,990 self-employed Canadians in 1996, 621,085 women and 1,268,895 men. Self-employment accounted for 12.28% of total employment; 8.7% of female employment and 15.3% of male employment. Women's share of self-employment was 32.8% (Table 1).

Table 1. Employment, Self-Employment, and Wage and Salary Workers by Men, Women, 1996

Employment	No. of Women	No. of Men	Total Number	Percent change since 1991 (%)
Total Employment	7,128,400 (100%)	8,262,980 (100%)	15,391,385 (100%)	0.2%
Self-Employment	621,085 (8.7%)	1,268,895 (15.3%)	1,889,990 (12.3%)	4.9%
Wage and Salary Workers	6,507,315 (91.2%)	6,994,085 (84.7%)	13,501,395 (87.7%)	-0.4%
	Women	Men		
Share of Total Employment	46.3%	53.7%		
Share of Self-Employment	32.8%	67.2%		
Share of Wage and Salary Workers	48.2%	51.8%		

Source: Census of Canada, 1991 and 1996 as reported in *Shattering the Glass Box? Women Entrepreneurs and the Knowledge-Based Economy*, Micro-Economic Policy Analysis Branch (MEPA) and the Entrepreneurship and Small Business Office (ESBO), Industry Canada, 1998.

From 1991-96, growth in the number of self-employed women occurred at twice the rate of growth in the number of self-employed men. Although women accounted for 47.5% of the net increase in self-employment over that five-year period (190,780 of the 402,045 net increase), the number of self-employed women increased by 44.3% while the number of self-employed men only grew by 20.0% (Table 2).

An interesting phenomenon is the growth among young women ; during the 1991-96 period, women under the age of 30 contributed to almost 80% of the net increase in self-employment in that age category. In other words, young women made up four out of five of the new self-employed under 30 years of age (16,955 of the 21,610 net increase). This was a 30% increase in the number of young women and a 4% increase in the number of young self-employed men. However, the total number of young self-employed men in 1996 was still 1.65 times that of young women (121,085 to 73,210).

Table 2. Change in Number of Self-Employed by Gender, 1991 and 1996

Self-Employed	1991	1996	Change
Female	430,305	621,085	190,780 (+44.3%)
Male	1,057,630	1,268,895	211,265 (+20.0%)
Total	1,487,935	1,889,980	402,045 (+27.0%)

Source: Census of Canada, 1991 and 1996 as reported in Shattering the Glass Box, 1998.

The number of self-employed women has been growing steadily since 1976 with particularly rapid rates during the 1980s as participation of women in the labour force increased from 50.6% in 1980 to 58.1% in 1989, while male labour force participation rates stayed relatively stable. During the 1980s the growth rate among self-employed women was three times that among self-employed men. The female labour force participation rate has declined throughout the 1990s and by 1997 was 56.8%. While the number of self-employed women continued to grow, the growth rate slowed down somewhat.

Census of Canada data includes all Canadians who report on self-employment activity, including those involved in self-employment activity on less than a full year<sup>4</sup>, full-time<sup>5</sup> basis (seasonal and part-time self-employment activity). Fewer self-employed women (52.3%) than men (71.4%) are working full-time and full year (Table 3) but their numbers are growing.

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<sup>4</sup> Full year refers to 40+ weeks per year, full-time or part-time.

<sup>5</sup> Full time requires at least 30 hours of activity per week.



Table 3. Full-Time, Full Year Self-Employment by Gender, 1996

Self-Employment	Full time	Full Year	Full time and Full Year
Women	380,880 (61.3%)	449,775 (72.4%)	324,894 (52.3%)
Men	1,048,240 (82.6%)	994,295(78.4%)	906,445(71.4%)

Source: Census of Canada, 1996 as reported in Shattering the Glass Box, 1998.

From 1991-96 there was a 32% increase in the number of full-time self-employed women, a 40% increase in the number of full-year self-employed women, and a 31% increase in the number of full-time and full year. These increases for self-employed men were 14%, 17% and 14% respectively.

However, it should be noted that self-employed women do not tend to work part-time (less than 30 hours per week) any more than working women in general (36% versus 37%)<sup>6</sup> and working weeks of 50 hours or more are more prevalent among those who are self-employed.

### 2.1. Sector of Self-Employment Activity

First of all, this section will look at the distribution of all self-employment activity by sector and compare this with the distribution of self-employed women by sector and then examine how women's share of self-employment by sector is changing over time. In terms of gender differences, compared to women, men have higher distributions of their self-employment activity in Manufacturing, Construction, and Transportation, Storage, and Communications, and women have higher distributions in the Services Sector (Table 4). Over 60% of self-employed women are in the Services sector compared to 38% of self-employed men; the largest difference is in 'Other Services' which includes Personal and Household Services where women are much more dominant. Men are twice as likely to be in Manufacturing (7.3% versus 3.4%); men and women exhibit similar distributions in the Trade and Business Services sectors.

Table 5 looks at women's share of total self-employment by sector and how it is changing over time. Given that women's share of self-employment is 32.8%, women are under represented in Primary Industries (only 23.1% of total self-employment), Manufacturing (24.9%), Construction (8.1%) and Transportation, Storage and Communications (11.4%) and over represented in Health and Social Services (56.5%), Educational Services (65.7%) and Accommodation and Food Services (39.6%).

<sup>6</sup> Women Entrepreneurs in Canada: Geared Toward Success, Business Development Bank of Canada, 1997.

Almost half of Canadian businesses in the Services Sector are owned by women (49.5%) and a just under a third of the retail and wholesale Trade businesses (31.4%).

Table 4. Sector Distribution of Self-Employment All Self-employed versus Female Self-employed

Sector	All self-employed (%)	Women (%)	Sector	All self-employed (%)	Women (%)
Primary ind., including agric.	11.9%	9.6%	Educational services	1.9%	2.2%
Manufacturing	7.3%	3.4%	Health and Social Services	6.1%	9.6%
Construction	13.9%	2.5%	Accom. and food services		4.8%
TSC**	5.3%	1.0%	Other services	19.6%	32.3%
Trade	18.0%	17.6%	Total-services	37.7%	61.2%
FIRE***	5.9%	4.1%	Total, all industries	100.0%	100.0%

Source: Labour Force Survey, 1994.

But men own over 90% of the Construction Businesses, and over three-quarters of the Manufacturing and Transportation, Storage and Communications businesses. Also evident in Table 5 is that women's share of self-employment has increased in most sectors over the past 20 years.

Table 5. Women's share of self-employment in each sector, 1977, 1987, 1997

Men's share of total self-employment in each sector, 1997

Sector	1977 Women's share of self- employment	1987 Women's share of self- employment	1997 Women's share of self- employment	1997 Men's share of total self- employment
Primary ind., including agric.	5.7%	12.6%	23.1%	76.9%
Manufacturing	7.2%	14.3%	24.9%	76.1%
Construction	0.0%	2.5%	8.1%	91.9%
TSC**	0.0%	6.9%	11.4%	88.6%
Trade	23.3%	27.7%	31.4%	68.6%
FIRE***	5.0%	18.9%	31.8%	68.2%
Business Services	17.0%	24.7%	33.6%	66.4%
Educational services	80.5%	73.4%	65.7%	34.3%
Health and Social Services	13.4%	35.4%	56.5%	43.5%
Accom. And food services	35.9%	31.1%	39.6%	60.4%
Other services	64.8%	63.8%	61.5%	38.5%
Total-services	47.6%	47.2%	49.5%	50.5%
Total, all industries	21.8%	27.5%	34.1%	65.9%

Source: Statistics Canada, Labour Force Historical Review 1998, Cat. No. 71F0004

\*\* TSC refers to Transportation, Storage and Communications industries

\*\*\*FIRE refers to Finance, Insurance, and Real Estate industries

Table 6 presents data for 1977, 1987 and 1997 to indicate growth in both the numbers of self-employed women by sector for each of the three time periods and the changing sector distribution.

Table 6. Distribution of self-employed women by sector, 1977, 1987, 1997

Sector	1977 Number in 000s (% of total)	1987 Number in 000s (% of total)	1997 Number in 000s (% of total)	1977-97 Increase in 000s	1977-97 % increase
Primary ind., including agric.	15.9 (6.3%)	38.6 (8.4%)	75.2 (9.1%)	59.3	372%
Manufacturing	3.4 (1.6%)	10.8 (2.3%)	27.3 (3.3%)	23.9	703%
Construction	0	5.0 (1.1%)	22.0 (2.6%)	22.0	
TSC**	0	5.5 (1.2%)	14.2 (1.7%)	14.2	
Trade	58.9 (23.5%)	95.7 (21.0%)	136.9 (16.6%)	78.0	132%
FIRE***	1.7 (.06%)	11.4 (2.5%)	39.6 (4.8%)	37.9	2229%
Business Services	9.8 (3.9%)	34.5 (7.5%)	116.4 (14.1%)	106.6	1087%
Educational services	6.2 (2.4%)	10.5 (2.3%)	19.9 (2.4%)	13.7	220%
Health and Social Services	4.9 (1.9%)	25.8 (5.6%)	87.2 (10.5%)	82.3	1680%
Accom. And food services	18.4 (7.3%)	23.1 (4.3%)	37.5 (4.5%)	19.1	24%
Other services	116.7 (46.6%)	180.8 (39.7%)	246.6 (29.9%)	129.9	111%
Total-services	159.8 (63.8%)	276.5 (60.8%)	509.0 (61.7%)	349.2	218%
Total, all industries	250.2 (100%)	454.7 (100%)	825.0 (100%)	574.8	230%

Source: Statistics Canada, Labour Force Historical Review 1998, Cat. No. 71F0004

\* Taken from Labour Force Survey, Statistics Canada

\*\* TSC refers to Transportation, Storage and Communications industries

\*\*\*FIRE refers to Finance, Insurance, and Real Estate industries.

It is very useful to note in which sectors women are pursuing self-employment activity and how the distribution of this activity by sector is changing over time. The number of self-employed women has more than tripled over the past 20 years and so there have been equivalent and greater increases in the number of women entering specific sectors and industries. There are three striking trends in this data:

1) the growth of women's activity in sectors like Construction, Transportation, Storage and Communications (TSC), and Finance, Insurance and Real Estate (FIRE) which have traditionally been

male-dominated sectors. With only 1,700 self-employed women recorded in these sectors in 1977, this number increased to 76,000 by 1997.

2) over 60% of self-employed women are operating in the Community, Business and Personal Services sector. There has been tremendous growth in certain areas of the Services sector - Business Services, Educational Services and Health and Social Services, particularly in the last decade (1987-97).

3) the decreasing percentage of total activity in the Trade (retail and wholesale trade) and Accommodation and Food Services sectors traditionally associated with women's entrepreneurial activity. While the numbers of women in these sectors have more than doubled over the past 20 years, the share of sector activity has decreased significantly as women have diversified their range of business activity.

Using Census of Canada data for 1991 and 1996, it is possible to examine recent increases in women's self-employment activity within each sector. What is promising is that women are choosing to become entrepreneurs in increasing numbers in all major industries. There have been small increases in Trade (4.7% annual growth rate) and Personal & Household Services (0.8% annual growth), moderate increases in Manufacturing (6.6%) and Construction (5.6%), and high growth in today's higher knowledge areas, particularly Health and Social Services (22.7%) and Business Services (11.2%).

The increase in Health and Social Services reflects to some degree, the continuing privatization of key social services such as day-care and child-care and a growing number of female health practitioners (chiropractors, physiotherapists, optometrists) and social service practitioners (psychologists and social workers) who are setting up their own businesses.

Women are also quickly entering the Business Services sector where growth is fastest in advertising and management consulting, but also in areas such as computer services, accounting and bookkeeping, and architecture and engineering. While the number of self-employed men still outnumber women in these industries, self-employed women are growing at a much faster pace in all fields<sup>7</sup>.

## 2.2. Incorporation Status of Self-Employed Women

Over three-quarters of women-owned businesses are unincorporated entities (73%), operating either as sole proprietorships or partnerships. This is the case for two-thirds of all businesses, so women have a higher propensity than men to operate under an unincorporated status (Table 7). Interestingly enough, in addition to the gender differences, there are differences between incorporated and unincorporated businesses based on age, size and sector of business.

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<sup>7</sup> Census Data 1991 and 1996: Shattering the Glass Box, Industry Canada, 1998.

Table 7. Incorporation Status of the Self-Employed by Gender, 1996

Status of business	Female self-employed	Male self-employed	Total
Incorporated	161,720 (26.7%)	442,870 (36.0%)	604,595(32%)
Unincorporated	459,365 (73.3%)	826,025 (64.0%)	1,285,395(68%)
Total	621,085 (100%)	1,268,895 (100%)	1,889,990 (100%)

Source: Census Data, 1996.

Incorporated businesses tend to be older in age, larger in size (sales revenue and employees), and predominate in the manufacturing sector and among firms which export.

The fact that, on average, women have been in business for fewer years than men, have smaller businesses and more likely to be in the Services sector may be explanatory factors for a higher percentage of unincorporated firms. As their businesses become larger, and their management skills become more sophisticated, more self-employed women may chose to make the expenditure of time and effort to incorporate their businesses. In Canada, the cost of incorporating a company is less than \$2,000, including legal fees. However, it costs less than \$100 to register a business name as a sole proprietorship or partnership (registered, but unincorporated business).

There is also a difference in the rates of incorporation by sector. Over 80% of women-owned Services businesses and over 60% of their Trade businesses are unincorporated. Just over half of women-owned businesses in the Manufacturing and Construction sectors are incorporated. Slightly more than half of all self-employed women own unincorporated businesses in the Services sector.

### 2.3. Employment in Women-Owned Businesses

There is limited access in Canada to data which will confirm the actual amount of employment in women-owned businesses, however, study after study confirms that women are less likely than men to employ others in their businesses and that the average employment size of their firms is smaller. According to a 1996 Bank of Montreal study using Dunn & Bradstreet data<sup>8</sup>, more than 700,000 women-led firms (almost all of which are women-owned as well) employed 1.7 million Canadians in 1994 (an average of 2.2 employees per firm) and employment in these firms increased by 13.0% from 1991-94, while employment in all firms increased by only 3.1%.

<sup>8</sup> Myths & Realities: The Economic Power of Women-Led Firms in Canada, Institute for Small Business, Bank of Montreal, 1996.

Table 8 provides a proxy for the distribution of male and female-owned SMEs by number of employees. In this national survey of SMEs<sup>9</sup>, the average number of employees per firm was 7.7 full-time equivalents. Over 70% of the woman-owned SMEs had less than 5 employees (while less than half of the male-owned SMEs fell in this category). Only 3% of woman-owned SMEs had more than 50 employees compared to almost 10% of those owned by men. Interestingly, those SMEs with a combination of male and female owners (jointly-owned SMEs) are likely to be larger employers.

Table 8. Male and female owned SMEs by number of employees, 1996

Employee-size category	Male-owned firms n = 1471	Female-owned firms n = 391	Jointly-owned firms* n = 751
Under 5	49.0%	73.0%	38.0%
5-19	30.0%	18.4%	37.0%
20-49	11.0%	5.6%	13.0%
50-499	9.5%	3.0%	12.0%
Total	100.0%	100.0%	100.0%

Source: Adapted from Small and Medium Sized Businesses in Canada: Their Perspectives of Financial Institutions and Access to Financing, Thompson Lightstone & Company Limited, April 1996, pg. 41.

Note: This is based on a random national sample of 2615 SMEs and is reflective of all Canadian SMEs to an accuracy of plus or minus 2 percentage points 19 times out of 20.

Jointly-owned firms are ones in which there are both female and male owners as partners or shareholders.

The group of self-employed can be categorized as to whether or not their businesses employ others in addition to the owner. In cases where the only person employed is the owner, the term ‘own-account’ self-employed is used; in cases where jobs are created for others, the term ‘employer-business’ is used. Two-thirds of self-employed women (67%) have no employees and are more likely than men (56.5%) to be ‘own account’ self-employed; when they do employ others, they tend to employ fewer paid workers than men.

1996 Census Data confirms that one-third of self-employed women employ others in their firms - are “employer-businesses” (Table 9). While this is a smaller proportion than for the male self-employed (43.5% employ others), the number of self-employed female employer-businesses has been growing faster. Between 1991 and 1996, there was a 4.9% increase in the number of female self-employed with at least one employee and a 2.5% increase for the comparable group of self-employed men<sup>10</sup>.

<sup>9</sup> Small and Medium Sized Businesses in Canada: Their Perspectives of Financial Institutions and Access to Financing, Thompson Lightstone & Company Limited, April 1996.

<sup>10</sup> Shattering the Glass Box? Women Entrepreneurs and the Knowledge-Based Economy, Micro-Economic Policy Analysis Branch (MEPA) and the Entrepreneurship and Small Business Office (ESBO), Industry Canada, 1998.

## 2.4. Incorporation Status and Employment Size

Incorporated businesses have a higher tendency to be ‘employer-businesses’. Less than one-third (29%) of unincorporated businesses are employer businesses and almost two-thirds of incorporated businesses are employer-businesses (Table 9).

Table 9. The self-employed by number and percentage of ‘employer-business’ or ‘own-account’

Status by incorporation status, 1996			
Status	Female Self-employed	Male Self-employed	Total
Own-Account	415,940 (67.0%)	716,478 (56.5%)	1,132,425 (60.0%)
Unincorporated	354,050 (85%)	556,500 (77%)	910,555 (80%)
Incorporated	61,890 (15%)	159,975 (33%)	221,870 (20%)
Employer Business	205,145 (33.0%)	552,420 (43.5%)	757,565 (40.0%)
Unincorporated	105,315 (52%)	269,525 (48%)	374,840 (49%)
Incorporated	99,830 (48%)	282,895 (52%)	382,725 (51%)
Total Self-employed	621,085 (100%)	1,268,895 (100%)	1,889,900 (100%)
Unincorporated	459,365 (74%)	826,025 (65%)	1,285,396 (68%)
Incorporated	161,720 (26%)	442,870 (35%)	604,595 (32%)

Source: Census of Canada, 1996

Women and men who own incorporated businesses do not differ substantially in the percentage of those which are employers - 62% of incorporated businesses owned by women have employees; 63.8% of incorporated businesses owned by men have employees. However, among unincorporated businesses, women are more likely to have own-account status (77% have no employees) than men (67% have no employees).

The majority of all businesses, regardless of gender of the owner, operate on an unincorporated basis and are own account entities (have no employees). However, women have a disproportionate share of own-account (36.7%) and unincorporated entities (35.7%), given their total representation in the self-employed population (32.7%)(Table 10).

Table 10. Women’s share of self-employment, incorporated businesses, and employer-businesses

Women’s share of self-employment	32.8%
Women’s share of own-account self-employment	36.7%
Women’s share of employer businesses	27.0%
Women’s share of unincorporated status	35.7%
Women’s share of incorporated businesses	26.7%



## 2.5. Age of Business

It has been noted in a number of studies that women's businesses are younger than those owned by men. Labour Force Survey Data allow a sex-disaggregated examination of the tenure of self-employed persons (proxy for the age of the associated business) compared to job tenure of all employed persons. As the data reveals, women have been self-employed for less time than men (Table 11). Over twenty percent (23%) of women have been self-employed for less than a year compared to only 13% of men; over half of women have been self-employed for five years or less compared to only 36% of men. Forty-four percent of men have been self-employed for more than 10 years, compared to only a quarter of self-employed women. This reflects the higher entry rate of women into self-employment in recent years.

Table 11. Length of time in self-employment (by incorporation status) and in current job by gender, 1995\*\*

WOMEN	Total time in self-employment %	Incorporated %	Unincorporated %	Time in Current Job %
Less than 1 year	23	10	27	24
1-5 years	31	28	33	30
6-10 years	19	25	18	21
11-20 years	17	25	14	17
More than 20 years	9	12	9	8
MEN	%	%	%	%
Less than 1 year	13	9	16	22
1-5 years	24	23	24	26
6-10 years	19	22	18	18
11-20 years	23	27	20	19
More than 20 years	21	19	22	14

\*\* Source: Statistics Canada, Labour Force Annual Averages, 1995, as reported in Women Entrepreneurs in Canada: Geared Toward Success, 1996.

Also noticeable is the higher percentage of incorporated firms as the tenure of self-employment increases. Self-employed unincorporated women generally have not been in their present business as long as their incorporated counterparts. Of those self-employed for five years or less, 60% were unincorporated and 38% were incorporated. This may suggest that women are entering self-employment on an unincorporated basis and choosing to incorporate after several years in business.

The length of time self-employed women have been in business is similar to job tenure for all working women, most of whom have worked in the same place for five years or less (54% in both cases). The big difference between the job tenure of self-employed and employed men is the greater percentage of the self-employed who have been with the business for more than 10 years (44% compared to 33%). Employed men are also more likely to have been in their current job for less than a year (22% compared to 13% of men who report self-employment for less than a year.

## 2.6. Place of Business

Women are more likely than men to operate a business from a home base. In 1996, almost half of the women reporting self-employment activity were operating from a home-base (47.7%); this was the case for 32.5% of self-employed men <sup>11</sup>. Of the net increase of 190,780 self-employed women from 1991-96, almost half were home-based businesses. There was a decrease in the total number of self-employed men operating from a home base during the same period of time. Own-account self-employed women and those with unincorporated businesses are more likely to work from a home base. The proportion drops considerably when there are employees and when the business is incorporated <sup>12</sup>. It is evident that some women are choosing to operate their businesses from home to provide more flexibility of time around family and child responsibilities. Technology is also decreasing the cost of entry into self-employment and enabling more people, both men and women, to run a business from a home office or base, thus minimizing start-up costs and risks. However, assuming dual responsibility for home and business, may impose limitations on the growth and profit potential of women's home-based enterprises.

## 2.7. Self-Employment Income

Self-employed women still earn lower incomes than self-employed men; the average self-employed woman earns 66 cents for every dollar made by her male counterpart. Average earnings (net income) for all self-employed women was \$19,156 in 1995, compared to \$33,628 for self-employed men (Table 12). While the gap narrows somewhat for those self-employed on a full-time and full-year basis, the gap is still about \$14,000. Income is higher for self-employed persons with a university degree and varies considerably depending on the business sector of activity but in all cases, men still earn more than women.

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<sup>11</sup> Census of Canada, 1996.

<sup>12</sup> Women Entrepreneurs in Canada: Geared Toward Success, 1996, Section 2.2.2.

Table 12. Average Earnings\* of the Self-Employed by Gender by Education, 1995

Average Earnings	Self-Employed Women	Self-Employed Men
Average Earnings – All Self-Employed	\$19,156	\$33,628
Full-time and Full-year	25,552	40,043
...With University Degree	32,163	60,598
With University Degree:		
...Business Services	\$34,589	\$60,998
...Health and Social Services		
Physicians & Dentists	\$79,800	\$121,486
Other Health Practitioners	35,737	59,597

Source: Census of Canada, 1996.

\*Average earnings refer to total income received during the 1995 calendar year as net income from non-farm unincorporated business and/or professional practice and net farm self-employment income, wages, and salaries.

To some extent, the lower income is due to the fact that self-employed women typically work fewer hours in their business than men. In 1997, self-employed women worked on average about one-third fewer hours per week and this was true across all major industries <sup>13</sup>. However, the lower earnings also reflect the smaller size of women-owned businesses.

## 2.8. Sales Revenue

Statistics Canada does not routinely report a sales revenue breakdown for Canadian businesses. The proxy used in this paper are results from a major national study on the financing needs of SMEs which was conducted in 1996 <sup>14</sup>. One-third of Canadian SMEs in this study had sales of under \$250,000 in 1995; almost 70% below \$500,000 and over 80% under \$1 million (Table 13). Businesses owned by women only (no joint ownership involving a male owner) were smaller in sales revenue than male-owned firms; over 40% had sales of under \$250,000; over 80% under \$500,000 and 90% less than \$1 million.

<sup>13</sup> Shattering the Glass Box, Industry Canada, 1998

<sup>14</sup> Thompson Lightstone, pg. 40

Table 13. Annual Sales of Small and Medium Sized Enterprises, 1995

	Under \$250,000	\$250,000- \$499,999	\$500,000- \$999,999	\$1MM- \$5MM	\$5MM-\$50M
All SMEs	35%	32%	14%	14%	5%
Female-owned only	43%	39%	8%	5%	4.5%
Male-owned only	26%	23%	15%	23%	13%
Jointly-owned	18%	26%	19%	20%	17%

Source: Adapted from Thompson Lightstone, 1996, pg. 41.

The smaller sales volumes are explained by the fact that women-owned firms are generally younger than those owned by men and are more likely to be in the Services sector. However, this does not explain the gender difference in size of firm which is consistently confirmed in all studies of SMEs in Canada. What factors beyond years in business and sector account for the propensity of women to have smaller firms? This will be explored somewhat later in this paper.

## II. EXPERIENCES OF WOMEN ENTREPRENEURS

### 1. Age of the Self-employed

Generally, self-employed individuals in Canada are older than the paid labour force. Over 40% of paid-employees were under 35 years of age in 1994 compared to only 24% of self-employed workers (Table 14). Forty-two percent of self-employed workers versus about 30% of paid employees are 45 years of age or older.

For the most part, studies of entrepreneurs reveal that women entrepreneurs are on average younger than the set of male entrepreneurs. It appears from Table 19 that this is the case. Over 60% of self-employed women are under 45 compared to 53% of self-employed men. A higher percentage is also under 25.

Table 14. Age Distribution of Self-employed and Paid Employees by Gender

Age (in years)	Self-employed workers	Self-employed women*	Self-employed men*	Paid employees**
Under 25	3.1%	10%	4%	9.7%
25-34	21.3%	20%	19%	30.5%
35-44	34.2%	32%	30%	30.1%
45-54	27.4%	23%	26%	20.9%
Over 55	14.6%	15%	21%	8.9%
Total	100%	100%	100%	100.0%

\* Taken from Statistics Canada, Labour Force Annual Averages, 1995 as reported in Women Entrepreneurs in Canada, Business Development Bank of Canada, 1997.

\*\* Taken from Lin, Yates and Picot, The entry and exit dynamics of self-employment in Canada, Statistics Canada, October 1998,

### 1.1. Age at Start-Up

Because StatsCan has a database with all persons and businesses filing income tax returns, it has a comprehensive data set from which to extract demographic and other data. A recent study of a large sample of unincorporated self-employed individuals who had been in business over five but less than 10 years were asked about their age at business start-up (Table 15). In actual fact, men tended to start businesses at a younger age than women. Over 50% of the men started their business before the age of 35; whereas, only 40.5% of the women started before the age of 35. Almost a quarter of these women started their business after the age of 45; this was only true for 17% of the men.

Table 15. Percentage of Unincorporated Self-Employed by Age at Business Start-Up

Age at start-up	Total	Women	Men
Under 25	8.0%	6.9%	8.4%
25-34	40.4	33.6	43.1
35-44	32.6	35.7	31.3
45-54	13.8	17.5	12.4
Over 55	5.1	6.3	4.7
Total	100.0%	100.0%	100.0%

Source: Silver and Papadaki, April 1998, pg. 22.

## 1.2 Education

Most studies of the self-employed in Canada suggest that not only are self-employed women better educated than employed women but that they are also better educated than self-employed men. The most comprehensive data on this is derived from 1996 Census Data 15 and from a longitudinal survey of the self-employed 16. Over 50% of self-employed women have a post-secondary education (Table 16).

Table 16. Education Level of the Self-Employed by Gender, 1996

Education Level	Self-employed %	Male self-employed (%)	Female self-employed (%)	Total Employed* (%)
High school or less	43.4%	45.0%	40.3%	34.4%
Some post-secondary	36.6%	34.6%	40.6%	49.1%
University Degree - undergraduate	16.0%	16.2%	15.4%	16.6%
Masters or PhD.	4.0%	4.0%	3.7%	n.a.

Source: Census of Canada, 1996.

\* Figures taken from Lin, Picot, and Yates, The entry and exit dynamics.... Table 3.

A recent study of 912 business owners who started businesses in the previous five year period<sup>17</sup> revealed that women respondents tended to have higher educational levels than the men but the differences were only significant at the higher educational levels. Almost 25% of the women had completed university versus only 17% of the male respondents.

The 1991 Census Data revealed that almost 75% of self-employed women with a post-secondary degree obtained it in commerce, management and administration (23%); fine and applied arts (21%); health professions, science and technology (16%); and educational, recreational and counselling services (12%). Self-employed men with post-secondary educations obtained their degrees in engineering and applied sciences (36%); commerce, management and administration (16%), health professions, science and technology (10%) and social sciences (9%).

<sup>15</sup> Census of Canada, 1996

<sup>16</sup> Lin, Picot, and Yates, The entry and exit dynamics of self-employment in Canada, Statistics Canada, October 1998.

<sup>17</sup> Mallette, Helen and Norman McGuinness, Gender Differences in the Entrepreneurial Start-Up Process, A report to Industry Canada, Ottawa, November 1998, pg. 6

### 1.3 Marital Status

According to 1996 Census Data, the vast majority of self-employed women are married or living in spousal arrangements (77.1%); 10.6% are single (never married) and the remaining 12.3% are separated, divorced, or widowed. Self-employed women are more likely to be married (or living in spousal relationships) than women in the labour force generally. The percentage of self-employed women who are single or unattached has increased by 2.6% from 1991 to 1996.

Self-employed women report a high incidence of spousal self-employment. Just over 50% of self-employed married women have a spouse who is also self-employed (only 26% of the married male self-employed report a spouse who is also self-employed). In some cases, the spouse is actually a business partner and in some cases, the spouse works in the business as an employee. This Census Data is supported by findings from a study of unincorporated businesses in Canada which revealed that 75% of men were sole proprietors of their businesses, but only 56% of the women, many of whom appeared to be in partnership with spouses 18.

### 1.4 Family Structure

Self-employed women are more likely than men to have children at home and also more likely to assume the role of primary care-giver. According to 1996 Census Data, 41% of self-employed women have at least one child under 15 years of age still living at home, while for self-employed men, this is only 35% (Table 17).

Table 17. Male and Female Self-Employed by Number of Children Under 15 Years of Age, 1996

Presence of children	Male self-employed	Female self-employed	Total
At least one child under 15	445,205 (35%)	249,775 (41%)	694,975
None under 15	823,695 (65%)	371,310 (59%)	1,195,015
Total	1,268,900 (100%)	621,085 (100%)	1,889,990

Source: 1996 Census Data as reported in Shattering the Glass Box, 1998.

This may be one of the reasons why self-employed women have a higher tendency to operate home-based businesses and also to present ‘balancing home and business responsibilities’ as a challenge in managing the growth of their businesses. Adopting strategies to integrate business and family responsibilities is essential. In various studies conducted on women entrepreneurs, these strategies have been explored. They include involving the children in the business (such as part-time

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<sup>18</sup> Silver and Papadaki, April 1998, pg. 16

employment, odd jobs), organizing a strong support network around the home (such as paid housekeeper, nanny, extended-family support), operating the business from the home, and having a very supportive husband who shares child care responsibilities.

### 1.5 Prior Experience

In terms of the extent and nature of the previous work experience of self-employed women, Canada is dependent on a series of regional studies which have asked questions about the past work history of respondents. The results of these studies have concurred on the fact that women are less likely to have previous management experience than men, have fewer years of experience relevant to the industry in which they are starting a business, and fewer years of experience in the workforce generally <sup>19</sup>.

However, there is also evidence that this is changing with the younger women entrepreneurs of today who are even better educated and who have had more opportunity to gain relevant industry and management experience than women who were starting businesses at the beginning of the 1980s.

Statistics Canada is able to report on the employment status of the newly self-employed using longitudinal micro-data extracted from the Survey of Labour and Income Dynamics <sup>20</sup>. The following is reported for individuals who report self-employment as their main economic activity in 1994 and indicates what the person was doing 1) one week before, and 2) one year before, becoming self-employed. For purposes of comparison, the same data is reported for individuals entering new paid employment (Table 18).

Table 18. Employment Status Prior to Current Self-Employment or Paid Employment Activity, 1994

Type of activity	Week before entry		Year before entry	
	To new self-employment	To new paid employment	To new self-employment	To new paid employment
Paid employment	27.6%	31.2%	42.2%	49.3%
Unemployed	33.2%	58.6%	10.5%	16.5%
Not in active labour force	39.2%	7.6%	25.2%	15.3%
Self-employed	n.a.	2.6%	17.1%	3.7%

Source: Adapted from Lin, Picot, and Yates, The entry and exit dynamics of self-employment in Canada, Statistics Canada, pg.12.

<sup>19</sup> Women in Business: A Collective Profile, Business Development Bank of Canada, 1992.

<sup>20</sup> Zhengxi, Lin, Garnett Picot and Janice Yates, The entry and exit dynamics of self-employment in Canada, Analytical Studies Branch, Statistics Canada



Several differences are noted here. First of all, new self-employed persons are much less likely to be unemployed just prior to becoming self-employed and much more likely not to be in the active labour force than persons in paid employment. There is a stronger incidence of entering self-employment from the 'inactive labour force'. New female self-employed are marginally less likely to be unemployed than their male counterparts and are more likely to originate from outside the labour force. This could include women who are re-entering the labour force after raising children at home (which accounted for a significant amount of the increase in the numbers of self-employed women in the 1980s when about 70% of new labour force entrants were women) and young people entering the labour force for the first time. There is also a trend towards serial self-employment. Almost twenty percent of new self-employed persons in 1994 were self-employed a year earlier, but with a different activity.

## **2. START-UP PROCESSES**

This section discusses elements of the start-up process for women entrepreneurs - how they approach the start-up, their approach to business financing, the barriers they face and the major supports. To the extent possible, this data will be compared to what is known about Canadian male entrepreneurs.

### **2.1 Origin of Ownership**

The majority of women start their businesses from scratch as opposed to buying an existing business or taking over a family business. The distribution among these options varies depending on the study sample. A summary of findings from three studies suggests that over 70% of women start their businesses from scratch, 10-30% buy their businesses and less than 5% take over a family business<sup>21</sup>.

### **2.2 Approaching the Start-Up**

Malette and McGuinness, in their recent study of more than 1000 small business owners, concluded that women approach the start-up process differently than men 22. Female respondents in this study were much more likely to plan to start a smaller business than the men in the sample and also expected their businesses to grow more slowly. In the start-up process, the women were more tentative than the men about their business idea, expressed less confidence about starting a business, thought it would be more difficult, and were somewhat less committed to actually starting the business than the men (all respondents were in business at the time of the survey). The women also had less confidence in their 'efficacy' - the ability to actually go through with it.

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<sup>21</sup> Women Entrepreneurs in Canada: Geared Toward Success, Business Development Bank of Canada, Montreal, Canada, 1997, Section 4.3.

<sup>22</sup> Malette and McGuinness, 1998, pg. 24

The women were less likely than the men to have previous experience in starting a business, managing a business, and managing the finances of a business. So although women had related business experience, they did not have as much as the men at the managerial level. This supports what we know to be the case in other studies of women entrepreneurs<sup>23</sup>. There was no difference in the extent to which they had experience in the type of business they wanted to start or personal experience with the product or service. Since women also tended to have a less clear idea of the business they were starting, these factors could lead women to be more careful in start-up. When women do have business experience and a clear business idea, it boosts their sense of efficacy.

Malette and McGuinness also found that the smaller the business being started, the less likely the female entrepreneur was to have managerial experience. The less management experience she had, the less effort she would put into planning<sup>24</sup>. This may suggest that if women have the opportunity to gain more management experience prior to starting a business, they may have a propensity towards larger enterprises. In addition, previous related business experience has a substantial impact on a successful start-up<sup>25</sup>; it enhances efficacy and motivates the entrepreneur to put more effort into planning.

Order also found significant differences in the prior business knowledge and experience of men and women entrepreneurs. Not only did men in her studies report an average of eight additional years of experience related to their businesses, men were more likely to have owned a business in the past (thus have more business management experience)<sup>26</sup>. Women also perceived themselves as having less management experience. Prior to starting their businesses, women were less likely than men to have prepared financial statements (proforma statements and cash flow statements), analysed financial ratios, applied for supplier credit, sought a business loan, hired senior or full-time employees, gained export experience, initiated quality control programs, applied for a license or a patent, or undertaken market research. Overall, male business owners demonstrated more financial and development-oriented management experience than female business owners.

Women continue to report a greater extent of influence of friends and family members in their decision to start a business than men and provide significantly different scores of agreement with statements such as 'my friends supported my business idea' and 'my confidence was bolstered by encouragement from my friends'<sup>27</sup>. This support from family and friends has a direct effect on success for both men and women but is considerably stronger for women. In the case of women, it also indirectly affects efficacy in a positive way.

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<sup>23</sup> Women Entrepreneurs: A Collective Profile, Business Development Bank of Canada, 1992.

<sup>24</sup> Malette and McGuinness, pg.11.

<sup>25</sup> Malette and McGuinness, pg. 22

<sup>26</sup> Orser, Barbara, Growth Intentions of Women Business Owners in Manitoba: Implications for Policy and Training, report for the Manitoba Women's Enterprise Centre, Winnipeg, Manitoba, August 1998.

<sup>27</sup> Malette and McGuinness, 1998

When dealing with start-up obstacles women were more likely than men to read books and articles for information and to seek the services of a small business counsellor. Men, on the other hand, were more likely to seek advice from more traditional professionals, specifically bankers.<sup>28</sup> Orser found that women were significantly less likely than men to have used a government small business agency or service prior to start-up than men (0.02% versus 0.18%), although the incidence of use was almost negligible for both groups <sup>29</sup>.

### 2.3 Financing of Women-Owned Businesses

Data on the financing of women-owned businesses comes from a series of individual studies which have been conducted in various parts of the country over time. Consistently these studies suggest that Canadian women start their businesses with \$10,000 or less; of the total capital required, about one-third comes from a bank or government financing and two-thirds comes from their own personal resources <sup>30</sup>.

The most comprehensive national study on small business financing was conducted for the Canadian Bankers Association <sup>31</sup>. This study reported that women business owners were less likely to borrow from banks or other financial institutions (39%) than male business owners (50%) (Table 19).

New start-ups were less likely to use bank financing (31%), relying more heavily on personal savings (69%) and credit cards (52%). In addition, businesses owned exclusively by women were less likely to have sought financing from a financial institution in the past year (25%) than businesses owned exclusively by men (36%) or jointly owned (42%).

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<sup>28</sup> Mallette and McGuinness, 1998

<sup>29</sup> Orser, Growth Intentions, pg. 27

<sup>30</sup> The Economic Impact of Women Business Owners in Atlantic Canada, Women's World Finance/Cape Breton Association, Nova Scotia, 1997.

<sup>31</sup> Small and Medium Sized Businesses in Canada: Their Perspective of Financial Institutions and Access to Financing, Thompson Lightstone & Company Ltd., April 1996.

Table 19. Current Sources of Financing:Percent of Business Owners Indicating Use of Source

Source of Financing	All respondents indicating use of the source	Male-owned only	Female-owned only
Borrow from a bank or financial institution	51%	50%	39%
Credit cards (personal and business)	44%	46%	42%
Government loans or grants	15%	14%	11%
Supplier credit	38%	38%	28%
Public equity	1%	1%	1%
Venture capital	1%	1%	1%
Export financing corporation	1%	2%	less than 0.5%
Personal Savings	39%	40%	46%
Personal loans	28%	29%	27%
Loans from friends and relatives	12%	12%	12%
Loans from unrelated individuals	4%	3%	3%
Retained earnings	40%	40%	32%
Do not have business financing	9%	9%	12%

Source: Thompson Lightstone, pg. 47

Those women business owners who did seek bank financing requested an average of \$40,000, an amount significantly lower than the \$280,000 average request reported in this study.

Overall, it is clear that men are more prone to financing their businesses through debt and women have a higher tendency to use personal sources of financing. Because they tend to start smaller businesses, they need less capital. Or perhaps they start smaller businesses because they do not feel they have access to outside sources of financing. Or perhaps they are more risk adverse and prefer not to incur large amounts of debt. If such is the case, the growth of their businesses may also be impeded.

#### 2.4 Business Planning

Although research suggests that Canadian women entrepreneurs spend a lot of time doing research, seeking advice or taking courses before going into business, there is evidence that the majority of them do not have a formal written business plan. In fact, an Angus Reid poll revealed that women business

owners are 25% less likely than men to have a formal business plan <sup>32</sup>. Women who have accessed the services of an enterprise centre are more likely to have a formal plan.

## 2.5 Barriers to Start-Up

According to a cross-section of surveys, Canadian women entrepreneurs indicate that the two greatest barriers in starting a business are 1) the difficulty in obtaining financing, and 2) the difficulty in balancing business and family responsibilities. In the case of women who own home-based businesses, additional challenges are 1) the distractions caused by family, friends and household tasks, and 2) the lack of a dedicated space for the business <sup>33</sup>. Canadian women continue to insist that they need:

- a) improved access to financing;
- b) improved access to information on business assistance programs, training opportunities, research and other business and market information;
- c) training and counselling support in the areas of marketing planning, financial forecasting, cash-flow budgeting, and preparing business plans;
- d) facilitation of networking and mentoring.

In terms of barriers to growth, Orser discovered that women felt less able to acquire the administrative support and capital that are deemed important to growth; the male owners were more likely to perceive that they could control the resources necessary for growth <sup>34</sup>. She also found that a larger percentage of women business owners, regardless of size or age of the business, indicated a perceived lack of financial expertise than men <sup>35</sup>. Even when the firm becomes large, women continue to indicate a lack of financial expertise. This was not so for men - as their firms increased in size, male business owners reported an increase in their financial expertise.

## 2.6 Motivations

What are the major motivations behind the decision of women to start their own businesses? Top of the list for Canadian business owners is 'independence' which is reported by almost 50% of men and about 30% of women <sup>36</sup>. This is followed by 'existence of a family business' (almost 20% for both men and women), 'no other work available' (just slightly less important as a factor for men than women), to work from home (over 10% of women versus virtually no men), to make more money

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<sup>32</sup> Women Business Owners of Canada, 1998.

<sup>33</sup> Women in Business: A Collective Profile, 1992.

<sup>34</sup> Orser, Barbara, Growth Intentions of Women Business Owners in Manitoba, 1998, pg. 36.

<sup>35</sup> Orser, Barbara and Sandy Hogarth-Scott, Understanding the Relationship of Growth, Gender and Managerial Capacity, paper presented at the 18th ISBA Conference, University of Paisley, Scotland, Fall, 1995, pg. 22.

<sup>36</sup> From Survey of Work Arrangements, Statistics Canada, 1995 as reported in 'Shattering the Glass Box? Women Entrepreneurs and the Knowledge-Based Economy', Micro-Economic Policy Analysis Branch and the Entrepreneurship and Small Business Office, Industry Canada, 1998, page M-2.

(about 10% of both men and women), and to have a flexible schedule (about 10% of women and 3% of men).

When motivations are explored in more in-depth studies, similar findings are reported. For example in the gender analysis of 505 women and 404 men from the Eastern Region of Canada who had started a business sometime 'within the past five years' it was clear that men and women emphasized different goals. Autonomy was rated higher by women as a means to obtain personal freedom, to be able to do the kind of work they prefer, to be able to make their own decisions and to be their own boss. In this study men gave higher ratings to an 'improved life' meaning an improved financial situation and a better family life from an economic perspective.

### 2.7 Decision-making Processes

There has been limited systematic research on the decision-making processes utilized by Canadian women entrepreneurs. However, the decision to start a business is known to be a complex one which is influenced by a number of economic, social, familial, cultural and situational forces.

## **3. CHARACTERISTICS OF WOMEN'S ENTREPRENEURSHIP**

### 3.1 Organization and Structure of Women-Owned SMEs

Much of the data on the organization and structure of women-owned SMEs has been described in Part 1. The majority of women-owned SMEs are started from scratch, are unincorporated, have no employees (and the ones which do have employees, employ fewer than five), are less than five years old, are in the Trade and Services sectors, have sales revenue less than \$250,000 per year, have initial capitalization of less than \$10,000, and grow very slowly.

However, among the more established women-owned businesses, there is a higher proportion of incorporated structures, higher sales volumes and more employees.

Among recent start-ups, there is a greater diversification in the sectors in which women-owned firms are appearing (for example, manufacturing, business services). In fact, a new breed of woman entrepreneur may be emerging - one who is younger, better educated, more experienced in business and business management, more strategic in her planning, more aware of global business opportunities, more focused on growth as an objective, and with greater management savvy.

### 3.2 Management Style

Data consistently confirm that women have smaller firms, that fewer of their firms are growth-oriented

and that their firms actually grow more slowly. Part of the reason may have to do with less prior management experience than male business owners, less confidence in their ability to manage the growth of a business, or less access to the resources which make growth possible, that is, managerial and financial capacity. In McRae's review of the literature on women entrepreneurs, she concluded that the major difference between men and women entrepreneurs may be their vision for the business 37; men tend to have bigger visions.

Anecdotal evidence suggests that women tend to be very hands-on in the production and management parts of their businesses in the early stages. They often feel that "if you want it done right, do it yourself". In many cases, women start businesses based on a personal talent or skill and feel a lot of "ownership" over the product and service quality and customer relationship. They report having a difficult time "letting go" of the actual production and minute details of the business operation in order to focus on business planning and future development.

There is some evidence that women entrepreneurs tend to have a higher proportion of women employees than small firms in general and that they are highly sensitive to the life conditions of their employees. They view the personal growth of their employees as critical to the success of the business and tend to adopt participative styles of management. However, while women entrepreneurs may solicit the input of their employees and consult with others about a business decision, they generally make their own decision about the course of action. As their businesses grow, one of the biggest challenges for women entrepreneurs is learning to "let go" of internal business operations - to move from "doing to managing" and then from "management to leadership".

### 3.3 Training and Development Needs

Beyond their formal education, there is evidence that the majority of women also receive additional training related to the starting or managing of their businesses. The study of Atlantic Canadian women business owners revealed that almost 40% of more than 300 respondents obtained training in inventory control, production management, sales and product development, and securing financing and about a third in areas of computer and financial management 38.

In terms of future training needs, these women business owners identified marketing and promotion, financial management, computer skills and strategic planning as among the critical training and skills development areas important to them over the next five years (Table 20). These women also emphasized the importance of having access to the knowledge and skills of others especially in areas where formal training is inaccessible or if the business owner prefers to rely more on the specialized expertise of others. However, they reported difficulty in finding the 'right resource' suggesting that

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<sup>37</sup> McRae, Bev., Women in International Trade, A Report Prepared for the Trade Research Coalition, Entrepreneurship & Small Business Office, Industry Canada, Ottawa, 1998, pg. 7.

<sup>38</sup> The Economic Impact of Women of Women Business Owners in Atlantic Canada.

support services are much better organized to help start-up businesses than established ones which want to grow. They also suggested that the training needs of start-up businesses and growing businesses are different and require different content and approaches.

Table 20. Training Priorities for Women Business Owners in the Next Five Years

Training Area	Extremely Important (% of respondents)	Training Area	Extremely Important (% of respondents)
Marketing and Promotion	38.5%	Bookkeeping and Accounting	20.5%
Future Planning	33.3%	Time Management	19.4%
Financial Management	26.5%	Quality Control	18.2%
Strategic Planning	25.6%	Managing Employees	16.0%
Computers	24.5%	Sales Training	15.4%
Productivity Improvement	21.1%	Inventory Control	14.8%

Source: The Economic Impact of Women Business Owners in Atlantic Canada, Women's World Finance, Cape Breton Association, Sydney, Nova Scotia, 1997.

In the four Western Canadian provinces, a Women's Enterprise Centre clients' needs survey 39 suggested that mentoring programs need to be more formally established and that the training needs of existing women business owners need to be addressed in tailored programs, delivered on a "just-in-time" basis. It also suggested the use of group learning environments, the creation of networks which will facilitate the exchange of learning, and an integrated approach to the provision of counselling services.

In terms of the future, Canadian women business owners are optimistic about the prospects for their businesses. The majority of those surveyed in recent studies 40 indicate they are planning to expand their businesses, but slowly, over the next three to five years. In Atlantic Canada, women are planning to do this primarily through developing new products and markets and diversification, thus it is not surprising they stress marketing and promotion as critical training needs in the future. They foresee the

<sup>39</sup> Diversity in Action: The Women's Enterprise Initiative of Western Canada, presentation to the CCSBE Annual Conference, Halifax, October 1998.

<sup>40</sup> The Economic Impact of Women Business Owners in Atlantic Canada, Women's World Finance, 1997; Women Entrepreneurs in Canada: Geared toward Success, Business Development Bank of Canada, 1997; Orser, B., Growth



challenges of finding skilled workers and the time, expense and expertise required to break into new markets, dealing with the banks and tax structures to be the most significant in the next five years.

### 3.4 Use of Business Networks and Informal Support Mechanisms

Earlier studies of Canadian women entrepreneurs revealed that women make more extensive use of personal rather than formal business networks than men when seeking business start-up information. Men were more likely to seek advice from bankers and accountants while women were more likely to seek advice and support from their spouse, family members and friends<sup>41</sup>. In the 1990s a number of enterprise centres focused on providing start-up support to women business owners were established as a way of reaching this market of potential entrepreneurs and bridging the gap between the personal and the formal, more traditional support mechanisms. Thousands of women have accessed counselling and training services through these centres.

Numerous associations for women business owners have been established to meet their networking and business development needs in regions across the country. A number of these have recently listed in a Directory of Organizations and Resources for Businesswomen in Canada.<sup>42</sup> Associations focused on the specific networking and business information needs of women entrepreneurs started appearing in the late 1970s and early 1980s as the feeling of isolation of this group of businesswomen was identified in research. At that time, women business owners had very few venues for meeting with other women who were dealing with the same kind of challenges of balancing family and business, being taken seriously by the business environment, accessing financing from the banks, establishing credibility in the business world, gaining visibility and recognition and a range of other problems in the process of becoming entrepreneurs.

Although a number of women business owners also belong to their trade or industry associations, the local Chamber of Commerce, or the Business and Professional Women's Network, they find a greater extent of peer support and specific problem-solving strategies within a network of other women business owners who are more likely to be having the same kind of experiences. However, women business owners also suggest that the existing networking organizations may not be meeting the specific needs of sectors or stages of business development<sup>43</sup>.

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Intentions of Women Business Owners in Manitoba, 1998.

<sup>41</sup> Stevenson, L.A., *The Incredible Journey: Becoming an Entrepreneur*, University of Bath, England, 1990.

<sup>42</sup> Directory of Organizations and Resources for Businesswomen in Canada, Business Development Section, Canadian Embassy, Washington, D.C., October 1998.

### **III. POLICIES AND PROGRAMS IN SUPPORT OF WOMEN ENTREPRENEURS**

#### **1. Overview of Policy and Program Development**

The profile of women entrepreneurs in Canada has grown considerably over the past 10 years. Over 10 federal government departments and some provincial governments have developed programs and services specifically tailored to meet the needs of women entrepreneurs. The private sector is also increasingly recognizing the importance of the growing market of women entrepreneurs and developing programs and initiatives to respond. Several of Canada's six major chartered banks have been particularly supportive by way of launching new products, sponsoring conferences, trade missions, training programs and new research on the export activity of women entrepreneurs. Additional support is in the area of major sponsorship of women entrepreneur awards programs, funding support for research, and support for university-based women's enterprise centres. A number of community-based initiatives have also been spearheaded by non-profit organizations and other economic development agencies.

Although Canada does not have an established policy with respect to supporting the development of women entrepreneurs, in practice, the support infrastructure can be categorized in six major areas:

1. The establishment of loan funds specifically designed to improve access to financing for women who are starting or expanding their businesses.
2. Tailoring export and international trade development activities to increase the percentage of export activity from women-owned firms.
3. Offering women's entrepreneurial training programs designed to meet their specific needs, both at the start-up and early growth stages.
4. Establishing a number of women's enterprise centres to provide "one-stop" points of service for women wishing to pursue entrepreneurship and small business activity.
5. Promoting entrepreneurship as a role for women, bringing attention to the economic and business achievements of women entrepreneurs and increasing public knowledge of their needs, challenges and successes.

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<sup>43</sup> The Economic Impact of Women Business Owners in Atlantic Canada, Women's World Finance, 1997.

6. Supporting the formation of networks of women business owners, primarily membership-driven and based on the concept of creating arenas for women to learn from each other through the exchange of business and personal experiences and information.

The next section describes “best-practices” in terms of program support in the areas of financing, marketing, training, and support mechanisms.

## 1.1 Best Practice Initiatives

### 1.1.A Financing

Women continue to insist that access to financing is their number one barrier to business start-up and growth. Historically women complained that they were not taken seriously by bank lending officers, were more likely to be asked for a co-signer or guarantor for their loans (particularly from their husbands, if they were married), and were asked for higher collateral security than male business owners. The financing problem of women business owners has been widely researched in Canada with conflicting results. However, it appears that the situation may have improved in recent years. Women business owners are less likely to use bank financing than men and when they do, tend to borrow less (smaller businesses). Research indicates that up to 50% of women start their businesses with less than \$10,000; half of home-based businesses start with less than \$1,000. Up to 25% of women perceive their applications for financing are refused because of gender. Analysis of the reasons for loan refusals reveals that gender differences centre on three major factors: management skills, insufficient equity and lack of a track record, all of which are mentioned more frequently for women than men <sup>44</sup>. During the 1990s, the public and private sector has spent considerable efforts to assist women business owners with access to financing. Banks and other lending institutions have provided sensitivity training to internal staff and policy makers have made considerable headway in providing funding opportunities for women entrepreneurs. It is important to note that as women grow their businesses, traditional financing becomes less of a barrier. However, while regional or local programs exist, there is no national financing program targeted to address the financing needs of women entrepreneurs.

The following represent some of the innovative financing programs designed for women.

- **Women’s Enterprise Initiative** : In 1995, the regional development agency in Western Canada, Western Economic Diversification funded a \$38 million project to establish Women’s Enterprise Centres in each of those four provinces. The design of this program was based on

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<sup>44</sup> Women in Business: A Collective Profile.

research and consultations with women across Canada and meets the expressed need for 'smaller' loan amounts (which the major banks may find too expensive to process), and business counselling which is supportive of the interests and life conditions of women. Loans of up to \$10,000 (with interest rates 3% above commercial prime) are available to women who were starting or expanding small firms. This program has been very successful, reaching thousands of women business owners with their seminars, training, counselling and promotional efforts. Several hundred have received financing under the program, creating jobs and contributing to economic development in their provinces. Information of this program can be found at Web Site address : <http://www.wd.gc.ca/eng/content/network/index.html>.

- **Women Entrepreneur's Financing Program** : The Business Development Bank of Canada (crown corporation) recently established pilot program to provide financing to women clients who have developed a commercially viable business plan under the Bank sponsored business start-up and expansion training. Loans of up to \$25,000 for start-ups and \$100,000 for expansion are available.
- **Women's World Finance** : A Canadian affiliate of the global organization, Women's World Bank, provides loan guarantees to low-income women who would have difficulty borrowing money to start a business (available in four Eastern Canadian provinces).. Loans are very small (average of \$2,000 - \$3,000) and WWF provides training and counselling to support women in the development of their ideas and business plans.

#### 1.1.B Markets

One of the big barriers to development of markets, suggested by women, is the lack of access to information about markets (geographic, demographic). Exporting is a major opportunity and currently women-owned firms are underrepresented in trade statistics. The major challenges to increasing the number of women exporters are to increase their access to export information, to create awareness of export opportunities, to identify women-owned firms with the potential and deliver programs to them which will assist them to become 'export-ready', and to make special efforts to include women on regularly scheduled trade missions. Most trade missions are represented by larger Canadian firms, the majority of which are owned by men. Women entrepreneurs indicate an interest in exporting but insist that they rarely learn about planned missions and that these missions are too expensive for smaller firms to take advantage of. In response, the Department of Foreign Affairs and International Trade now organizes and leads trade missions for women as well as specifically targeting women entrepreneurs with trade information (<http://www.infoexport.gc.ca/businesswomen>).

Best practices include a 1997 Women's Trade Mission to Washington led by the Minister of Trade. Almost 120 Canadian women participated in business matching with American women business owners, attended workshops on doing business in the US, and met with international financial institutions and other key business intermediaries. Over 20% of the delegates reported doing new business in the US within six months of the mission and another 25% planned to be doing business there within the next 12 months. International Trade Centres in Canada are becoming more aware of the growth potential from women-led firms and undertaking more targeted recruitment efforts to reach women with information on trade missions. In addition, at least two other women-only trade delegates have gone to US destinations in 1998 and a Web-based Virtual Trade Mission for women in Canada and Asia was piloted in the summer of 1998. Fifty-eight (58) women took part in this Virtual Trade Mission, of which eleven (11) signed deals in September 1998. Delegates calculated that the Internet program saved the cost of at least two trips to Asia to develop the contacts and relationships necessary to develop a trade partnership.

In 1999, the Canadian government led a major national survey of women exporters and export planners culminating in a discussion of policy and program implications at a Canada-US Business Women's Trade Summit, Toronto, May 1999.

In terms of business information, there are a growing number of Canadian WebSites which target women with business and market information. Among the major ones are:

- <http://strategis.ic.gc.ca/SSG/mi05452e.html> (Industry Canada's information resource designed to encourage women's entrepreneurship)
- <http://strategis.ic.gc.ca/SSG/mi0473e.html>
- <http://www.owit.org/> (The Organization of Women in Trade)
- <http://www.cdnbizwomen.com/>

### 1.1.C Training

Much has been done to assist women in the process of learning the necessary knowledge and skills required to start and grow a business. Women have insisted their training needs are different because they often have different educational and background experiences than their male counterparts. In response, many women-focused entrepreneurial training programs and projects have been carried out across Canada over the past several years. Some key initiatives which have been successful training new women entrepreneurs are:

Business Development Bank Training Programs for Women Entrepreneurs: Consisting of 10 monthly training-oriented seminars, counselling and mentoring, the Step-In program (start-up

training), the Step-Up program (expansion training for existing women entrepreneurs), and the Step-Ahead program (peer mentoring) are examples of multi-faceted approaches to helping women gain the knowledge, skills and abilities they need to start and grow successful businesses. These programs are relatively expensive to deliver and women clients generally require subsidies to cover the costs but the training approach has proven to be effective. Women respond very favourably to women-only training and mentoring, especially at the start-up stage.

**‘From Ideas to Business Opportunities’** Program: a six-workshop pilot sponsored by the Business Development Bank led women through the process of generating and validating business ideas and helped women develop a system for identifying higher potential business opportunities which would fit with their skills and resources. A program like this meets the need of helping women develop clearer business ideas which will in turn influence the degree of planning effort they undertake, their commitment to the idea, and their efficacy in starting the business.

In addition, seminars are provided by various women's enterprise centers across the country. These are designed to meet the needs of both aspiring and existing women business owners. Topics include marketing, business planning, accounting, tax planning, legal requirements, general management, human resource management, dealing with stress, time management, operating a home based business and related issues. Sector specific programs are also provided as needs are identified.

#### 1.1.D Support Mechanisms

One of the most important factors in creating a favourable environment in which women can successfully start new businesses in Canada has been the establishment of an infrastructure which identifies women as an important target group for entrepreneurial activity, provides programs and services to meet their specific needs, and which promotes entrepreneurship as an option for women from a wide range of backgrounds and experiences. The support mechanisms which form part of this infrastructure include the establishment of women's enterprise centres, support for associations of women business owners and their networking activity, promotion efforts, sponsored research on issues and challenges facing women in the start-up and growth of businesses, and accessibility to gender-segregated data on the self-employed and employer-businesses.

Illustrative examples of best practice in these areas are outlined below.

- **Women's Enterprise Centres:** Various universities and government sponsored organizations provide support to aspiring and existing women business owners, in most provinces throughout the country. Support encompasses financing, counselling, training, mentoring, information and referrals. Examples of these excellent support mechanisms are: Women's Enterprise Centres in each of the four Western Provinces, Mount Saint Vincent University Centre for Women in

Business, Halifax, Nova Scotia, the Newfoundland and Labrador Organization of Women Entrepreneurs, the Scotiabank Resource Centre for Women Entrepreneurs at Simon Fraser University in Vancouver, and the Nova Scotia Women's Directorate (Nova Scotia Department of Economic Development).

- **Networking Associations:** The concept of women doing business with women, learning from each other and identifying opportunities for becoming more competitive continues to be developed. Women are seeking out associations and networks of other women entrepreneurs to provide enhancing and positive learning experiences and role modelling. Although there are several local or regional associations of women entrepreneurs, Women Business Owners of Canada Inc. (WBOC), with 3,500 members, is the largest and only national association. WBOC has a database of and about women business owners, a newsletter and is represented at the Board level by provincially or regionally based associative organizations. One of its objectives is to serve as a consolidated voice of influence on behalf of women business owners across Canada. The Association of Atlantic Women Business Owners (AAWBO) is a membership-based organization founded in 1985 to facilitate networking and learning opportunities for women entrepreneurs in Atlantic Canada; Women Entrepreneurs of Canada (WEC) was formed in the early 1990's as the Canadian chapter of Les Femmes Chef d'Entreprises Mondiales, a world-wide organization with over 40,000 members. This networking organization serves the needs of more seasoned women entrepreneurs whose businesses are generating more than \$250,000 in revenue. WEC has Canadian chapters in Toronto and Vancouver.

Another important support mechanism is activity which promotes entrepreneurship as an option for women and which recognizes the achievements of women entrepreneurs. Almost 50 women have received national awards in six different categories, including Start-Up, Turnaround, International Competitiveness, Quality, Impact on the Local Economy, and Lifetime Achievement as part of the Canadian Woman Entrepreneur of the Year program, managed by the Women's Entrepreneurship Centre, University of Toronto. Another 150 women have been declared regional finalists. This program has been critical in raising awareness of the very best women-owned firms in the country, firms which although are very successful, would not likely compete that well against the set of male-owned firms which normally are nominated for other national entrepreneurship awards. AAWBO's Hall of Fame for Women Entrepreneurs is another example - this award program annually seeks nominations and celebrates women who started businesses more than thirty years ago.

The preparation and distribution of print or broadcast material, either as a tool for creating greater awareness of the role of women entrepreneurs in the economy or for distributing "how-to" information to the women's market is also an important support mechanism. In Canada, there are a number of

innovative examples. For example:

- the Business Development Bank of Canada has published “Financing A Small Business: A Guide for Women Entrepreneurs”,
- the BDC with the Atlantic Canada Opportunities Agency have published “Profiles of Success: Women Entrepreneurs in Atlantic Canada”,
- the National Film Board produced a half-hour video “Enterprising Women” which profiled six women business owners in Nova Scotia (1987),
- Women Entrepreneurs of Canada Foundation produced a documentary entitled “Women Entrepreneurs: Making A Difference!”(1997),
- the Women’s Television Network broadcasts a weekly program on women entrepreneurs, and,
- several Directories of Women Business Owners have been published by associations or within provinces.

These products have played a significant role in raising awareness of the entrepreneurial role among women and the public-at-large.

#### 1.1.E Other Best-Practices

The final “best-practice” program profiled in this paper is a private sector initiative undertaken by the Royal Bank of Canada. Although other banks have also embraced the women entrepreneurs market, the Royal Bank has been particularly supportive and comprehensive in its approach. Their initiative includes training programs for staff to make them more sensitive to the specific needs of women entrepreneurs and to prevent discriminatory credit practices, support for women-specific business conferences and organizations, and the development of specialized credit and financial services for women-owned firms<sup>45</sup>

The Royal Bank, through its research, discovered that, across the board, women entrepreneurs have a solid track record, their businesses generally experience steady (if slow) growth, and their repayment rates are universally higher than those of men. The Royal Bank has established a Women Entrepreneurs Advisory Council and appointed women’s market champions to advocate on behalf of women clients within the Royal Bank. It conducts seminars under the title “Your Business Matters” to women entrepreneurs across the country and supports training and education materials. It recently launched ViaSource for Women Entrepreneurs in Montreal, a no-cost confidential forum with professionals from accounting, banking, legal affairs and marketing, and small business owners to receive direction and insight about business issues which concern them. The Royal Bank is also the

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<sup>45</sup> Peebles, Dana, Women in Business Best Practice Series: Canada, 1998 APEC Women Leaders Network Meeting, Kuala Lumpur, September 1998.



lead bank on the Women's World Finance loan program for low-income women in Atlantic Canada and is a major patron of the Women in Trade initiatives underway in Canada.

## **IV. CONCLUSIONS**

### **1. Where Does Canada Go From Here?**

Interest in, and knowledge of, women entrepreneurs is increasing and their numbers continue to grow, as do programs and services targeted to meet their needs. However, in spite of the broad range of programs and initiatives, these are not consistently accessible to women in all parts of the country. Whereas the regional development agency in Western Canada has established a loan fund for women entrepreneurs, women in Ontario or Atlantic Canada do not have similar access. The transfer of 'best practices' from one region to another would be useful in sharing experience and filling gaps in the market (geographic or service gaps).

Although the number of women-owned firms is increasing, compared to men, women are still starting smaller firms, generating less revenues, employing fewer people, and growing more slowly. Challenges to government in the future will be helping women grow their businesses through access to management skills, financing, marketing information and opportunities, technology development, trade development (including use of electronic commerce), and internationalization skills.

### **2. Conclusions**

The proportion of self-employed women among the employed workforce has been rising steadily in recent years, and at a faster rate than that of self-employed men. Now, one third of self-employed Canadians are women. Growth in this area has been sturdy over the last twenty years. In 1975, less than 19% of self-employed Canadians were women. Earlier entrants in the field of entrepreneurship were common to be women re-entering the workforce. Promotion of women business owners and support from various levels of government are now attracting "new generations" of women entrepreneurs. Women are becoming increasingly noticeable in sectors that were primarily male dominated in the past, such as manufacturing, transportation, communications, finance, insurance and real estate. Women who are currently working in these "high growth" sectors will develop new markets and new products and will continue to embrace new methods of doing business. Continuing support will be required to encourage entrants into these non-traditional arenas of female entrepreneurship. Program delivery has too often been restricted to geographic areas due to the

participant availability required to maintain reasonably priced programming. Service providers are now faced with the challenge of evolving skills enhancement needs of women business owners. As business owners strive to reach new markets, sector specific and export related support is required. The use of technology will be the key medium in program delivery designed to reach broader audiences across the country.

The public and corporate sector should continue to support the growth of women-owned. Benefits could be realized by establishing a coordination mechanism for greater sharing of “best-practice” approaches and lessons learned. Any regional gaps in access to financing for women entrepreneurs should be examined. Women could benefit from efforts to expose them to higher potential business ideas and opportunities and specific assistance to help them develop clear ideas for their businesses. Programs should provide more opportunities for exposure to ‘best practice’ established firms which will mentor women business owners in ‘development’ activities. One of the major skills needs of women is financial acumen. Training and counselling programs should take this into consideration. Ways must be found to make information more accessible to women entrepreneurs on the use of technology to improve business performance. Targeted trade development efforts will also contribute to increased export activity from women-owned firms.

Although Statistics Canada collect and report on sex disaggregated data for the category of self-employed persons and unincorporated businesses, additional efforts are required to systematically collect gender-segregated data on the economic contribution of women-owned SMEs.

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**WOMEN ENTREPRENEURS IN SMEs  
IN CHINESE TAIPEI**

**Authored by**

**Shin-Yuan Lai  
Taiwan Institute of Economic Research**

## EXECUTIVE SUMMARY

Women represent about 40% of the total employed labor force in Chinese Taipei. The majority of women employment is concentrated in manufacturing and service sector such as commerce and social/personal community work. Although the female labor force participation rate in this economy has been increasing steadily over the past two decades, around 45%, it is still relatively low by advanced economies' standards. Many more women are now moving up the occupational ladder from clerical-oriented to professional-oriented work in Chinese Taipei.

SMEs in Chinese Taipei accounted for 97.8% of the total enterprises and they employed about 78% of the total work force. The total export value of SMEs stands for around 49%. SMEs have played a crucial role in the economic development of Chinese Taipei, and women have contributed immensely to the success of SMEs in that economy. However, official statistics seldom have gender desegregated data on women in relation to SMEs. There is also a lack of sufficient research on women's role in SMEs' development and on women entrepreneurs.

Women entrepreneurs in this study include three categories of women: women employers, women own-account workers, and so-called "bosses' wives" (*lao bian nien*). "Bosses' wives" are normally unpaid family workers in that society. As *lao bian nien* are hidden women entrepreneurs behind their husbands' back which are not represented in the official statistics, this study suggests that the numbers of women entrepreneurs actually must be larger than they appear to be in the official data. The official statistics however indicate that women employers and women own-account workers have been steadily increasing over time, suggesting that more women are likely to become entrepreneurs now.

Women-owned SMEs in Chinese Taipei are small scale, for example, about 81.6% women employers employ 2-9 persons and 13.2% employ 10-29 persons. Nevertheless, this study also finds out that almost as many women employers as their male counterparts own larger firms which employ up to 200-499 persons, suggesting that women are as capable as men in running big enterprises. Most of the women entrepreneurs received middle level education i.e. secondary or vocational education. This study finds out that high education level does not necessarily make women become entrepreneurs more easily. Our findings also suggest that women in middle ages, between mid-30s and mid-40s, are more likely to set up their own businesses.

This study identifies several motivations that have contributed to women's wanting to start up businesses. Some women think that business start-up is a possible way of re-entering to the labor market for middle-aged women as they could obtain more flexibility in work so as to take care of both

career and family responsibilities at the same time. Some feel that “being one’s own boss” offers the sense of freedom, autonomy and independence which are increasingly important for some women. To acquire self-esteem and self-achievement also drives many women to set up in business. Moreover, some women are motivated by economic necessity and profit-seeking, and the high social status that come along with being bosses. In terms of financing business start-up, women business owners tend to borrow money from their relatives or friends rather than from financial institutions as they are seen to be less credible by male bankers due to social stereotype.

However, women entrepreneurs tend to share their decision making process and take a more participatory leadership style. They often adopt a more humanized management style, supporting with a more personal and informal communication strategies. Moreover, they tend to form informal support network to share information and resources.

This study finds out that the so-called “bosses’ wives” are the real soul of many SMEs in Chinese Taipei. They are in charge of almost everything in their husbands’ businesses and have to look after business as well as domestic duty. Normally, they are not even paid, yet they can be real managers of entire business operation. In assisting their husbands’ SMEs, the quality of entrepreneurship is evident.

This study gives an overview of the government policies in business start-up in SMEs and has found no evidence to suggest that there are any preferential treatments to women business starters or owners in Chinese Taipei. It, therefore, suggests several areas for policy considerations. First, sex desegregated data should be included in the official statistics to cover every important aspects. A census on issues of women entrepreneurs should be carried out. Second, it is necessary to provide incentive measures for financial institutions to give loans to women entrepreneurs in SMEs. Third, more training programs should be targeted on the need of women business owners such as computer skills. Fourth, a legal framework which ensures women’s equal rights and opportunities is essential background for women entrepreneurs to emerge. Five, an adequate social institutional support for child-care facilities should be implemented. Finally, formal business support agencies or networks for women entrepreneurs such as women chamber of commerce should be encouraged to develop.

## I. General Survey

In order to provide a better picture of women entrepreneurs in SMEs in Chinese Taipei, this chapter will provide some useful statistics on three areas. First, the important data on women labor force and employment situation over the last two decades are presented. Second, some essential SMEs' statistics are discussed. Third, some basic but useful statistics on women entrepreneurs are analyzed. It should be pointed out at the outset that due to the scope of this research, we had to use the existing statistics, rather than undertaking new survey, for analysis.

### 1. Statistics on Women Labor Force and Employment

Table 1: The Population and Male and Female Labor Force, 1978-1997

Year	Total population (Unit: '000s)	Total labor force (Unit: '000s)	Labor force (% to total population)	Male labor force (Unit: '000s)	Female labor force (Unit: '000s)	Male labor force (% to total labor force)	Female labor force (% to total labor force)	Male labor force participation rate*	Female labor force participation rate*
1978	16,974	6,337	37.33	4,250	2,087	67.07	32.93	77.96	39.13
1979	17,307	6,515	37.64	4,356	2,159	66.86	33.14	77.95	39.23
1980	17,642	6,629	37.58	4,406	2,223	66.47	33.53	77.11	39.25
1981	17,974	6,764	37.63	4,503	2,261	66.57	33.43	76.78	38.76
1982	18,293	6,959	38.04	4,605	2,354	66.17	33.83	76.47	39.30
1983	18,603	7,266	39.06	4,687	2,580	64.50	35.50	76.36	42.12
1984	18,865	7,491	39.71	4,778	2,713	63.78	36.22	76.11	43.30
1985	19,132	7,651	39.99	4,860	2,790	63.52	36.48	75.47	43.46
1986	19,363	7,945	41.03	4,957	2,988	62.39	37.61	75.15	45.51
1987	19,559	8,183	41.84	5,065	3,118	61.90	38.10	75.24	46.54
1988	19,781	8,247	41.69	5,130	3,116	62.20	37.80	74.83	45.56
1989	20,008	8,390	41.93	5,231	3,159	62.35	37.65	74.84	45.35
1990	20,233	8,423	41.63	5,263	3,160	62.48	37.52	73.96	44.50
1991	20,456	8,569	41.89	5,355	3,214	62.49	37.51	73.80	44.39
1992	20,652	8,765	42.44	5,460	3,304	62.29	37.71	73.78	44.83
1993	20,841	8,874	42.58	5,497	3,377	61.95	38.05	72.67	44.89
1994	21,037	9,081	43.17	5,595	3,485	61.61	38.39	72.44	45.40
1995	21,217	9,210	43.41	5,659	3,551	61.44	38.56	72.03	45.34
1996	21,383	9,310	43.54	5,662	3,648	60.82	39.18	71.13	45.76
1997	21,569	9,432	43.73	5,731	3,701	60.76	39.24	71.09	45.64

Source: Compiled from table 1 and table 2 of Yearbook of Manpower, Survey Statistics in Chinese Taipei, 1997

\* Labor force participation rate is defined as the ratio of labor force to population aged 15 years & over.

According to the data collected by the government statistical office, Directorate-General of Budget, Accounting and Statistics (DGBAS), the total population size in Chinese Taipei in 1997 was around 21.6 million, and the total labor force in the same year was around 9.43 million which was about 44% of the total population. The percentage of the labor force by sex to total labor force is shown in table 1. The proportion of the male labor force declined from 67% in 1978 to 60.8% in 1997, while the female labor force increased from 32.9% to 39.2% over the same period.



The trend indicates that more women than before were either willing or able to join the labor market. Table 1 also indicates that the male labor force participation rate declined from about 78% in 1978 to 71% in 1997, while the female labor force participation rate, on the other hand, increased gradually from 39.1% to 45.6% over the same period. The increase in the female labor force participation rate was due largely to the improvement of educational level for women and changing socio-economical situations. Nevertheless, the official figures of the female labor force participation rate in Chinese Taipei is far less than many other advanced economies. It should be pointed out, however, that the female labor force participation rate in Chinese Taipei has been underestimated significantly as traditionally many women labor, such as some of the unpaid family workers and own-account workers, are not included in the statistics.

Table 2: Male and Female Employment by Industry, 1978, 1988, 1997

Units: thousand persons, (% to the total employment)

Industry Categories	1978		1988		1997	
	male	female	male	female	male	female
Agriculture, forestry, fishing, & animal husbandry	1,086 (17.43)	467 (7.49)	782 (9.64)	331 (4.09)	624 (6.80)	254 (2.77)
Mining & quarrying	52 (0.83)	9 (0.14)	24 (0.30)	4 (0.05)	11 (0.12)	2 (0.03)
Manufacturing	1,138 (18.26)	778 (12.48)	1,604 (19.78)	1,199 (14.79)	1,566 (17.06)	1,004 (10.94)
Electricity, gas & water	23 (0.37)	2 (0.04)	31 (0.38)	4 (0.05)	30 (0.33)	5 (0.06)
Construction	425 (6.82)	34 (0.54)	519 (6.40)	58 (0.72)	781 (8.51)	103 (1.13)
Commerce	597 (9.57)	344 (5.52)	863 (10.64)	667 (8.23)	1049 (11.44)	946 (10.30)
Transport, storage & communication	264 (4.23)	40 (0.64)	360 (4.44)	63 (0.78)	376 (4.10)	88 (0.96)
Finance, insurance & real estate	46 (0.74)	27 (0.43)	82 (1.02)	78 (0.96)	161 (1.76)	189 (2.06)
Business services	29 (0.46)	21 (0.33)	70 (0.87)	51 (0.63)	132 (1.44)	108 (1.17)
Social, personal & related community services	365 (5.85)	278 (4.46)	502 (6.19)	510 (6.29)	625 (6.81)	796 (8.68)
Public administration	160 (2.57)	49 (0.79)	207 (2.55)	98 (1.21)	206 (2.24)	118 (1.28)

Source: Compiled from table 12 of Yearbook of Manpower Survey Statistics in Chinese Taipei, 1997

Looking at figures in table 2, it is evident that in 1978, the majority of women employment in Chinese Taipei was concentrated in industries such as manufacturing, agriculture, commerce, and social, personal & related community services. In the 1980s, the number of both men and women employment in manufacturing industry increased enormously. By 1997, the manufacturing industry still employed the largest number of men and women workers in Chinese Taipei, although the figures

both in absolute numbers and in percentage had declined slightly over the past decade. It is worth noting that there was an evident growth for women employment in industries for commerce, finance, insurance & real estate, business services, and social, personal & related community services over the last two decades. In 1997, the numbers of women employees in two industries -namely finance, insurance & real estate and social, personal & related community services- were higher than that of men employees. This indicates the changing employment structure in which the service sector is expanding, and increasing numbers of women employees are absorbed into the service sector.

Table 3: Male and Female Employment by Occupation, 1978, 1988, 1997

Units: thousand persons, (% to the total employment)

Occupation	1978		1988		1997 (growth to 1988)			
	male	female	male	Female	male	female	male	female
Legislators, Gov. administrators, business executives & managers	170 (2.7)	23 (0.4)	295 (3.6)	51 (0.6)	359 (3.9)	61 (0.7)	21.69%	19.61%
Professionals	136 (2.2)	96 (1.5)	198 (2.4)	174 (2.1)	275 (3.0)	286 (3.1)	38.89%	64.37%
Technicians & associate professionals	280 (4.5)	134 (2.2)	458 (5.7)	339 (4.2)	870 (9.5)	555 (6.0)	89.96%	63.72%
Clerks	169 (2.7)	202 (3.2)	220 (2.7)	403 (5.0)	225 (2.5)	713 (7.8)	2.27%	76.92%
Service workers & shop & market sales workers	552 (8.9)	320 (5.1)	768 (9.5)	591 (7.3)	725 (7.9)	826 (9.0)	-5.60%	39.76%
Agricultural, animal husbandry, forestry & fishing workers	1,073 (17.2)	458 (7.4)	771 (9.5)	328 (4.1)	615 (6.7)	250 (2.7)	-20.23%	-23.78%
Prod. Machine operators & related workers	1,803 (28.9)	817 (13.1)	2,333 (28.8)	1,177 (14.5)	2,494 (27.2)	923 (10.0)	6.90%	-21.58%
Total	6,233 (100%)		8,106 (100%)		9,177 (100%)		-	-

Source: Compiled from table 13 of Yearbook of Manpower Survey Statistics in Chinese Taipei, 1997

Table 3 gives the picture of the employment structure by occupational differences. Over the past decade, the occupations which absorbed the majority of women employees were in production machine operators & related workers, service workers & shop & market sales workers, and clerks. This reflects the fact that women were engaged more in the work of assistant positions or in clerical work that required less skill to fulfil the work requirements. In the area of clerical related work, women outnumbered men during the last twenty years. Moreover, the numbers of women employees had also recently surpassed men in two occupations: service workers & shop & market sales workers, and professionals.

When comparing 1997's figures with those of 1988, it is evident that female employment grew

significantly in occupations such as professionals, technicians & associate professionals, and clerks, while male employment increased immensely in occupation of technicians & associate professionals. Moreover, women employment dropped sharply in two occupations: agricultural workers and production machine operators. This trend indicates that while women still occupied a large number of clerical and production operating jobs, they were also moving up the occupational ladder to join the professionals and technicians & associate professionals categories.

## 2. Statistical Data on SMEs in Chinese Taipei

The purpose of this section is to examine some official statistics that can provide a general understanding of the importance of SMEs in economic development in Chinese Taipei as this study is about women entrepreneurs in SMEs. The definition of SMEs adopted by the government in Chinese Taipei are those firms whose employment size are below 200 employees, or have less than NT\$80 million capital investment (SMEs White Paper, 1998).

Table 4: Numbers of Employment in SMEs in Chinese Taipei, 1991-1997

Year	Total Employment (A) Unit: thousand persons	Employment in SMEs (B) Unit: thousand persons	SMEs' ratio B/A Unit: %	Total employees (C) Unit: thousand persons	Paid employees in SMEs (D) Unit: thousand persons	SMEs' ratio C/D Unit: %
1991	8,439	6,637	78.65	5,666	3,869	68.28
1992	8,632	6,792	78.68	5,856	4,019	68.63
1993	8,745	6,878	78.65	6,008	4,145	68.99
1994	8,939	7,078	79.18	6,160	4,305	69.89
1995	9,045	7,213	79.75	6,260	4,434	70.83
1996	9,068	7,131	78.64	6,287	4,353	69.24
1997	9,176	7,197	78.43	6,423	4,448	69.27

Source: Compiled from graphs 2-1-2 and 2-1-3 of the "1998 SMEs' White Paper in Chinese Taipei"

Table 5: Numbers of Employment by Industry Category, 1997

Unit: persons

Industry Category	Total employment	Employment in SMEs	% to total(SMEs)
Agriculture, forestry, fishing, & animal husbandry	878,000	868,000	12.06
Mining & quarrying	13,000	10,000	0.14
Manufacturing	2,570,000	2,088,000	29.01
Electricity, gas & water	35,000	2,000	0.03
Construction	885,000	861,000	11.96
Commerce	1,995,000	1,874,000	26.04
Transport, storage & communication	465,000	281,000	3.9
Finance, insurance & real estate	351,000	168,000	2.33
Business services	240,000	211,000	2.93
Social, personal & related community services	1,421,000	835,000	11.60
Total	9,176,000	7,197,000	100

Source: compiled from table 2-1 of "The 1998 SMEs' White Paper in Chinese Taipei"

Table 4 indicates that the numbers of employment in SMEs in Chinese Taipei accounted for about 78% of the total employment numbers in 1997. Moreover, the percentage of the numbers of paid employees in SMEs to the total paid employees in the same year was about 69%. These figures explain the important contribution of SMEs to the entire labor market in Chinese Taipei. It is unfortunate that the available official data does not have sex dis-aggregated statistics that can show the total numbers of employment in SMEs, which are employed by women-owned enterprises. Such figures can generally tell the contribution of women employers to the labor market. Table 5 shows that majority of the employment in SMEs were concentrated in industries like manufacturing and commerce, accounting to 54% of the total SMEs' employment.

Table 6: Numbers of SMEs by Industry Category, 1997

Industry Category	Numbers of total Enterprises	Numbers of SMEs	% to total (SMEs)
Agriculture, forestry, fishing, & animal husbandry	12,887	12,833	1.25
Mining & quarrying	1,447	1,418	0.14
Manufacturing	150,855	147,507	14.46
Electricity, gas & Water	455	420	0.04
Construction	67,673	66,619	6.53
Commerce	629,617	615,506	60.32
Transport, storage & Communication	32,973	32,218	3.16
Finance, insurance & real estate	21,535	19,529	1.91
Business services	42,227	41,309	4.05
Social, personal & related community services	83,617	83,076	8.14
Total	1,043,286	1,020,435	100

Source: Compiled from tables 1-1 and 2-1 of "The 1998 SMEs' White Paper in Chinese Taipei"

According to table 6, the total numbers of enterprises in Chinese Taipei in 1997 were 1,043,286, of which SMEs accounted for as high as 97.8% with a number of 1,020,435. Most of SMEs were engaged in commerce, and significant numbers of SMEs were doing manufacturing.

Table 7: Annual Sales of SMEs by Industry Category, 1997

Unit: NT\$ ten thousand

Industry Category	Sales by total enterprises	Sales by SMEs	SMEs' ratio (%)
Agriculture, forestry, fishing, & animal husbandry	4,230,153	1,561,386	36.91
Mining & quarrying	3,130,807	2,441,279	77.98
Manufacturing	729,083,020	238,677,968	32.74
Electricity, gas & water	30,802,200	359,225	1.17
Construction	127,082,232	79,156,180	62.29
Commerce	840,123,967	294,779,671	35.09
Transport, storage & communication	81,368,631	18,968,749	23.31
Finance, insurance & real estate	218,914,418	14,391,386	6.57
Business services	62,149,261	18,788,791	30.23
Social, personal & related community services	40,812,453	17,281,427	42.34
Total	2,137,697,141	686,406,062	32.11

Source: Compiled from table 3-1 of "The 1998 SMEs' White Paper in Chinese Taipei"

Table 7 indicates that in 1997, the total sales of all enterprises in Chinese Taipei was around 21 trillion, of which SMEs had an amount of 6.8 trillion sales, accounting for 32.1% of the total sales. Among the ten industry categories, commerce and manufacturing industries had highest scores, mounting nearly 78% of the total sales for SMEs.

Table 8: Export Values by SMEs, 1997

Unit: US\$ billion

Industry Category	Total enterprises	SMEs	SMEs' ratio
Manufacturing	793.64	408.47	51.47
Commerce	427.34	186.96	43.75
Total	1,220.98	595.43	48.77

Source: Compiled from table 5-1 of "The 1998 SMEs' White Paper in Chinese Taipei"

The engine of economic development in Chinese Taipei has been led by an export-oriented industrial strategy. Table 8 points out that in 1997, SMEs constituted almost half of the total export sales around 48.8% in Chinese Taipei.

Table 9: Employment Status in SMEs, 1997

Unit: %

Employment status	
Employers	7.02
Own-account Workers	21.23
Unpaid Family Workers	10.25
Paid Employees	61.50
Total	100

Source: Compiled from graph 3-1-1 of "The 1998 SMEs' White Paper in Chinese Taipei"

Table 9 shows that among all employment in SMEs, employers and own-account workers constituted about 28.3%, while unpaid family workers stand for around 10.3%.

### 3. Statistics on Women Entrepreneurs

#### Definition of women entrepreneurs

In this study, women entrepreneurs in Chinese Taipei include 3 categories: women employers, women own-account workers, and “bosses’ wives” (called *lao ban nien* locally), referring to those women who normally hide behind their husbands' back but are the real managers of their husbands' businesses.

Women employers refer to those women who provide paid-work opportunities to employees. Women own-account workers are those self-employed business owners who do not hire employees. These two categories can be found out in the official statistics (shown in the next section). However, the so-called “bosses’ wives” are not included in the official statistics, yet they are common existences in the society. “Bosses’ wives” are often the behind-the-scene operators of the SMEs in Chinese Taipei. Although they are normally without paid, most of them in fact are half owners and half managers in their husbands' companies.

#### General Statistics on women entrepreneurs in Chinese Taipei

When examining the statistical data on women entrepreneurs, it is necessary to state at the outset that most of essential statistics concerning various elements of women entrepreneurs are unfortunately not available in Chinese Taipei. Although lacking statistics on women entrepreneurs in Chinese Taipei is not an isolated phenomenon, it is a particular negligent of the government not compiling the relevant data, given the enormous economic contribution the SMEs have offered to the economy and the role women have played in it. The stories of economic miracle and economic growth created by SMEs in Chinese Taipei have often been cited. However, SMEs were taken as a whole when being analyzed for their contribution to Chinese Taipei' economic development. Seldom were women's role and contribution analyzed or evaluated in the study of SMEs. This negligent is reflected in the absence of the official data on women entrepreneurs. Checking through the available official statistics and census data, women entrepreneurs are a forgotten group. However, a few published statistics - mainly the numbers of women employers and women own-account workers, the educational attainments and the age groups of women employers and women own-account workers, and the employment size of companies owned by women employers- can still provide us with some clues about women entrepreneurs in Chinese Taipei. The following four tables explain some of the situations.

Table 10: Male and Female Work Force by Employment Status, 1978, 1988, 1997

Units: thousand persons, (% to the total numbers)

Year	Employers male female		Own-account workers male female		Unpaid family workers male female		Paid employees male female	
	1978	177 (89.85)	20 (10.15)	1,157 (84.21)	217 (15.79)	290 (37.42)	485 (62.58)	2,559 (65.87)
1988	323 (88.49)	42 (11.51)	1,259 (82.07)	275 (17.93)	207 (26.81)	565 (73.19)	3,255 (59.88)	2,181 (40.12)
1997	435 (85.8)	72 (14.2)	1,214 (80.13)	301 (19.87)	185 (25.3)	546 (74.7)	3,729 (58.05)	2,695 (41.95)

Source: Compiled from table 14 of Yearbook of Manpower Survey Statistics in Chinese Taipei, 1997

From table 10, it is evident that although the majority of employers and own-account workers were men, the percentages of women employers and women own-account workers to the total numbers of their kinds were increasing gradually, from 10.15% to 14.2% for women employers and from 15.79% to 19.87% for women own-account workers over the 20-year period between 1978-1997. The numbers of women employers were 72,000 in 1997, which was more than 3 times than that of in 1978, compared with less than 3 times for men employers over the same period. The trend of growth on own-account workers also revealed a similar pattern, which was women grew faster than men proportionately and, in this case, in numbers as well. These figures suggest that women were more likely to become boss now.

In the category of unpaid family workers, women constituted the majority of work force and their proportions over men increased in the last two decades. It should be noted that although the figures in this category does not reveal numbers of women entrepreneurs, our daily palpable experiences tell us that many of these unpaid family workers may be women entrepreneurs. The previously mentioned “bosses’ wives” can be from this group. Moreover, some of women unpaid family workers may be doing business at home, yet not registering for the own-account workers’ category. The prevailing sub-contracting system of industrial production in Chinese Taipei and the high spirit of entrepreneurship long existing in the society helped to create a situation where some unpaid family workers were actually entrepreneurs. Therefore, the numbers of women entrepreneurs in Chinese Taipei should be in reality much more than the official figures have suggested.

Table 11: The Employment Size in Male and Female-owned SMEs, 1998

Units: thousand persons(% to total)

Employed Persons	Employers	
	Male	female
1	-	-
2 - 9	337 (76.24)	62 (81.57)
10 - 29	79 (17.87)	10 (13.16)
30 - 49	14 (3.17)	2 ( 2.63)
50 - 99	9 (2.04)	-
100 - 199	2 (0.45)	1 (1.32)
200 - 499	1 (0.23)	1 (1.32)
500 Persons & over	0	-
Total	442 (100)	76 (100)

Source: Monthly Book of Manpower Survey Statistics in Chinese Taipei, December, 1998.

Looking at figures of the employment size of businesses presented in table 11, it is evident that the majority of companies owned by women in 1998 were actually small scale in nature, about 81.6% women employers employed 2-9 persons and 13.2% employed 10-29 persons. The same situation applied to male employers as well. However, it is interesting to note that the numbers of female employers who owned a larger company, i.e. employment size of 100-199 and 200-499, were similar to that of male employers. These figures may suggest that women entrepreneurs are as capable as male entrepreneurs in running big businesses. In general, this data tells us that the numbers of male employers are much larger than that of female employers in Chinese Taipei that is almost 6 times more. This perhaps carries the message that women are not provided with enough policy assistance by the government to establish businesses (further discussion on this in the next chapter). The traditional family role women are expected to perform often hinders their opportunities to set up businesses.

Table 12: Educational Attainment of Women Entrepreneurs in, 1997

Unit: thousand persons

Educational attainment	Employers	Own-account workers	Unpaid family workers
Illiterate & Self-educated	1	34	65
Primary school	14	120	203
Junior high	12	57	106
Senior high	8	18	33



Vocational	20	52	109
Junior college	10	13	22
College and graduate school	7	7	8

Source: Compiled from table 53 of Yearbook of Manpower Survey Statistics in Chinese Taipei, 1997

In terms of educational level for women entrepreneurs, table 12 indicates that most of women employers received primary, secondary (consist of junior and senior high schools) and vocational education. The majority of women own-account workers also had a similar educational background receiving primary, secondary and vocational education. The same educational background applied to the majority of women unpaid family workers as well. It is interesting to note from table 12 that both illiterate women and women with higher educational levels such as college and above are less likely to set up their own business. These figures tell us that high education did not necessarily equip women with the ability and willingness to become women entrepreneurs. Some official statistics show that high level education tends to make men and women engage in professional works. The current situation in Chinese Taipei is that most women entrepreneurs have a middle level education level that according to one study makes them more practical in pursuit of their own business.

Table 13: Women Entrepreneurs by Age Groups, 1997

Unit: thousand persons

Age	Employers (male)	Employers (female)	Own-account workers (male)	Own-account workers (female)	Unpaid family workers (male)	Unpaid family workers (female)
15 – 19	0	0	2	1	14	8
20 – 24	3	2	13	9	30	25
25 – 29	24	6	66	23	44	44
30 – 34	62	12	131	39	37	75
35 – 39	91	17	182	48	22	94
40 – 44	98	15	195	53	12	96
45 – 49	75	11	172	46	7	70
50 – 54	36	5	123	27	5	44
55 – 59	25	3	140	26	6	45
60 – 64	12	1	119	18	4	33
65 years & over	9	1	73	10	3	13

Source: Compiled from table 53 of Yearbook of Manpower Survey Statistics in Chinese Taipei, 1997

In terms of age, according to 1997's figures shown in table 13, most of women employers were in the age of mid-30s and mid-40s. The majority of women own-account workers were also in the same age groups as women employers, although we can see a significant number of them were in mid-20s and mid-50s as well. A similar age distribution also applied to women unpaid family workers. These figures by and large suggest that women in middle ages are more likely to establish businesses. Contrast to women entrepreneurs, the age of the majority of men entrepreneurs crossed a wider range of age groups, spreading from mid-20s to mid-60s.

## **II. Women Entrepreneurship in Chinese Taipei**

After examining some useful statistics concerning women entrepreneurs from last chapter, this chapter will look at business start-up process and motivations that make women wanting to set up businesses. It will analyze characteristics of women entrepreneurs in Chinese Taipei in which organizational structure, management style, training needs of women entrepreneurs are discussed. Moreover, it will also discuss a prevailing special phenomenon in Chinese Taipei- the so-called "boss's wives"- which are indeed hidden women entrepreneurs in Chinese Taipei. It should be pointed out here that this study has conducted the research based primarily on secondary data.

### **1. Start-up process**

Women's motivations for business start-up

-Looking for Re-entry into the Labor Market

As discussed from last chapter, most women employers, women own-account workers and women unpaid family workers are in the middle-aged groups where majority of women entrepreneurs belong to. As most women in middle ages have already become mothers for many years, it is time for many of them to consider returning to work again or it may be too late to join the labor market.

-Work flexibility

Many married women chose not to be employed again when thinking of work due to their desire for a more flexible job in order to look after work and domestic duty, particularly child-care commitments, at the same time. The flexibility to choose working hours was therefore particularly attractive for women. Some studies cited women wanting to spend more time with their family as a reason for setting up their own business. Being an employer or self employed offers such flexibility.

#### -Autonomy

It is reported that to gain autonomy is also an important reason for women to set up in business. Many women entrepreneurs are attracted by the idea of being one's own boss. Some studies show that women expressed their desire for independence at different stages of their lives. For some, this could mean freedom from the restrictions of the formal labor market.

#### -Economic necessity/profit seeking

Economic necessity and profit seeking are also considered to be driving force behind setting up business. Normal income of an employee is in no way to compare with the revenue generated by being a successful entrepreneur. In order to gain more financial reward, many women decide to start up their own businesses.

#### -Glass ceiling

Some studies also point out that "glass ceiling" is a major motivating factor for women to create their own business. There exist enormous frustrations for many women in the employment relations due to patterns of occupational segregation and restriction on their access to top positions. To be able to establish a business and to be a boss give women entrepreneurs an important sense of self-esteem and self-achievement (Tsai, 1999)

#### -High social status

"Rather to be head of a chicken than tail of an ox" is a famous Chinese proverb, which captures very well the prevailing sentiment of entrepreneurship in Chinese Taipei. Such entrepreneurship spirit is the basis for the rapid development of SMEs in Chinese Taipei over the past many decades. For both men and women in that society, it is better to be in a dominant position rather than to be commanded for high social status of being a "boss" is so irresistible. The society in this economy generally regards boss as powerful and influential and such image results in some women wanting to become bosses either by the form of self-employed or being employers.

#### -Financing

Lacking capital is a common problem women encounter when they want to start up their own business. Securing a loan is therefore a common way that women business starters solve their capital problem. However, most of the time they are not likely to get loan from banks or other financial institutions. This is mainly because of the complicated restrictions often imposed by the banks. Moreover, due to social stereotype, women are not seen by bankers to be credible in new business start-ups. Their lack of credibility and collateral when negotiating loans and investment capital make it difficult to secure

bank financing. Thus, women in Chinese Taipei, apart from using personal saving, prefer to borrow money from their parents, their husbands, their friends or informal network to start-up business as using loans from relatives or friends has a benefit of a less restricted pay-back period and lower interest.

## **2. Characteristics of Women's Entrepreneurship**

### Organization and Structure of women-owned SMEs

As discussed in the previous chapter, majority of women-owned businesses tend to be small or micro in scale, although data also shows that, gradually, an increasing number of women entrepreneurs in Chinese Taipei own larger firms as well. As described by a study, the fact that majority of women-owned businesses are small in size also explains that most of the women owners have sole ownership for their businesses. The reasons for small or micro size of women-owned business may attribute to a few factors such as difficulty in getting bank loans or other forms of capital investment to expand, easier for management, and fewer business risks involved.

Many women-owned enterprises are family business in nature where family members are part of work team. It is also reported that the organization and structure of women-owned SMEs allow more flexibility in the arrangement of work to meet different needs.

### Management Style

According to several studies, women business owners tend to be quite prudent in making important decisions so as to avoid risks. They also like to share their decision making with their business partners or work team, reflecting a more participatory leadership style. It is pointed out that women entrepreneurs tend to adopt a more collaborative way in managing their business. They anticipate a more collective than individualistic work environment (Leu, 1995; Gao, 1999). Team-work is usually preferred by women entrepreneurs to accomplish work.

The management style of women-owned enterprises usually is less hierarchical and women business owners tend to use more personal and informal communication style in dealing with others. They are also regarded to have work manner of hard-working, dedication and orderly .

It is reported that women business owners prefer a more humanized management style with less restrictions and limitations at work. The less institutional management style provides their employees with a working environment of more flexible working hours, easier sick leave or time-off. In general,

they are more concern with the well-being of their employees (Leu, 1995).

Moreover, one study indicates that women entrepreneurs also tend to form support network and adopt network strategy with other SMEs to share information, resources, and facilitate business cooperation (Gao, 1999).

#### Training Needs

In regard to training needs, a study reveals that women business owners consider use of new technology, in particular, computer skills and internet, is crucial to acquire. Moreover, sales and marketing skills, financial management, budgeting and bookkeeping are also identified as necessary skills for their business. Most women entrepreneurs in Chinese Taipei as discussed in the previous chapter have only obtained a middle level formal education which may not be enough to run a business in a competitive market situation. Therefore, many women business owners would take courses to learn additional knowledge and skills.

#### Business Networks and Informal Support Mechanisms

It is mentioned earlier that women business owners tend to use informal network to obtain information, resources for business purpose. This is a give and take practice which has been proved very useful in running business operation. If one gets help this time, she will return assistance in another time. There are different types of women organizations in the society, but women entrepreneurs' organizations or women chamber of commerce are still lacking here. To gain business support through formal business network is still not apparent for women entrepreneurs in Chinese Taipei.

### **3. The "Boss's Wife" - A Special Phenomenon of Women Entrepreneurship in Chinese Taipei**

When discussing women entrepreneurs in Chinese Taipei, it is necessary to examine the so-called "boss's wives", the hidden women entrepreneurs commonly exist in Chinese Taipei's SMEs. They do not appear in the category of official statistics as mentioned before, yet they are socially recognized as women entrepreneurs. Gao's study reveals that the observation of women's role in economic development process in Chinese Taipei is incomplete if the discussion on women entrepreneurs leaves out "boss's wife"(Gao, 1999).

The "boss's wife" is a local term which does not have a corresponding English translation. The term itself does not describe the real status of a "boss's wife". Apparently, the wording of "boss's wife" tells us that she is a wife of a boss. However, simply being a wife of a boss does not constitute other

identifications of what "boss's wife" is. A woman who is called "boss's wife" is considered that she is involved entirely in her husband's business activities. From this point of view, not every woman married to a boss is qualified to be "boss's wife". A number of characteristics can be drawn from "boss's wife", which represent another form of women entrepreneurship.

- a. A "boss's wife" is in charge of almost everything in her husband's business, from trivial matters such as cleaning, spirits worshipping (Chinese tradition, held twice a month), sales, accounting, quality check for products, cooking refreshments for employees, to management activities such as finance control and decision making.
- b. If the business is solely owned, a "boss's wife" usually works without paid, because the money earned by the business belongs to her and her husband together. If the business is a partnership, a "boss's wife" may be paid, nevertheless, the remuneration is much lower than that of other employees because a "boss's wife" usually does not have regular working hours. To offer remuneration for "boss's wife" is a way of showing their participation and existence rather than evaluating her real dedication.
- c. Apart from working with her husband, a "boss's wife" has to take care of family duty at the same time. She is an assistant to her husband at business, but at the same time, she also plays a wife and a mother at home. The meaning of her participation in her husband's business is not only the supply of labor, but also the added value generated from her work.

It is well recognized that the production lines in SMEs in Chinese Taipei are very flexible when responding to special or quick orders in a changing market. Partially, this is due to their ability to find workers within a short time or sub-contract the productions through their networks. A "boss's wife" plays a central role in this. She could mobilize her employees' wives or relatives, friends and neighbors to work. One of the responsibilities of a "boss's wife" is to set up collaborative networks among "boss's' wives". Strong collaborative networks enable a "boss's wife" to have resources in coping with emergent situations.

In sum, a "boss's wife" can be the real soul in the whole business operation of SMEs. She is one of the factors which contributes to the high mobility and flexibility of Chinese Taipei's SMEs. A "boss's wife" is often a real manager of her husband's enterprise. They really show the quality of entrepreneurship.

### **III. Policies**

## 1. Overview

In doing this research, the author of this paper had checked thoroughly government policies or legal regulations relevant to business start-up, investment, financing, and employment training and assistance programs in Chinese Taipei. However, we have found no evidence to show that there exists any programs in the government policy or legal framework that are in support of women entrepreneurs particularly. Therefore, it is impossible to examine the government policy in this regard. Nevertheless, it is worth noting that there are policies and programs which aim at helping SMEs or business start-up for young people in general, although not particularly for women. They include programs of “Youth Business Investment Assistance”, the “Career Development Association for Young People”, “Credit Guarantee Fund for SMEs”, and the “Business Innovation Incubators”.

### “Youth Business Investment Assistance”

The “Youth Business Investment Assistance” program, supported by the National Youth Commission, is designed to provide people whose ages are between 23 and 45 with some financial assistance should they wish to set up business. Once the application case is reviewed and granted by this program, it can received the loans from various banks which join the scheme. The maximum loans of this scheme if all conditions are met is 4 million NT dollars (equivalent to about 140,000 US dollars). This program however does not give preferential treatment to women. Began in 1968 this program has helped nearly 20,000 people receive loans for business start-up. Table 14 indicates that between 1987-1998, 2474 women as compared to 7251 men received the financial assistance from this program. The ratio of woman to men in receiving the loans was 1 to 3. Calculating from this table, the averaged amount of loans for each woman was about 1,155,000 NT dollars (equivalent to around 41,000 US dollars), and for man was about 1,258,000 NT dollars (equivalent to around 45,000 US dollars).

Table 14: Loans Granted by “Youth Business Investment Assistance”, 1987-1998

	Total granted amount NT\$1000	Numbers of people Male	Granted amount NT\$1000	Numbers of people Female	Granted amount NT\$1000
Industries	2,104,530	1,495	1,744,910	286	359,620
Agriculture	3,248,245	1,249	2,610,015	310	638,230
Service	6,629,853	4,507	4,767,788	1,878	1,862,065
Total	11,982,628	7,251	9,122,713	2,474	2,859,915

Source: P. 254, “A study of women entrepreneurs in Chinese Taipei”, 1999

### “The Career Development Association for Young People”

This association was founded in 1972, with 21 chapters and over 10,000 members across the country. Its purpose was to assist young business starters in areas of legal consultation, skill training, and relevant information. This association used to be sponsored by the National Youth Commission, but it is now a civil organization maintaining cooperative relationship with the National Youth Commission.

### **"Credit Guarantee Fund for SMEs"**

It is worth noting that in order to assist SMEs to have easier access to bank loans, the Department of SMEs in the Ministry of Economic Affairs provides a scheme called "Credit Guarantee Fund for SMEs" to help SMEs obtaining loans from banks. As normally, credit and collateral are weakness faced by SMEs when they are negotiating loans from banks, this scheme is to provide certain credit guaranty from the government for banks to give loans. It is meant to give credibility assurance to SMEs.

### **"The Business Innovation Incubator Center"**

This center was established in 1996 by the Ministry of Economic Affairs, with a mandate from "the Statute for Development of SMEs". The business innovation incubator is a means to support potential entrepreneurs to establish their own businesses. This center encourages different institutions such as universities, research institutes, local communities, and state-owned companies to make use of resources provided by the center and set up business incubators. This is to cultivate and guide potential entrepreneurs to start a new business, and equip them with the ability to run business. So far, there are 46 innovation incubators being set up. This policy put more emphasis on cultivating SMEs in high-tech business, for example, in the fields of internet techniques, software development, and biotechnology etc. Therefore, training high-tech talents and supplying business management education in high-tech areas are also part of the work scope of innovation incubators.

## **2. Policy Recommendations**

The programs and policies discussed above are all useful measures adopted by the government in supporting the development of SMEs. However, from a policy perspective, it is important for the government to take into account women's given disadvantages and special needs in making policies to help women entrepreneurs in SMEs. We suggest several areas for considerations.

First, statistics are important indicators that provide essential information for the government to enact relevant policies which can assist women SMEs. Although the government for many decades has conducted essential statistical data collection in almost every important areas of economics in a very



systematic fashion, sex desegregated data are still lacking in many areas. Moreover, statistics on women entrepreneurs as was discussed earlier are particularly weak. Without sufficient statistics on women entrepreneurs, it also imposes difficulty in conducting meaningful research on the subject. It is therefore important to have gender desegregated data in official statistics. A general census on women entrepreneurs is also needed.

Second, there is a need to make relevant policies by the government to help women business starters in particular. Easier access to finance is important for women entrepreneurs. What government can do in this area is to provide some incentives to encourage banks to give loans to women entrepreneurs. Other instruments such as taxation can be considered to make it favorable for business start-up process as well.

Third, training programs particularly targeting on the need of women entrepreneurs should be implemented. Some practical knowledge and skills of business start-up should be taught in educational institutions. There should be more training courses on computer science, internet and e-commerce etc offered by the government vocational training centers to help women business owners.

Fourth, it is important for the government to enact a legal framework which emphasizes gender equality in every aspect of the society. Only can such environment ensure women's rights and opportunities to actively participate in the labor market and encourage them to become women entrepreneurs.

Five, practical barriers such as lack of child-care facilities and old people's care have hindered women's career. The prime responsibilities for domestic commitments are placed on women quite universally, and without adequate social institutional support and mechanisms to relieve such burden, many potential women entrepreneurs would never surface. This is particularly government's responsibility to provide such institutional support.

Sixth, to develop business support agencies for women entrepreneurs are necessary. Women business owners in Chinese Taipei rely more on informal support networks as described before. This may not be sufficient in a fast changing business environment. More organized women's business associations or networks should be favorable for women entrepreneurs in exchange of information and experiences. Business organizations such as chamber of commerce normally are male-dominated. It may be in women entrepreneurs' interest to have women chamber of commerce created particularly to help facilitating women's network and leadership.

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**WOMEN ENTREPRENEURS IN SMEs  
IN INDONESIA**

**Authored By**

**Carunia Mulya Firdausy**  
*Center for Economic and Development Studies*  
**Indonesian Institute of Sciences (CEDs-LIPI)**

## EXECUTIVE SUMMARY

Women entrepreneurs in small and medium enterprises (SMEs) play an important role in the Indonesian economy. However, the potential contribution of them to the economy has not yet been well-optimized and not fully recognized by the government and the people. This can be seen not only from the facts of the limitation of policies and programs to assist women entrepreneurs in SMEs, but even women are still viewed as a second class group in society today.

This study has two objectives. First, to address various issues relating to women entrepreneurs in SMEs in Indonesia. And second, to recommend policy measures to help women entrepreneurs in SMEs develop and make a greater contribution to the economy. Data and information used throughout the study are taken from official statistics published by the Central Board of Statistics (CBS), Department of Manpower and Department of Trade and Industry.

Using the above data and information, the study found that the proportion of women employment in the economy in 1997 was about 38 per cent of the total employment. The economic sector that absorbed the bulk of women employment since 1995 was still agricultural sector, followed by trade, manufacturing and services sector. However, of these sectors, trade sector shows significant increasing trend since 1995, followed by services, mining and manufacturing sector, while agricultural sector shows a decreasing trend during the same period. The reason for the increasing rate of women employment in non-agricultural sectors is associated with rapid economic growth before the crisis with an average of 8 per cent per year since 1980s which encouraged the expansion of manufacturing and services in the economy.

The non-agricultural occupation that absorbed the bulk of women employment are sales activities, production, transportation, and operator activities. However, most of women's employment worked in non-paid working categories. In this respect, unpaid family working categories have been the dominant one, followed by own-account workers categories. These may be simply because the unpaid categories give a greater time flexibility for women to enter or leave the working category does not need as much capital or as high a skills requirement as the paid category.

The proportion of women entrepreneurs in SMES was not well recorded. The available data on women entrepreneurs is divided into two categories, namely, small-scale and medium & large entrepreneurs. It was calculated that the proportion of women entrepreneurs in small-scale manufacturing sector in 1995 (as the latest data available) was about 30% of the total number of entrepreneurs in this sector. The proportion of women entrepreneurs in the medium & large

manufacturing sector was about 46% per cent of the total. The distribution of women entrepreneurs in the small scale manufacturing sector was mostly in food, beverages, and tobacco industries, followed by textile, garment and leathers industries, In the medium & large manufacturing sector, women entrepreneurs were mainly in the textile, garment and leather industries. The lowest proportion of women entrepreneurs was in the basic metal industries. This is not surprising as this type of industry require a high capital investment and a high skills level.

In terms of skills, it was estimated that only 40% of male and female entrepreneurs in small scale manufacturing sector have skills. However, between male and female entrepreneurs, the proportion of women entrepreneurs in the small scale manufacturing enterprises who have skill was only 27%. Types of skill owned by women entrepreneurs are mostly in production techniques, management, and others. In marketing techniques, the preportion of women entrepreneurs who have skills was only 13% in comparison with males. This suggests that women entrepreneurs in small scale manufacturing enterprises still have difficulties in coping with production.

Apart from skills limitation, it was found that women entrepreneurs in small scale enterprises also lack in capital, production techniques, and raw materials. However, some of the women entrepreneurs have received counseling provided by the government. This confirms the views that the role of government in assist women entrepreneurs is still limited in comparison with their male counterpart.

The consequences of these limitations have led to difficulties for women entrepreneurs in many respects, especially in exporting their product overseas and in increasing the volume of production, both of which are important for their competition in the global market. Therefore, to optimize the role of women entrepreneurs in SMEs for the economy, the government should assist them in providing any production inputs that are needed, so that they can expand their production and compete in the domestic and export markets.

As there was no “best practice” for developing women entrepreneurs in the country, policies and programs to assist women entrepreneurs in SMEs should be grouped into two areas. First, there is a need to implement macro scale policy. One of the many macro scale policies that should be implemented by the government for women entrepreneurs is the creation of a conducive social-economic environment in which to operate their economic activities. The aim here is to achieve a more equal status for women in the economy. Included in the would be the availability of satisfactory credit facilities, the level of taxation, interest levels, and the rate of exchange. Second, at the micro level , there should be two types of policy measures, One relates to government policies and the others

relates to the SMEs themselves. For the government policies, the government should provide assistance related to the needs of the sector, such as financial services, technology, markets and linkages, advice, and training. For the SMEs policies, women entrepreneurs should improve their enterprises themselves by taking concrete decisions on investment, market research, personnel policy, etc. Although these policy recommendations have already been recognized by the government, greater attention should be paid in the Indonesian economic development, especially in this crisis period.

## **I. INTRODUCTION**

Women entrepreneurs in small and medium enterprises (SMEs) play an increasing role in the Indonesian economy. However, while the number of women entrepreneurs in SMEs is increasing rapidly, policy measures to help these enterprises developing and make a greater contribution to the economic and social well-being of the people in the country seem to be very much limited. These can be seen not only in terms of access to credit, but also in terms of other provision of production inputs and management to name a few.

Policy measures to assist women entrepreneurs in expanding their economic activities are considered critical especially during the current economic crisis. This is not only because of an increasing number of women being laid-off during the crisis, but more importantly, it is because women entrepreneurs in SMEs have shown a greater role and potential in absorbing a growing women's labor force and unemployment before the crisis (Manning, 1998; Firdausy, 1998).

This study has two main objectives. First, to address various issues relating to women entrepreneurs in SMEs. And second, to recommend appropriate policy measures to help women entrepreneurs in SMEs develop rapidly and make a greater contribution to the Indonesian economy. Note that throughout the study small and medium enterprises (SMEs) are defined by the number of workers. In this respect a small enterprise is defined as an economic activity which employs from 1 to 19 workers, while a medium-scale enterprise is defined as an economic activity which employs from 20 to 100 workers. These definitions are used in the study, and the data and information used were collected from the Central Board of Statistics, Department of Manpower and Department of Trade and Industry.

The main data collected from the above sources include data on the labor force situation in Indonesia 1995, 1996, and 1997, and data on the Small-scale Manufacturing Industry Statistics, 1995 and Labor Force Survey 1997. These data are the latest data available in the country. In addition to that, reviews on literature relevant to the research objectives are also provided in order to support findings from data analysis.

The organization of this study is as follows. The first section deals with general survey on women entrepreneurs. The second section examines women's entrepreneurship. It includes discussions on women's social-cultural background, women's potential and their motivation to work, the way women make decisions in their economic activities, and other characteristics of women's entrepreneur-ship. The third section discusses policies to assist women entrepreneurs in SMEs to develop their welfare as well as to increase their role in the economy. And finally, conclusions of the study are drawn in section four.



## **II. GENERAL SURVEY ON WOMEN ENTREPRENEURS**

### **1. Women Employment in the Economy**

The economic crisis in the mid-July of 1997 has transformed Indonesian economy from the low-middle income group to one of the poorest country in Asia. The economic growth which was relatively high during the last 26 years(1970-1996) at an average of 7% per annum, has declined to 4.6% in 1997 and to -13.7% in 1998. The effect of the negative growth as the result of the crisis has been very serious not only on the economy, but also on social and political aspects (World Bank, 1998; Johnson, 1998; Evans, 1998; ILO, 1998). Among the serious social effects has been the increase of unemployment. It was estimated that in 1998 the number of unemployed individuals induced by the crisis was about 14 million people, or 15% of the total labor force of 92 million (Firdausy, 1998; ILO, 1998). A great number of women have become unemployed in 1998. the crisis force their enterprises (both formal and informal) to close down or going bankrupt. The formal sectors that were hardest hit include the banking and financial sector, construction sector, the other manufacturing sector, and the services sector.

To mitigate the unemployment problems induced by the crisis, the government introduce policy measures and implement programs by focusing on the multilateral and bilateral negotiations on the development of the Small and Medium Enterprises (SMEs). The reason for this is simply because SMEs are found to be relatively stronger in the face of the impact of the economic crisis (See, for example, Poppele, et. al., 1999; Puguh, et.al., 1999; Mc Cawley, 1998). Since many SMEs in Indonesia are managed by women, it is therefore important for the government to give serious attention to women entrepreneurs in SMEs.

According to Central Board of Statistics (1998), the proportion of women employment in the economy in 1997 was about 38% of the total employment. The economic sector that absorbed the bulk of women employment since 1995 was agricultural sector, followed by trade and services sector. However, the rate of growth of agricultural sector to absorb women labor force since 1995 has been declining from 9.4% in 1996 to 1.6% in 1997. This employment situation is not surprising. Kuznets' hypothesizes that, as the country grows rapidly, the number of those employment in agricultural declines rapidly, and as a result there will be an increase of labor absorption in the manufacturing and services sectors.

The non-agricultural sectors that have had rapid growth in absorbing female employment since 1995 were trade sectors, followed by services, mining, and manufacturing sector. The utilities sector(electricity, gas and water) show a negative growth rate since 1995. The increasing growth rate of female employment in most non-agricultural sectors, on one hand, is because of rapid economic

growth since 1980, and, on the other hand, is because of the improvement in women's educational level (Manning, 1998; Sadli, 1996; World Bank, 1993). Detail number and percentage distribution of male and female employment since 1995 is exhibited at Table 1.

Table1. The Proportion and the Rate of Growth Male and Female Employment Industry, 1995-97

Industry	1995 (%)			1996 (%)						1997 (%)					
	Male	Fe-male	Total	Male	Fe-male	Total	Growth to 1995			Male	Fe-male	Total	Growth to 1995		
							Male	Fe-male	Total				Male	Fe-male	Total
- Agriculture, Forestry And fishery	30.28	15.70	45.98	26.84	17.17	44.01	-11.36	9.36	-4.28	25.23	15.95	41.18	-16.68	1.59	-10.44
- Mining and Manufacturing	7.52	4.94	12.46	7.57	5.90	13.47	0.66	19.43	8.11	7.93	5.99	13.92	5.45	21.26	11.72
- Electricity, Gas and Water	0.28	0.03	0.31	0.17	0.02	0.19	-39.29	-33.33	-38.71	0.25	0.02	0.27	-10.71	-33.33	-12.90
- Construction	4.22	0.10	4.32	4.29	0.14	4.43	1.66	40.00	2.55	4.66	0.17	4.83	10.43	70.00	11.81
- Wholesale and Retail	8.63	8.03	16.66	9.19	9.60	18.79	6.49	19.55	12.79	9.65	10.13	19.78	11.82	26.15	18.73
Restaurant & Hotels															
- Transport, Storage + Communications	4.28	0.09	4.37	4.50	0.11	4.61	5.14	22.22	5.49	4.62	0.13	4.75	7.94	44.44	8.69
- Finance, Insurance, Real Estate and Business Services	0.60	0.22	0.82	0.59	0.22	0.81	-1.66	0	-1.22	0.51	0.24	0.75	-15.00	9.09	-8.54
- Public, Personal and Social Services and Others	9.88	5.20	15.08	8.69	5.00	13.69	-12.04	-3.85	-9.22	9.16	5.36	14.82	-7.29	3.08	-1.72
Total	65.69	34.31	100.00	61.84	38.16	100.00	-5.86	11.22	-	62.01	37.99	100.00	-5.60	10.73	-

Sources: Calculated from Labor Force Distribution in 1995, 1996 and 1997, CBS, 1998.

In terms of occupation categories, the bulk of female employment was engaged in the agricultural sector from 1995 to 1997, followed by sales, production, transportation, and operator activities (Table 2). Note that of these occupation categories, the sales category shows an increasing trend relatively higher than other occupational categories since 1995. This might be the result of the increasing important of this business sector in the economy since the 1980s (e.g. banking, real estate and other formal and informal sectors). Detail proportion of the female employment growth by occupation categories is shown in Table 2.

Table 2. Growth and Percentage of Male and Female Employment by Occupation, 1995 – 1997

Occupation	1995 (%)			1996 (%)						1997 (%)					
	Male	Fe-male	Total	Male	Fe-male	Total	Growth to 1995			Male	Fe-male	Total	Growth to 1995		
							Male	Fe-male	Total				Male	Fe-male	Total
- Professional, technician and Related Workers	2.55	1.95	4.50	1.93	1.65	3.58	-24.31	-15.38	-20.44	1.98	1.79	3.77	-22.35	-8.21	-16.22
- Administrative and Managerial workers	0.35	0.07	0.42	0.20	0.03	0.23	-42.86	-57.14	-45.24	0.16	0.03	0.19	-54.29	-57.14	-54.76
- Clerical and Related workers	3.69	1.38	5.07	3.70	1.45	5.15	0.27	5.07	1.58	3.60	1.54	5.14	-2.44	11.59	1.38
- Sales workers	8.38	8.06	16.44	8.71	9.17	17.88	3.70	13.77	8.76	9.35	9.95	19.30	11.58	23.45	17.40
- Service workers	2.05	2.31	4.36	2.17	2.25	4.42	5.85	-2.60	1.38	2.40	2.19	4.59	17.07	-5.19	5.28
- Agri. Forestry workers and fisherman	28.50	15.53	44.03	26.79	17.20	43.99	-6.00	10.75	-0.09	25.23	16.00	41.23	-11.47	3.03	-6.36
- Prod. Trans. Equipment operators and laborers	18.89	6.29	25.18	18.21	6.54	24.75	-3.60	3.97	-1.71	19.16	6.62	25.78	1.43	5.25	2.38
Total	64.41	35.59	100.0	61.71	38.29	100.00	-4.19	7.59	-	61.88	38.12	100.00	-3.93	7.11	-

Sources: Calculated from Labor Force Distribution in 1995, 1996 and 1997, CBS, 1998.

Furthermore, in terms of employment status categories, most women were employment in the non-paid working category. In this group, the unpaid family working category has been the dominant

source of income for women, followed by own-account workers category (Table 3). The increasing trend of female employment engaged in the unpaid workers categories may be because these activities allow more time flexibility for women to work in their household. It may also be because the access to these activities is relatively easier than access to the paid working category. For the paid working category, it appears that the engagement of women as daily workers a slight decreasing trend. This may be because of a lack of time flexibility, low wages, and a tight competition with male workers. It may also be because women felt that it was better to working on their own than to be employees.

Table 3. Growth and Percentage of male and female Employment by Employment Status, 1995–1997

Categories	1995 (%)			1996 (%)						1997 (%)						
	Male	fe-male	total	Male	fe-male	total	Growth to 1995			male	fe-male	total	Growth to 1995			
							Male	fe-male	total				male	fe-male	total	
Not Paid Worker																
Employer	1.32	0.24	1.56	1.09	0.31	1.40	-17.42	29.17	-10.26	1.38	0.32	1.70	4.55	33.33	8.97	
Own-account Workers	17.01	7.98	24.99	14.01	7.40	21.41	-17.64	-7.27	-14.33	15.14	7.81	22.95	-10.99	-2.13	-8.16	
Unpaid family worker	6.43	12.01	18.44	5.54	13.02	18.56	-13.84	8.41	0.65	5.72	13.88	19.60	-11.04	15.57	6.29	
Paid Workers																
Regular employee	25.12	10.46	35.58	23.41	10.37	33.78	6.81	-0.86	-5.06	24.11	10.91	35.02	-4.02	4.30	-1.57	
Daily workers	14.64	4.79	19.43	17.77	7.08	24.85	21.38	47.81	27.90	15.64	5.09	20.73	60.83	6.26	6.69	
Total	64.52	35.48	100	61.82	38.18	100	-4.18	7.61	-	61.99	38.01	100	-3.92	7.13	-	

Sources: Calculated from Labor Force Distribution in 1995, 1996 and 1997, CBS, 1998.

In regard to the age and educational level of female employment, it can be seen in Table 4 that most of the female employment was in the group of 39 or younger, and that they have an average educational level of less than secondary school. The proportion of female employment of age 39 or less in 1997 was about 25% of the total, While the rest of female employment has the age of more than 40 years old. In terms of the average educational attainment, about 32.5% of female employment has secondary school attainment or less. Details proportion of female and male employment by age and educational level are given at Table 4. These data confirm that both male and female employment in Indonesia still have low educational attainment, and hence they have relatively low productivity.

Table 4. The Proportion of Male and Female Employment By Age and Education, 1997

Description	Male	Female	Total
Age	13.32	9.64	22.96
Less than 24	8.32	5.01	13.33
25 – 29	7.69	4.82	12.51
30 – 34	7.98	4.89	12.87
35 – 39	6.87	3.92	10.79
40 – 44	5.32	3.14	8.46
45 – 49	4.12	2.40	6.52
50 – 54	3.05	1.85	4.90
55 – 59	4.96	2.71	7.67
60 +			
TOTAL	64.52	35.48	100.00
Education			
- Primary School (0 – 6 years)	31.57	18.03	49.60
- Secondary School (7-12 years)	30.27	14.43	44.70
- College/University (13-15 years)	1.48	1.08	2.56
- University graduated (16 years and over)	2.12	1.03	3.15
TOTAL	64.57	35.7	100.00

Sources: Calculated from Labor Force Situation in Indonesia, 1997, CBS, 1998.

In summary, it can be concluded that the rapid economic growth since the 1980s has given many gains in terms of economic and social development in Indonesia. Apart from increasing employment opportunities, the female employment also makes a significant contribution to the economy. However, a large proportion of both female and male employment in this country still engaged in agricultural sector, although the rate of growth of employment absorption in this sector shows a decreasing trend in comparison with the manufacturing and services sector. Furthermore, the types of occupation engaged in by female since 1995 were related to agriculture and sales activities. In terms of working categories, most female were engaged in the non-paid working categories, particularly the unpaid family workers and own-account workers categories. Both male and female employment in the country still have a low educational attainment, which is less than the secondary school level. All these data and information indicate that apart from rapid economic growth, direct policies and programs to improve human capital investment for male and female employment are critical for the future economic development of Indonesia.

## **2. Women Entrepreneurs in SMEs**

Women entrepreneurs in small and medium enterprises (SMEs) have been increasing since the 1980s when the country achieved rapid economic growth (Manning, 1998; Mayling-Oey Gardiner, 1998). The reason for the increasing number of women entrepreneurs in SMEs are partly due to the rapid increase of women's educational level, and to the economic pressure the women faced in their households. However, the data for women-led enterprises in SMEs for all economic sectors are not yet available. The only available data on the number of women entrepreneurs are in the manufacturing sectors. These data are unfortunately grouped into two categories, namely, small-scale enterprises and large & medium enterprises, and hence there is no available combination for the combination of small and medium scale enterprises. Due to these data limitations, the following discussion deals first with the description of women entrepreneurs in the small scale manufacturing sector, and then follows with a description of women entrepreneurs in large & medium enterprises.

According to the Central Board of Statistics (1998), the number of both male and female entrepreneurs in the Small scale manufacturing sector in 1995 (the latest data available) was about 2.8 million people. Of this total number of entrepreneurs, it was estimated that about 30% were women, and that the rest of small scale manufacturing sector was made up of male entrepreneurs. Details of the proportion of male and female employers in the small scale manufacturing sector are given in Table 5.

Table 5. The Proportion of Male and Female Entrepreneurs In Small Scale Manufacturing Industry

Industrial Code		1995 (%)		
		Male	Female	Total
31	Food, beverages and tobacco	20.54	10.73	31.27
32	Textile, garment and leathers	12.56	8.83	21.39
33	Wood, bamboo, rattan, willow and the like, Including furniture	15.60	2.76	18.36
34	Paper & paper products, printing and publishing	1.57	1.05	2.62
35	Chemical, petroleum, coal, rubber and plastic products	1.37	0.64	2.01
36	Non Metallic mineral products except petroleum and coal	12.04	4.79	16.84
37	Basic metal	0.15	0.02	0.17
38	Fabricated metal products, machinery & equipment	4.23	0.18	4.41
39	Others	2.18	0.74	2.92
	Total	70.26	29.74	100.00
	Total Employers (Thousands)	1969.3	833.6	2802.9

Source: Calculated from Small Scale Manufacturing Industry Statistics, 1995, CBS Jakarta.

In terms of the total proportion of women entrepreneurs in the small-scale manufacturing sector in 1995, most of women entrepreneurs were in the food, beverages and tobacco industry (36.1 %), followed by textile, garment and leather (29.7 %), and non-metallic mineral products (16.1 %). However, the proportion of women in basic metal and fabricated metal products was not more than 1% of the total proportion of women entrepreneurs (Table 6). This indicates that women entrepreneurs tend to work in economic activities that do not required high skills and expertise.

Table 6. The Number and Percentage of Male and Female Entrepreneurs In Small Scale Manufacturing Industries, 1995

Industrial Code		1995					
		Male		Female		Total	
		In thousands	%	In thousands	%	In thousands	%
31	Food, beverages And tobacco	575.727	29.24	300.860	36.09	876.587	31.27
32	Textile, garment And leathers	352.177	17.88	247.366	29.67	599.543	21.39
33	Wood, bamboo, Rattan, willow And the like, Including furniture	437.258	22.20	77.337	9.28	514.595	18.36
34	Paper & paper Products, Printing and Publishing	44.055	2.24	29.497	3.54	73.552	2.62
35	Chemical, petro-Leum, coal, Rubber and Plastic products	38.392	1.95	18.004	2.16	56.396	2.01
36	Non Metallic Mineral products Except petroleum and coal	337.585	17.14	134.335	16.11	471.920	16.84
37	Basic metal	4.313	0.22	445	0.05	4.758	0.17

38	Fabricated metal Products, ma Chinery & equip Ment	118.701	6.03	4.967	0.60	123.668	4.41
39	Others	61.087	3.10	20.815	2.50	81.902	2.92
	Total	1.969.295	100.00	833.626	100.00	2.802.921	100.00

Source: Calculated from Small Scale Manufacturing Industry Statistics, 1995, CBS Jakarta.

Within each group of industry by sex group, it can be seen at Table 7 that the largest proportion of female entrepreneurs in the small scale manufacturing sector was not engaged in the food, beverages and tobacco industries, but they were engaged in textile, garment and leather industry (41.3%), followed by the paper and paper products industry(40.1%). The reason for this may be because the access into the field of textile, garment and leathers industries is easier for women than the access to the food, beverages and tobacco industries. Or it may be because work in the textile, garment and leather industries is better done by women than by men (Table7).

Table 7. The Proportion of Male and Female Entrepreneurs In Each Industrial Group, 1995(Small Scale Manufacturing)

Industrial Code		1995 (%)		
		Male	Female	Total
31	Food, beverages and tobacco	65.68	34.32	100.00
32	Textile, garment and leathers	58.74	41.26	100.00
33	Wood, bamboo, rattan, willow and the like, including furniture	84.97	15.03	100.00
34	Paper & paper products, printing and publishing	59.90	40.10	100.00
35	Chemical, petroleum, coal, rubber and plastic products	68.08	31.92	100.00
36	Non Metallic mineral products except petroleum and coal	71.53	28.47	100.00
37	Basic metal	90.65	9.35	100.00
38	Fabricated metal products, machinery & equipment	95.98	4.02	100.00
39	Others	74.59	25.41	100.00

Source: Calculated from Small Scale Manufacturing Industry Statistics, 1995, CBS Jakarta

Women entrepreneurs in the large & medium scale manufacturing were also mostly engaged in the textile, garment and leather industries, followed by food, beverages and tobacco industries (Tables 8, 9 and 10). Again, this might be partly because the work of the textile, garment and leather industries is more easier done by women than by men. The proportion of women entrepreneurs engaged in the textile, garment and leather industries in 1996 was about 20.9%,and the proportion of women entrepreneurs engaged in the food, beverages and tobacco industries in 1996 was about 9.9% of the total employment in large & medium manufacturing industries (Table 8).

Table 8. The Proportion of Male and Female Entrepreneurs In Large and Medium Manufacturing Industry, 1995 and 1996

Industrial Code		1995 (%)			1996 (%)		
		Male	Female	Total	Male	Female	Total
31	Food, beverages and tobacco	11.45	10.03	21.49	9.35	9.87	19.22
32	Textile, garment and leathers	11.20	20.17	31.37	11.28	20.86	32.14
33	Wood, bamboo, rattan, willow And the like, including furniture	8.55	4.38	12.93	8.77	4.57	13.34
34	Paper & paper products, printing And Publishing	2.68	0.89	3.57	2.94	0.98	3.92
35	Chemical, petroleum, coal, Rubber and plastic products	6.97	4.36	11.33	7.14	4.38	11.52
36	Non Metallic mineral products Except petroleum and coal	3.22	1.09	4.31	3.39	1.12	4.52
37	Basic metal	1.08	0.07	1.14	1.12	0.08	1.20
38	Fabricated metal products, machinery & equipment	8.42	3.57	11.99	8.72	3.69	12.42
39	Others	0.58	1.29	1.87	0.56	1.16	1.72
	Total	54.16	45.84	100.00	53.29	46.71	100.00

Source: Calculated from the Large and Medium Manufacturing Industry in 1995 and 1996, CBS.

Table 9. Male and Female Entrepreneurs in Large and Medium Manufacturing by Industrial code, 1995 and 1996

Industrial Code		1995 (thousand)			1996 (thousand)		
		Male	Female	Total	Male	Female	Total
31	Food, beverages And tobacco	477.485 (21.15%)	418.277 (21.89%)	895.762 (21.49%)	394.079 (17.54%)	416.142 (21.14%)	810.221 (19.22%)
32	Textile, garment And leathers	467.054 (20.68%)	840.713 (43.99%)	1 307.767 (31.37%)	475.584 (21.17%)	879.141 (44.65%)	1 354.725 (32.14%)
33	Wood, bamboo, Rattan, willow And the like, Including furniture	356.453 (15.79%)	182.482 (9.55%)	538.935 (12.93%)	369.639 (16.46%)	192.592 (9.78%)	562.231 (13.34%)
34	Paper & paper Products, printing and Publishing	111.875 (4.95%)	37.141 (1.94%)	149.016 (3.57%)	124.036 (5.52%)	41.354 (2.10%)	165.390 (3.92%)

35	Chemical, petroleum, coal, Rubber and Plastic products	290.694 (12.87%)	181.640 (9.50%)	472.334 (11.33%)	301.101 (13.41%)	184.600 (9.38%)	485.701 (11.52%)
36	Non Metallic Mineral products Except petroleum and coal	134.373 (5.95%)	45.474 (2.38%)	179.847 (4.31%)	143.090 (6.37%)	47.218 (2.40%)	190.308 (4.52%)
37	Basic metal	44.837 (1.99%)	2.807 (0.15%)	47.644 (1.14%)	47.090 (2.10%)	3.330 (0.17%)	50.420 (1.20%)
38	Fabricated metal Products, machinery & equipment	351.045 (15.55%)	148.674 (7.78%)	499.719 (11.99%)	367.752 (16.37%)	155.686 (7.91%)	523.438 (12.42%)
39	Others	24.306 (1.08%)	53.811 (2.82%)	78.117 (1.87%)	23.773 (1.06%)	48.769 (2.48%)	72.542 (1.72%)
	Total	2 258.122 (100.00%)	1 911.019 (100.00%)	4 169.141 (100.00%)	2 246.144 (100.00%)	1 968.832 (100.00%)	4 214.976 (100.00%)

Source: Calculated from the Large and Medium Manufacturing Industry in 1995 and 1996, CBS.

Table 10. Male and Female Entrepreneurs by Industry, 1995 and 1996

(Large and Medium Manufacturing)

Industrial Code		1995 (%)			1996 (%)		
		Male	Female	Total	Male	Female	Total
31	Food, beverages and tobacco	53.30	46.70	100.00	48.64	51.36	100.00
32	Textile, garment and leathers	35.71	64.29	100.00	35.11	64.89	100.00
33	Wood, bamboo, rattan, willow and the like, including furniture	66.14	33.86	100.00	65.75	34.25	100.00
34	Paper & paper Products, printing and Publishing	75.08	24.92	100.00	75.00	25.00	100.00



35	Chemical, petro Leum, coal, Rubber and Plastic products	61.54	38.46	100.00	61.99	38.01	100.00
36	Non Metallic Mineral products Except petroleum and coal	74.72	25.28	100.00	75.19	24.81	100.00
37	Basic metal	94.11	5.89	100.00	93.40	6.60	100.00
38	Fabricated metal Products, machinery & equipment	70.25	29.75	100.00	70.26	29.74	100.00
39	Others	31.11	68.89	100.00	32.77	67.23	100.00

Source: Calculated from the Large and Medium Manufacturing Industry in 1995 and 1996, CBS.

The proportion of women entrepreneurs in the large & medium scale manufacturing sector has been larger than the proportion of women entrepreneurs in the small scale manufacturing sector. In 1995, the proportion of women employers in large & medium scale manufacturing was 45.8%, while in small scale manufacturing, it was only 30% (Table 11). This suggests that women's access to working in the small scale manufacturing sector is still widely open, and is much easier than in large & medium enterprises.

Table 11. Male and Female Entrepreneurs by Industry, 1995

(Large and Medium Versus Small Scale Manufacturing)

Industrial Code		Large & Medium (%)			Small Scale (%)		
		Male	Female	Total	Male	Female	Total
31	Food, beverages And tobacco	21.2	21.9	21.5	20.5	10.7	31.3
32	Textile, garment And leathers	11.2	20.2	31.4	12.6	8.8	21.4
33	Wood, bamboo, Rattan, willow And the like, Including furniture	8.6	4.4	12.9	15.6	2.8	18.4
34	Paper & paper Products,printing andPublishing	2.7	0.9	3.6	1.6	1.1	2.6

35	Chemical, petroleum, coal, Rubber and Plastic products	6.9	4.4	11.3	1.45	0.7	2.01
36	Non Metallic Mineral products Except petroleum and coal	5.2	1.1	4.3	12.0	4.8	16.8
37	Basic metal	1.1	0.1	1.1	0.2	0.02	0.02
38	Fabricated metal Products, machinery & equipment	8.4	3.6	12.0	4.2	0.2	4.4
39	Others	0.6	1.3	1.9	2.2	0.7	2.9
	Total	54.2	45.8	100.00	70.3	29.7	100.00

Source: Calculated from the Small-scale, Large and Medium Manufacturing Industry in 1995 and 1996, CBS.

In terms of educational attainment, both male and female entrepreneurs have a low educational level in almost all type of small-scale industries (Table 12). The proportion of male and female entrepreneurs who have educational level above the senior high school level was only 21%, and the remaining 79% have educational level lower than senior high school. This confirms empirical findings that the productivity of the entrepreneur in Indonesia still relatively low for both male and female (Juoro, 1992).

Table 12. The Proportion and Number of Male and Female Entrepreneurs Small Scale Industry by Educational Level, 1995

Industrial Major Group Code	Educational Attainment of Holder (%)												Total (%)
	Never attend Primary School (thousand)		Not Completed Primary School (thousand)		Primary School (thousand)		Junior High School (thousand)		Senior High School (thousand)		Institute of Higher Education (thousand)		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
31	1.547	1.114	10.571	1.167	28.835	2.394	8.335	1.163	8.763	0.890	0.987	0.552	
%	0.81	0.58	5.54	0.61	15.12	1.25	4.37	0.61	4.59	0.47	0.52	0.29	34.76
32	0.186	0.641	3.419	0.729	10.034	2.315	5.882	1.203	6.633	1.574	1.019	0.144	
%	0.10	0.34	1.79	0.38	5.26	1.21	3.08	0.63	3.48	0.83	0.53	0.08	17.71
33	0.663	0.121	5.128	0.345	13.655	784	6.153	0.866	5.314	0.563	1.390	-	
%	0.35	0.06	2.69	0.18	7.16	0.41	3.23	0.45	2.79	0.30	0.73	-	18.35

34	-	-	0.059	-	0.409	-	0.692	0.035	2.344	0.186	0.271	0.105	
%	-	-	0.03	-	0.21	-	0.36	0.02	1.23	0.10	0.14	0.06	2.15
35	0.119	0.002	0.549	0.001	0.963	0.001	0.502	-	0.696	0.037	0.440	-	
%	0.06	0.001	0.29	0.001	0.50	0.00	0.26	-	0.36	0.02	0.23	-	1.72
36	2.054	0.399	7.842	0.779	12.593	0.618	4.042	0.276	4.448	0.102	0.634	-	
%	1.08	0.21	4.11	0.41	6.60	0.32	2.12	0.14	2.33	0.05	0.33	-	17.72
37	0.064	-	0.106	-	0.072	-	0.030	-	0.045	-	-	-	
%	0.03	-	0.06	-	0.04	-	0.02	-	0.02	-	-	-	0.17
38	0.231	-	1.788	0.054	3.633	0.060	2.087	-	0.886	0.030	0.170	0.054	
%	0.12	-	0.94	0.03	1.90	0.03	1.09	-	0.46	0.02	0.09	0.03	4.71
39	-	-	0.691	-	1.703	0.058	0.885	-	1.379	0.360	0.104	-	
%	-	-	0.36	-	0.89	0.03	0.46	-	0.72	0.19	0.05	-	2.71
Total	4.864	2.277	30.153	3.075	71.897	6.230	28.608	3.543	30.508	3.742	5.015	0.855	190.76
%	2.55	1.19	15.81	1.61	37.69	3.27	15.00	1.86	15.99	1.96	2.63	0.45	7 100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS.

In terms of the type of skills owned, it was estimated that only 40% of the total entrepreneurs (both male and female) have skills. Between male and female entrepreneurs, the proportion of female entrepreneurs who had skills in 1995 was about 27% (Table 13). The types of skills owned by women entrepreneurs include production technique, management, and others. In marketing techniques, the proportion of women entrepreneurs who has skills in this area was only 13% in comparison with men (Table 13). Therefore, women entrepreneurs in small-scale industries have low skills than male entrepreneurs.

Table 13. The Proportion and Number (in thousand) of entrepreneurs in Small Scale Industries By Industrial Major Group Code Manager/Staff, 1995

Type of Skill	Industrial Major Group Code									
	31	32	33	34	35	36	37	38	39	Total
Management										
Male	1.732	1.896	0.544	0.292	0.178	1.725	-	0.459	0.439	7.265
%	18.62	20.38	5.85	3.14	1.91	18.54	-	4.93	4.72	78.09
Female	0.406	0.570	0.125	0.166	-	0.360	-	0.033	0.379	2.039
%	4.36	6.13	1.34	1.78	-	3.87	-	0.36	4.07	21.91
Total	2.138	2.466	0.669	0.458	0.178	2.085	-	0.492	0.818	9.304
%	22.98	26.51	7.19	4.92	1.91	22.41	-	5.29	8.79	100.00
Production Technique										
Male	2.725	12.931	4.260	0.313	0.368	3.136	0.045	2.760	2.786	29.324
%	6.56	31.12	10.25	0.75	0.89	7.55	0.11	6.64	6.70	70.57
Female	2.397	7.652	-	-	0.192	1.106	-	0.027	0.858	12.232
%	5.77	18.41	-	-	0.46	2.66	-	0.06	7.01	29.43
Total	5.122	20.583	4.260	0.313	0.560	4.242	0.045	2.787	3.644	41.556
%	12.33	49.53	10.25	0.75	1.35	10.21	0.11	6.70	8.77	100.00

Marketing Technique										
Male	0.831	0.933	0.692	-	-	0.528	-	0.432	0.117	3.533
%	20.47	22.99	17.05	-	-	13.01	-	10.64	2.88	87.04
Female	0.256	0.212	0.025	-	-	-	-	-	0.033	0.526
%	6.31	5.22	0.62	-	-	-	-	-	0.81	12.96
Total	1.087	1.145	0.717	-	-	0.528	-	0.432	0.150	4.059
%	26.78	28.21	17.67	-	-	13.01	-	10.64	3.69	100.00
Others Male	3.635	2.633	0.462	1.452	2.927	1.189	0.45	0.468	2.301	15.112
%	17.16	12.43	2.18	6.86	13.82	5.61	0.21	2.21	10.86	71.34
Female	0.403	2.028	0.125	0.411	1.610	0.284	-	-	1.212	6.073
%	1.90	9.57	0.59	1.94	7.60	1.34	-	-	5.72	28.66
Total	4.038	4.661	0.587	1.863	4.537	1.473	0.45	0.468	3.513	21.185
%	19.06	22.00	2.77	8.80	21.42	6.95	0.21	2.21	16.58	100.00
Total Male	8.923	18.393	5.958	2.057	3.473	6.578	0.90	4.119	5.643	55.234
%	11.72	24.17	7.83	2.70	4.56	8.64	0.12	5.41	7.42	72.57
Female	3.462	10.462	275	0.577	1.802	1.750	-	0.60	2.482	20.870
%	4.55	13.75	0.36	0.76	2.37	2.30	-	0.08	3.26	27.43
Total	12.385	28.855	6.233	2.634	5.275	8.328	0.90	4.179	8.125	76.104
%	16.27	37.92	8.19	3.46	6.93	10.94	0.12	5.49	10.68	100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS.

Apart from this lower level of skills, women entrepreneurs in the small-scale manufacturing sector also have a lack in capital, followed by difficulties in production technique and raw materials (Table 14). This indicate that women entrepreneurs in small scale manufacturing industries lack access to government programs. According to Tan (1996), for example, access to financial assistance between males and female in small scale enterprises appears to be more difficult for female than males. It is argued by Tan (1996) that the reason for this is due to restricted physical and occupational mobility, as well as to the lower educational attainment of women.

Table 14. Number of Establishments of Small Scale Manufacturing Industrial By Type of Difficulties and Industrial Major Group Code, 1995

Type of Difficulties	Industrial Major Group Code (thousands)									Total
	31	32	33	34	35	36	37	38	39	
Capital	8.076	4.749	6.352	1.033	0.912	6.115	-	2.350	1.104	16.09%
	4.23%	2.49%	3.33%	0.54%	0.48%	3.21%	-	1.23%	0.58%	
Raw Material	5.294	1.063	2.760	0.175	0.277	0.823	-	0.199	0.170	5.64%
	2.78%	0.56%	1.45%	0.09%	0.15%	0.43%	-	0.10%	0.09%	
Capital and Raw Material	2.535	0.797	2.172	-	-	1.691	-	0.341	0.54	3.98%
	1.33%	0.42%	1.14%	-	-	0.89%	-	0.18%	0.03%	
Production Technique	6.997	2.712	4.255	0.153	0.576	1.452	-	0.695	0.275	8.97%
	3.67%	1.42%	2.23%	0.08%	0.30%	0.76%	-	0.36%	0.14%	
Capital and Production Technique	2.845	2.275	1.385	-	0.224	1.641	-	0.254	0.208	4.63%
	1.49%	1.19%	0.73%	-	0.12%	0.86%	-	0.13%	0.11%	

Raw Material & Production Technique	0.212 0.11%	0.275 0.14%	0.849 0.45%	- -	- -	0.151 0.08%	- -	0.027 0.01%	0.229 0.12%	0.91%
Capital, Raw Material and Productions Technique	0.206 0.11%	0.976 0.51%	0.656 0.34%	- -	- -	0.200 0.10%	- -	0.319 0.17%	0.061 0.03%	1.27%
Marketing	0.341 0.18%	0.200 0.10%	0.215 0.11%	- -	0.002 0.001%	0.676 0.35%	- -	0.087 0.05%	0.062 0.03%	0.83%
Capital and Marketing	0.169 0.09%	0.339 0.18%	0.228 0.12%	- -	0.037 0.02%	0.255 0.13%	- -	0.180 0.09%	- -	0.63%
Raw Material and Marketing	0.143 0.07%	0.056 0.03%	0.049 0.03%	- -	- -	0.022 0.01%	- -	- -	- -	0.14%
Capital, Raw Material and Marketing	0.059 0.03%	0.097 0.05%	0.241 0.13%	- -	- -	0.014 0.01%	- -	0.001 0.001%	- -	0.22%
Production Technique & Marketing	0.050 0.03%	0.037 0.02%	0.136 0.07%	- -	- -	- -	- -	- -	- -	0.12%
Capital, Production Tech. And Marketing	0.103 0.05%	0.056 0.03%	- -	- -	- -	0.083 0.04%	- -	- -	- -	0.13%
Raw Material, Production Tech. and Marketing	- -	- -	0.026 0.01%	- -	- -	- -	- -	- -	- -	0.01%
Management	0.213 0.11%	0.172 0.09%	0.126 0.07%	- -	0.002 0.001%	- -	- -	0.027 0.01%	0.099 0.05%	0.33%
Capital and Management	0.153 0.08%	0.019 0.01%	0.178 0.09%	- -	- -	0.196 0.10%	- -	0.033 0.02%	- -	0.30%
Raw Material & Manajemen	0.107 0.06%	- -	0.023 0.01%	- -	- -	0.033 0.02%	- -	- -	- -	0.09%
Capital, Raw Material and Mangt.	0.050 0.03%	- -	0.088 0.05%	- -	- -	- -	- -	- -	- -	0.07%
Production Technique and Management	0.103 0.05%	- -	0.023 0.01%	- -	- -	0.094 0.05%	- -	- -	- -	0.12%
Capital, Production Tech. & Management	- -	0.037 0.02%	- -	- -	0.096 0.05%	0.032 0.02%	- -	0.033 0.02%	- -	0.10%
Raw Material, Production Tech. & Management	- -	0.037 0.02%	0.065 0.03%	- -	- -	- -	- -	- -	- -	0.05%
Marketing and Management	- -	0.019 0.01%	- -	- -	- -	0.176 0.09%	- -	- -	- -	0.10%
Capital, Marketing and Management	- -	0.019 0.01%	0.200 0.10%	- -	- -	0.168 0.09%	- -	0.030 0.02%	- -	0.22%
Production Tech., Marketing and Management	0.048 0.03%	- -	- -	0.035 0.02%	- -	- -	- -	- -	- -	0.04%
Competition	- -	- -	- -	- -	- -	0.073 0.04%	- -	- -	- -	0.04%

Continued

Type of Difficulties	Industrial Major Group Code									
	0.031	0.032	0.033	0.034	0.035	0.036	0.037	0.038	0.039	Total
Capital and Competition	2.774 1.45%	1.458 0.76%	0.730 0.38%	0.975 0.51%	- -	0.791 0.41%	- -	0.230 0.12%	0.324 0.17%	3.82%
Raw Material and Competition	1.247 0.65%	3.229 1.69%	0.840 0.44%	0.035 0.02%	0.117 0.06%	0.911 0.48%	- -	0.258 0.14%	0.154 0.08%	3.56%
Capital, Raw Material and Competition	0.431 0.23%	0.078 0.04%	0.728 0.38%	- -	- -	0.091 0.05%	0.106 0.06%	- -	0.162	0.75%
Production Tech., And Competition	0.887 0.46%	0.346 0.18%	0.220 0.12%	- -	0.040 0.02%	0.221 0.12%	- -	0.108 0.06%	0.029 0.02%	0.97%
Capital, Production Tech., And Competition	2.888 1.51%	1.341 0.70%	0.662 0.35%	0.263 0.14%	- -	1.816 0.95%	0.042 0.02%	0.241 0.13%	0.025 0.01%	3.82%
Raw Material, Production Tech., And Competition	0.912 0.48%	1.404 0.74%	0.578 0.30%	- -	0.153 0.08%	0.360 0.19%	- -	0.162 0.08%	0.050 0.03%	1.90%
Marketing and Competition	0.283 0.15%	0.442 0.23%	0.147 0.08%	0.065 0.03%	- -	- -	- -	0.030 0.02%	- -	0.51%
Capital, Marketing and Competition	- -	0.115 0.06%	- -	- -	- -	0.119 0.06%	- -	- -	- -	0.12%
Raw Material, Marketing and Competition	0.050 0.03%	0.495 0.26%	0.033 0.02%	- -	- -	0.032 0.02%	- -	0.030 0.02%	- -	0.34%
Production Tech., Marketing and Competition	- -	0.037 0.02%	0.026 0.01%	- -	- -	- -	- -	- -	- -	0.03%
Management and Competition	- -	0.037 0.02%	0.065 0.03%	- -	- -	0.039 0.02%	- -	0.027 0.01%	- -	0.09%
Capital, Management and Competition	0.103 0.05%	- -	0.026 0.01%	- -	- -	- -	- -	- -	- -	0.07%
Raw Material, Management and Competition	- -	- -	0.026 0.01%	- -	- -	- -	- -	- -	- -	0.01%
Production Tech., Management and Competition	0.048 0.03%	0.019 0.01%	- -	- -	- -	- -	- -	- -	- -	0.04%
Marketing, Management and Competition	- -	- -	0.136 0.07%	- -	- -	0.032 0.02%	- -	- -	- -	0.09%
Four Combination And more	0.823 0.43%	1.828 0.96%	1.044 0.55%	0.264 0.14%	- -	0.166 0.09%	- -	- -	- -	2.16%
No Difficulties	28.168 14.77%	9.015 4.73%	9.694 5.08%	1.103 0.58%	0.874 0.46%	15.314 8.03%	0.169 0.09%	3.331 1.75%	1.997 1.05%	36.52%

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS

However, the lack of access towards financial assistance provided by government programs does not necessary means that small scale enterprises never receives governmental assistants. Table 15 shows that about 4.5% of small scale enterprises have already received counseling provided by the government. Types of counseling include raw material, and production techniques. The percentage distribution of counseling received by small scale industries in terms of industrial code is provided at Table 15. Therefore, the role of government to assist women in small scale manufacturing was limited not only in providing counseling, but also in providing capital and other production inputs. This may suggest that government policy concern regarding assistance for women entrepreneurs is still very low.

Table 15. Number of Establishments of Small Scale Manufacturing Industry By Industrial Major Group Code and Kind of Counseling Received, 1995

Type of Counseling	Industrial Major Group Code (thousand)										Ranking
	31	32	33	34	35	36	37	38	39	Total	
Raw Material	0.368	0.656	-	-	-	-	-	0.169	0.190	1.383	1
%	4.44	7.90	-	-	-	-	-	2.04	2.29	16.67	
Others	1.050	0.038	0.051	-	0.224	-	-	-	-	1.363	2
%	12.66	0.46	0.61	-	2.70	-	-	-	-	16.43	
Capital	0.245	0.038	0.111	-	0.080	0.239	-	0.135	0.061	0.909	3
%	2.95	0.46	1.34	-	0.96	2.88	-	1.63	0.74	10.96	
Marketing & Prod. Tech.	0.059	0.390	-	-	-	0.072	-	-	-	0.521	4
%	0.71	4.70	-	-	-	0.87	-	-	-	6.28	
Management & Prod. Technique	-	-	-	-	-	0.072	-	0.327	-	0.399	5
%	-	-	-	-	-	0.87	-	3.94	-	4.81	
Capital & Raw Mat.	0.103	0.095	-	-	-	-	-	0.033	0.120	0.351	6
%	1.24	1.15	-	-	-	-	-	0.39	1.45	4.23	
Production Technique	0.150	0.073	0.123	-	-	-	-	-	-	0.346	7
%	1.81	0.88	1.48	-	-	-	-	-	-	4.17	
Prod. Tech., Capital & Marketing	-	0.078	-	-	0.080	-	0.045	0.054	0.087	0.344	8
%	-	0.94	-	-	0.96	-	0.54	0.65	1.06	4.15	
Capital & Management	-	0.111	0.153	-	-	0.072	-	-	-	0.336	9
%	-	1.34	1.84	-	-	0.87	-	-	-	4.05	
Capital & Prod. Tech.	-	0.111	0.026	-	-	0.072	-	0.027	0.075	0.311	10
%	-	1.34	0.31	-	-	0.87	-	0.33	2.90	3.75	
Capital, Prod. Tech., Marketing & Magt	-	0.016	0.026	-	-	0.136	-	0.027	0.025	0.230	11
%	-	0.19	0.31	-	-	1.64	-	0.33	0.30	2.77	
Magt., Prod. Tech. & Others	-	-	0.210	-	-	-	-	-	-	0.210	12
%	-	-	2.53	-	-	-	-	-	-	2.53	
Marketing	0.056	0.038	0.048	-	-	-	-	0.033	0.033	0.208	13
%	0.68	0.46	0.58	-	-	-	-	0.39	0.39	2.51	
Prod. Tech. & Others	-	-	0.200	-	-	-	-	-	-	0.200	14
%	-	-	2.41	-	-	-	-	-	-	2.41	
Marketing, Prod. Tech. And Others	-	0.156	-	-	-	-	-	-	-	0.156	15
%	-	1.88	-	-	-	-	-	-	-	1.88	
Raw Material & Marketing	-	0.038	0.026	-	-	-	-	0.030	0.033	0.127	16
%	-	0.46	0.31	-	-	-	-	0.37	0.39	1.53	
Four combination & More	0.103	0.019	-	-	-	-	-	-	-	0.122	17
%	1.24	0.23	-	-	-	-	-	-	-	1.47	
Marketing, Capital &	-	0.057	-	-	-	-	-	0.027	0.033	0.117	

Management %	-	0.69	-	-	-	-	-	-	0.33	0.39	1.41	18
Management %	-	0.115	-	-	-	-	-	-	-	-	0.115	19
Marketing & Capital %	0.021	0.038	0.048	-	-	-	-	-	-	-	0.107	20
Capital & Others %	-	-	-	-	-	0.096	-	-	-	-	0.096	21
Capital, Raw Mat. & Prod. Technique %	-	-	-	-	-	0.072	-	-	-	-	0.072	22
	-	-	-	-	-	0.87	-	-	-	-	0.87	
Type of Counseling	Industrial Major Group Code											
	31	32	33	34	35	36	37	38	39	Total	Rank-ing	
Raw Material & Prod. Technique %	-	0.038	-	-	-	-	-	0.033	-	0.071		
	-	0.46	-	-	-	-	-	0.39	-	0.86	23	
Raw Mat., Marketing Prod. Tech. & Capital %	-	0.019	-	0.035	-	-	-	-	-	0.054		
	-	0.23	-	0.42	-	-	-	-	-	0.65	24	
Magt., Prod. Tech., Marketing %	-	-	-	-	-	-	-	0.027	0.025	0.052		
	-	-	-	-	-	-	-	0.33	0.30	0.63	25	
Raw Material & Magt. %	0.037	-	-	-	-	-	-	-	-	0.037		
	0.45	-	-	-	-	-	-	-	-	0.45	26	
Raw Mat., Marketing & Prod. Technique %	-	0.019	-	-	-	-	-	-	-	0.019		
	-	0.23	-	-	-	-	-	-	-	0.23	27	
Marketing, Capital & Management %	-	0.019	-	-	-	-	-	-	-	0.019		
	-	0.23	-	-	-	-	-	-	-	0.23	28	
Marketing & Others %	-	0.019	-	-	-	-	-	-	-	0.019		
	-	0.23	-	-	-	-	-	-	-	0.23	29	
Total %	2.192	2.181	1.022	0.035	0.384	0.831	0.045	0.922	0.682	8.294		
	26.43	26.30	12.32	0.42	4.63	10.02	0.54	11.12	8.22	100.0		

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS

The number of persons employed by the small scale establishment varies greatly, depending on the type of industry. However, as shown in Table 16, it seems that not many small scale establishment have more than 10 employees. The greatest proportion of employees in the small scale establishment was 5 persons (23.6%), followed by 6, 7, 8 and 9 persons. This low level of labour absorption in the small scale establishment may be due to the limitations of the industries to expand further as the result of lack of access to production inputs. Therefore, if the small scale manufacturing industries are expected to absorb more labour force, the government should provide an easier access into small scale manufacturing by providing more production inputs for both male and female entrepreneurs.

Table 16. Number of Establishment of Small Scale Manufacturing Industry by Industrial Major Group Code and Number of Persons Engaged, 1995

Number of Persons Engaged	Industrial Major Group Code (thousand)									
	31	32	33	34	35	36	37	38	39	Total
5	17.524	4.223	9.129	0.799	0.526	9.133	-	2.157	1.531	23.60%
	9.19%	2.21%	4.79%	0.42%	0.28%	4.79%	-	1.13%	0.80%	
6	15.506	4.068	6.840	0.837	0.658	6.286	0.106	2.656	0.779	19.73%
	8.13%	2.13%	3.59%	0.44%	0.34%	3.30%	0.06%	1.39%	0.41%	
7	8.631	5.080	4.322	0.452	0.773	3.774	0.030	1.407	0.507	13.08%
	4.52%	2.66%	2.27%	0.24%	0.41%	1.98%	0.02%	0.74%	0.27%	



8	5.426 2.84%	3.600 1.89%	2.725 1.43%	0.035 0.02%	0.201 0.11%	3.704 1.94%	0.030 0.02%	0.451 0.24%	0.390 0.20%	8.67%
9	4.029 2.11%	2.457 1.29%	2.737 1.43%	0.474 0.25%	0.239 0.13%	2.591 1.36%	0.106 0.06%	0.527 0.28%	0.192 0.10%	6.94%
10	4.030 2.11%	2.428 1.27%	1.928 1.01%	0.262 0.14%	0.045 0.02%	1.819 0.95%	- -	0.312 0.16%	0.144 0.08%	5.75%
11	3.011 1.58%	1.859 0.97%	1.345 0.71%	0.261 0.14%	0.214 0.11%	1.042 0.55%	- -	0.553 0.29%	0.453 0.24%	4.58%
12	1.740 0.91%	2.398 1.26%	0.892 0.47%	- -	- -	0.952 0.50%	- -	0.141 0.07%	0.192 0.10%	3.31%
13	1.475 0.77%	0.761 0.40%	1.378 0.72%	0.070 0.04%	- -	0.634 0.33%	- -	0.087 0.05%	0.278 0.15%	2.45%
14	0.409 0.21%	1.073 0.56%	0.863 0.45%	0.140 0.07%	0.037 0.02%	0.886 0.46%	0.045 0.02%	0.153 0.08%	0.058 0.03%	1.90%
15	1.214 0.64%	0.715 0.37%	0.359 0.19%	- -	- -	0.463 0.24%	- -	0.006 0.003%	0.112 0.06%	1.50%
16	0.731 0.38%	1.366 0.72%	0.524 0.27%	0.011 0.01%	- -	0.843 0.44%	- -	0.159 0.08%	- -	1.90%
17	0.498 0.26%	0.965 0.51%	0.696 0.36%	- -	0.037 0.02%	0.342 0.18%	- -	0.153 0.08%	0.079 0.04%	1.45%
18	0.557 0.29%	0.983 0.52%	0.449 0.24%	0.070 0.04%	0.236 0.12%	0.656 0.34%	- -	0.111 0.06%	0.025 0.01%	1.62%
19	1.537 0.81%	1.803 0.95%	0.795 0.42%	0.690 0.36%	0.344 0.18%	0.662 0.35%	- -	0.060 0.03%	0.440 0.23%	3.32%
Total	34.76%	17.71%	18.34%	2.15%	1.74%	17.71%	0.17%	4.68%	2.72%	100.00%

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS

The types of skills which the management or staff of small scale industries have varies by the number of persons engaged in the industry. However, the dominant type of skills in 1995 was in production techniques, followed by other skills (e.g. financial skills, human development skills, etc.). In marketing techniques, the level of skills for management and staff was low (table 17). This may suggest that the small scale industries still emphasizes production rather than marketing techniques.

Table 17. Number of Workers of Small Scale Manufacturing Industry By Number of Persons Engaged and Type of Skill Received by Manager/Staff, 1995

Type of Skill	Number of Persons Engaged (thousand)							
	5-10	%	11-15	%	16-19	%	Total	%
MANAGEMENT								
Male	4.666	50.15	1.491	16.03	1.108	11.91	7.265	78.09
Female	0.959	10.30	0.632	6.80	0.448	4.81	2.039	21.91
TOTAL	5.625	60.45	2.123	22.83	1.556	16.72	9.304	100.00

PRODUCTION TECHNIQUE								
Male	14.037	33.77	7.709	18.54	7.578	18.23	29.324	70.54
Female	2.745	6.62	2.223	5.35	7.264	17.49	12.232	29.46
TOTAL	16.782	40.39	9.932	23.89	14.842	35.72	41.556	100.00
MARKETING TECHNIQUE								
Male	1.833	45.15	0.695	17.12	1.005	24.76	3.533	87.03
Female	0.174	4.29	0.280	6.90	0.072	1.78	0.526	12.97
TOTAL	2.007	49.44	975	24.02	1.077	26.54	4.059	100.00
OTHERS								
Male	9.632	45.47	1.327	6.26	4.153	19.60	15.112	71.33
Female	2.749	13.22	1.305	6.16	1.969	9.29	6.023	28.67
TOTAL	12.381	58.69	2.632	12.42	6.122	28.89	21.135	100.00
TOTAL								
Male	30.168	39.63	11.222	14.75	13.844	18.20	55.234	72.58
Female	6.677	8.77	4.440	5.83	9.753	12.82	20.870	27.42
TOTAL	36.845	48.40	15.662	20.58	23.597	31.02	76.104	100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS

This emphasis on production techniques rather than on marketing techniques in the small scale enterprises limits the ability of the small scale enterprises to sell their products in export markets. Table 18 shows that of the total small scale establishment in 1995, only 0.24% or 476 establishment sold their products in export market. The largest proportion of the small scale enterprises which sold their product in export markets was the industrial group code 36 (non-metallic mineral products except for petroleum and coal), followed by industrial group code 33 (wood, bamboo, rattan and the like including furniture).

Table 18. Number of Establishment of Small Scale Manufacturing Industry By Industrial Major Group Code and Percentage of Production exported, 1995

Industrial Group Code	Percentage of Production Exported				
	20%	20% - 49%	50% - 89%	90%	Total
31	-	-	-	-	-
	-	-	-	-	-
32	-	19	-	-	19
	-	3.99%	-	-	3.99%

33	-	-	23	75	98
	-	-	4.83%	15.76%	20.59%
34	-	-	-	-	-
	-	-	-	-	-
35	-	-	-	-	-
	-	-	-	-	-
36	72	72	144	-	288
	15.13%	15.13%	30.25%	-	60.50%
37	-	-	-	-	-
	-	-	-	-	-
38	-	-	-	-	-
	-	-	-	-	-
39	-	38	-	33	71
	-	7.98%	-	6.93%	14.92%
Total	72	129	167	108	476
(%)	15.13	27.10	35.08	22.69	100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS

The ability to export products in the small scale industries is associated with the number of workers engaged in the industry. As shown in Table 19, small scale industries which have a large number of workers have more of export orientation than small scale industry with fewer workers. This is because the larger industries have a larger production ability than the smaller industries.

Table 19. Number of Establishment of Small Scale Manufacturing Industry By Number of Persons Engaged and Percentage of Production Exported

Number of Persons Engaged	Percentage of Production Exported				
	< 20%	20% - 49%	50% - 89%	90%	Total
5	-	-	-	-	-
	-	-	-	-	-
6	-	-	-	33	-
	-	-	-	6.93%	6.93%
7	-	72	-	-	-
	-	15.13%	-	-	15.13%
8	-	-	-	-	-
	-	-	-	-	-
9	72	-	-	-	-
	15.13%	-	-	-	15.13%
10	-	-	-	-	-
	-	-	-	-	-
11	-	-	-	-	-
	-	-	-	-	-
12	-	-	-	-	-
	-	-	-	-	-

13	-	38	-	49	-
	-	7.98%	-	10.29%	18.28%
14	-	-	23	-	-
	-	-	4.83%	-	4.83%
15	-	-	-	-	-
	-	-	-	-	-
16	-	-	-	-	-
	-	-	-	-	-
17	-	19	72	-	-
	-	3.99%	15.13%	-	19.12%
18	-	-	72	-	-
	-	-	15.13%	-	20.59%
19	-	-	-	-	-
	-	-	-	-	-
Total (%)	15.13	27.10	35.09	22.68	100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS

Furthermore, in regard to the source of working capital in the small scale establishment, it was calculated that in 1995 about 69.8% of the total small scale established used their own working capital. This was followed by the combination of own capital and loan. This indicates that financial assistance provided by the government seems to be limited (Table 20) as has been discussed previously.

Table 20. The Proportion and the Number of Establishments of Small Scale Manufacturing Industries By Industrial Major Group Code and Source of Working capital, 1995

Sources of Working Capital	Industrial Major Group Code (thousand)									
	31	32	33	34	35	36	37	38	39	Total
Own Capital	46.041	23.565	24.813	3.394	2.045	23.196	0.023	5.846	4.058	133.188
%	24.13	12.35	13.01	1.78	1.07	12.16	0.12	3.06	2.13	69.82
Loan	4.133	0.822	1.025	0.070	0.801	1.549	-	0.485	0.199	9.084
%	2.17	0.43	0.54	0.04	0.42	0.81	-	0.25	0.10	4.76
Own Capital & Loan	16.144	9.392	9.144	0.637	0.464	9.042	0.087	2.662	0.923	48.495
%	8.46	4.92	4.79	0.33	0.25	4.74	0.05	1.40	0.48	25.42
Total	66.318	33.779	34.982	4.101	3.310	33.787	0.317	8.993	5.180	190.767
%	34.76	17.71	18.34	2.15	1.74	17.71	0.17	4.71	2.71	100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS.

In addition to Table 20, it can be seen in Table 21 that the number of small scale manufacturing industries which used their own sources of capital are related to the number of persons engaged in the

enterprises. The smaller the number of persons engaged in the industries, the less dependent of these industries on loan

Table 21. Number of Establishments of Small Scale Manufacturing Industries By Industrial Major Group Code and Source of Working capital, 1995

Number of Persons Engaged	Sources of Working Capital (thousand)							
	Own Capital		Loan		Own Capital & Loan		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
5	33.784	17.71	2.822	1.48	8.416	4.41	45.022	23.60
6	29.183	15.30	1.067	0.56	7.486	3.92	37.736	19.78
7	18.136	9.51	1.025	0.54	5.815	3.05	24.976	13.10
8	11.322	5.93	0.358	0.19	4.882	2.56	16.562	8.68
9	4.335	4.89	0.895	0.47	3.122	1.64	13.352	7.00
10	7.390	3.87	0.374	0.20	3.204	1.68	10.968	5.75
11	5.975	3.13	0.510	0.27	2.253	1.18	8.738	4.58
12	2.991	1.57	0.257	0.13	3.067	1.61	6.315	3.31
13	1.830	0.96	0.610	0.32	2.243	1.18	4.683	2.46
14	2.053	1.08	0.133	0.07	1.478	0.77	3.664	1.92
15	1.485	0.78	0.394	0.21	1.050	0.55	2.929	1.54
16	2.505	1.31	0.061	0.03	1.068	0.56	3.634	1.90
17	1.477	0.77	0.072	0.04	1.221	0.64	2.770	1.45
18	1.687	0.88	0.137	0.07	1.263	0.66	3.087	1.61
19	4.035	2.12	0.369	0.19	1.927	1.01	6.331	3.32
Total	133.188	69.81	9.084	4.77	48.495	25.42	190.767	100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS.

In terms of the output value by industrial major group code, the large proportion of small scale enterprises have the output value of between 10 million rupiah and 24.9 or more million rupiah (Table 22). This suggests that small scale enterprises do have a potential contribution to the economy.

Table 22. Number of Establishment of Small Scale Manufacturing Industry (in thousand) By Group of Output and Industrial Major Group Code, 1995(Million Rupiah)

Industrial Major Group Code	Group of Output											Total
	<1,0	1,0 – 1,9	2,0 – 2,9	4,0 – 4,9	6,0 – 7,9	8,0 – 9,9	10,0 – 24,9	25,0 – 49,9	50,0 – 74,9	75,0 - 99,9	> 100	
31	0.737	2.027	2.399	3.004	4.150	2.594	15.642	14.040	6.703	4.657	10.365	66.318
%	0.39	1.06	1.26	1.57	2.18	1.36	8.20	7.36	3.51	2.44	5.43	34.76
32	0.750	0.341	0.602	0.557	0.764	0.555	6.783	5.128	4.524	3.275	10.500	33.779
%	0.39	0.18	0.32	0.29	0.40	0.29	3.56	2.69	2.37	1.72	5.50	17.71
33	0.349	1.048	0.815	1.530	1.305	1.522	7.422	9.878	5.184	2.307	3.622	34.982
%	0.18	0.55	0.43	0.80	0.68	0.80	3.89	5.18	2.72	1.21	1.90	18.34
34	0.083	0.048	0.381	0.199	0.049	0.162	0.760	0.932	1.134	0.130	0.223	4.101
%	0.04	0.03	0.20	0.10	0.03	0.08	0.40	0.49	0.59	0.07	0.12	2.15
35	-	0.088	0.159	0.040	0.040	-	0.785	0.561	0.220	0.428	0.989	3.310
%	-	0.05	0.08	0.02	0.02	-	0.41	0.29	0.12	0.22	0.52	1.73
36	0.596	1.703	3.664	2.624	2.043	2.085	9.482	6.739	2.847	1.162	0.842	33.787
%	0.31	0.89	1.92	1.38	1.07	1.09	4.97	3.53	1.49	0.61	0.44	17.71
37	-	-	-	-	-	-	-	-	0.075	-	0.242	0.317
%	-	-	-	-	-	-	-	-	0.04	-	0.13	0.16
38	0.033	0.184	0.090	0.915	0.164	0.207	3.291	1.974	0.701	0.477	0.957	8.993
%	0.02	0.10	0.05	0.48	0.09	0.11	1.73	1.03	0.37	0.25	0.50	4.71
39	-	0.183	0.076	0.076	0.338	0.117	1.927	1.050	0.387	0.493	0.533	5.180
%	-	0.10	0.04	0.04	0.18	0.06	1.01	0.55	0.20	0.26	0.28	2.72
Total	2.548	5.622	8.186	8.945	8.853	7.242	46.092	40.302	21.775	12.929	28.273	190.767
%	1.33	2.96	4.3	4.68	4.65	3.79	24.17	21.12	11.41	6.78	14.82	100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS.

Most of the output produced by the small scale manufacturing industries is sold in the domestic market. However, the proportion of the enterprises that sell the products domestically varies between the major group of industries and the number persons engaged in the industries (Table 23).

Table 23. Number of Establishments of Small Scale Manufacturing Industry (in thousand) By Number of Persons Engaged and Product Marketing Areas, 1995

Number of Persons Engaged	Number of Establishment		Product Marketing Area						Exporting by			
			Domestic All Product		Exporting Partly		Exporting All Product		Themselves		Others	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
5	45.022	23.60	44.479	23.85	-	-	0.543	14.38	-	-	0.543	14.45
6	37.736	19.78	37.218	19.95	-	-	0.518	13.72	0.033	6.93	0.485	12.91
7	24.976	13.99	24.697	13.24	0.072	15.72	0.207	5.48	0.072	15.13	0.207	5.51
8	16.562	8.68	16.154	8.66	-	-	0.408	10.81	-	-	0.408	10.86
9	13.352	7.00	13.153	7.05	0.072	15.72	0.127	3.36	0.072	15.13	0.127	3.38
10	10.968	5.75	10.812	5.80	-	-	0.156	4.13	-	-	0.156	4.15

11	8.738	4.58	8.661	4.64	-	-	0.077	2.04	-	-	0.077	2.05
12	6.315	3.31	6.166	3.31	0.072	15.72	0.077	2.04	-	-	0.149	3.96
13	4.683	2.45	4.425	2.37	-	-	0.258	6.83	0.087	18.28	0.171	4.55
14	3.664	1.92	3.353	1.80	-	-	0.311	8.24	0.023	4.83	0.288	7.66
15	2.929	1.54	2.903	1.56	-	-	0.026	0.69	-	-	0.026	0.69
16	3.634	1.90	3.251	1.74	-	-	0.383	10.14	-	-	0.383	10.19
17	2.770	1.45	2.653	1.42	0.072	15.72	0.045	1.19	0.091	19.12	0.026	0.69
18	3.087	1.62	2.842	1.52	0.144	31.44	0.101	2.67	0.098	20.59	0.147	3.91
19	6.331	3.32	5.776	3.09	0.026	5.68	0.539	14.27	-	-	0.565	15.03
Total	190.767	100.0	186.533	100.0	0.458	100.0	3.776	100.0	0.476	100.0	3.758	100.0

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS

Finally, in terms of the type of work performed by women, the largest proportion of women engaged in the small scale enterprises was in the group of production workers, followed by unpaid workers. This situation was exactly the same as for male workers (Table 24). Therefore, it can be concluded that women as well as men in small scale enterprises in this country have been active working in production activities, so that concern for the small scale industries in this country should be increased, especially during the economic crisis. However, as the country is now open for overseas market, the small scale industry must have the ability to compete with other competitors. The competitive advantage which the small scale industry need include product quality, volume of production, and ability to produce at a lower cost of production. Without these abilities it will be difficult for small scale industry to compete in the global market.

Table 24. Number of Persons Engaged by Industrial Major Group Code, Type of Workers and Sex, 1995

Industrial Major Group Code	Workers								Total
	Production Workers		Other Paid Workers		Total Paid Workers		Unpaid Workers		
	Male	Female	Male	Female	Male	Female	Male	Female	
31	217.321	111.587	23.507	6.627	240.828	118.214	94.071	64.432	
%	7.75	3.98	0.84	0.24	8.59	4.22	3.36	2.30	31.27
32	153.559	103.986	5.161	5.484	158.720	109.470	34.737	28.426	
%	5.48	3.71	0.18	0.20	5.66	3.91	1.24	1.01	21.39
33	185.416	28.971	11.397	1.876	196.813	30.847	43.632	15.643	
%	6.62	1.03	0.41	0.07	7.02	1.10	1.56	0.56	18.36
34	18.952	11.314	0.796	2.856	19.748	14.170	4.559	1.157	
%	0.68	0.40	0.03	0.10	0.70	0.51	0.16	0.04	2.62

35	16.062	8.226	1.192	0.433	17.254	8.659	3.884	0.686	
%	0.57	0.29	0.04	0.02	0.62	0.31	0.14	0.02	2.01
36	133.724	50.926	11.032	1.133	144.756	52.059	48.073	30.217	
%	4.77	1.82	0.39	0.04	5.16	1.86	1.72	1.08	16.84
37	1.846	0.200	0.042	-	1.888	0.200	0.537	0.045	
%	0.07	0.01	0.00	-	0.07	0.01	0.02	0.00	0.17
38	50.408	1.029	3.735	0.134	54.143	1.163	10.415	2.641	
%	1.80	0.04	0.13	0.00	1.93	0.04	0.37	0.09	4.41
39	27.168	8.300	0.153	0.569	27.321	8.869	6.445	3.077	
%	0.97	0.30	0.01	0.02	0.97	0.32	0.23	0.11	2.92
Total	804.456	324.539	57.015	19.112	861.471	343.651	246.353	146.324	
	28.70	11.58	2.03	0.68	30.73	12.26	8.79	5.22	100.00

Source: Calculated from the Small Scale Manufacturing Industry in 1995, CBS.

In summary, women entrepreneurs have a critical role in the Indonesian economy. However, the economic contribution of women entrepreneurs in small scale industries is still low. The reason for this is partly because government attention in expanding this potential sector is still limited. This study shows that women entrepreneurs in small scale enterprises are mostly engaged in textile, garment and leather industries, followed by food, beverages and tobacco industries. Most of these small scale industries lack capital and management training provided by the government. Their industry orientation is still focused on production rather than marketing, and hence they have low ability to compete in the export market. Therefore, to develop women's potential in the economy, the government should provide assistance not only in production inputs, but also in products marketing.



### **III. WOMEN'S ENTREPRENEURSHIP**

Women's entrepreneurship in small scale industries is affected by many factors. These factors can be direct or indirect factors. The direct factors include economic pressures, socio-cultural background, potential and motivations. The indirect factors include government policies, and stable socio-economic and political conditions of the country. These two group of factors are related to each other. In other words, they cannot stand by themselves in shaping women's entrepreneurship. The following subsection deals with some of these factors, particularly socio-cultural background, potential and motivations.

#### **1. Socio-cultural Background**

The socio-cultural background of women determined their entrepreneurship. The socio-cultural background influence women in many respects, including the types of economics activities selected, the use of time in their job, their motivation, their management style, and their decision making process. Among the many social and cultural background that affect women's entrepreneurship are religion, educational attainment and skills, age, ethnicity and customs, marital status, and geographical location. These factors are highly related to each other (Firdausy, 1996; Endang, 1998; Creevey, 1996; ESCAP, 1997).

In regard to religion, it is argued that this factor affects women entrepreneurs in selecting their type of economic activities. However, no one religion can be said to be more or less supportive of women's access to economic participation. It depends on the context in which religion is placed (Callaway and Creevey, 1994). In a given group of women in the same setting, however, the type of religious belief may affect why one set of women responds in one way and another does not. Moslem women, for instance, tend to select economic activities which are not forbidden in their religious teaching (e.g. working in pig raising or in alcoholic factories, etc.). For non-moslem women, these type of business activities do not matter very much as compared with moslem women (Tan, 1996).

In terms of educational attainment and skills, these factors influence women in the understanding and selecting of their economic activity. They also affect women behaviour in utilising their time and income. A better educated women, for instance, can select better economic activities than women with a lower educational level. This notion was confirmed by empirical findings by Darwin et.al. (1999) in which they find that women entrepreneurs with better educational level in household industries in West Java and Central Java can earn more income and save their income. They can also send their children to school.

Furthermore, the factor of age affects women's entrepreneurship in deciding what they should or can do and what they should not (cannot) do in their enterprises. Older women are likely to be freer than younger women in managing their business as the latter usually is bearing and raising children. However, this does not necessarily imply that older women are more flexible or adaptable to change than younger women in the decision making process of their enterprises (Creevey, 1996; Firdausy, 1996).

In regard to ethnicity and customs, it has been observed that women entrepreneurs from the Javanese ethnic relatively work harder than women entrepreneurs from Sundanese ethnic from West Java. Similarly, women from Bali and North Sumatra also worked harder than women from South Sulawesi (Endang Sri Soesilowati, 1998). Besides ethnicity, women's entrepreneurship is influenced by the habits or customs in the society. For Javanese women, for instance, selling traditional medicine known locally as "bakul jamu" is the habit of them. This type of economic activity is most likely done by Javanese women, but not other ethnic groups.

Moreover, marital status plays an important role in the women's choice of job. Older and married women in Indonesia are more likely to be found in informal enterprises such as trade or other activities which enable them to combine household work and paid work. On the other hand, young single women who migrated from rural areas are more likely to be found working as wage employees in services and trading enterprises. In addition, being single may mean a greater degree of independence for women, but it may also mean fewer resources. Thus this factor affects women's entrepreneurship.

Geographical location can also affect women's entrepreneurship. Women in rural areas find it relatively difficult to improve their entrepreneurship compared to men in rural areas. The reason for this is partly because women in rural areas face certain structural, cultural and institutional constraints. For instance, they have difficulties increase their educational attainment as many parents or husbands still have the traditional thinking that education belongs to men only. However, although this traditional thinking still exist in rural areas, it depends on the economic condition of the family. The better the economic conditions of the family, the less influenced of the traditional thinking in their attitudes towards women to have jobs and education.

Therefore, it can be concluded that socio-cultural background of women entrepreneurs in Indonesia affects women's entrepreneurship. These factors may give positive impacts as well as negative ones to women's entrepreneurship depending on types of enterprises, size of enterprises, educational attainment and skills, age, and the wealth of the family.

## **2. Potential and Motivations**

Women in Indonesia like in other countries have potential to be as entrepreneurs. However, as many women have low educational attainment they consequently tend to choose working in the small enterprises. They choose small enterprises as there is an easy entry and exit into this economic activity. Also it is because this enterprise needs low capital requirement and simple technology, requiring few skills and education, and there is apparently no age limit for entry or re-entry.

The motivation of women to work is not only influenced by the economic reasons, but it is also affected by the non-economic reasons. In terms of economic reasons, it includes needs to have cash income to support the family daily needs (transaction motives), precaution motives (anticipation if husband is laid-off or unemployed, and other emergency needs) and speculation motives. However, among these three motives, transaction motives play the dominant role why women working in the business sector. Thus, the greater economic pressure faced by the women in their living condition, the larger possibility for women to work (Syahrir, 1986; Rusdillah, 1987; Endang Sri Soesilowaty, 1999).

Besides economic motives, non-economic motives play important role in affecting women to work. These non-economic motives include family security, recognition by the society (self-esteem), hobby, carriers, killing the spare time. However, these non economic motives usually dominated by women who have high educational attainment and/or women from wealthy background. Endang Sri Soesilowaty (1999) in her study in Central Java and West Java found that motivation for women to work in trading enterprises is largely due to the needs of cash income (73 %), while the rest stated that they work because they are afraid if they are left by their husbands or it is because for the sake of self-esteem purposes.

## **3. Decision Making Process**

Decision making process taken by women entrepreneurs in Indonesia can be grouped at least into three categories. The first is that women make their own decision. Second is that women make decision after consulting with their husband, parents or relatives. And third, women do not make their decision, but their husband did. However, these type of decision making process vary depending on the problems faced by the women entrepreneurs and the level of educational attained by women. If the problems faced by the women will affect them and their families, women in Indonesia tend to consult with the family or their parents before making any decision. Conversely, if the problems do not affect the family, women depending on their education will take their own decision or if not they will ask their husband or relatives. Apart from the above non-economic factor (e.g. educational level and other social factor), economic

factors also play important role in the decision making process undertaken by women. In regard to labour supply decision, for instance, women in the enterprises, especially in households that are not female headed and female maintained, are often determined by factors that are somewhat distinct from those relevant for men. More often than not, the intensity of their effort is determined - given the rate of earnings per unit of time - by the difference between subsistence needs of the family and total earnings of the men of the family. Where the latter component is systematically low and/or insecure, women's involvement in economic activities automatically goes up and their reservation wage rates go down. This feature of female labour supply along with the isolation and automatisations associated with home-based work, make women workers doubly vulnerable (Mukhopadhyay, 1995).

To sum up: women's entrepreneurship in Indonesia are subject to many social, cultural and economic factors. Of the many factor above, educational attainment and economic welfare of women's family have been the critical factors influencing women's entrepreneurship. Therefore, to improve women's entrepreneurship, it is very essential for the government and other institutions to consider these factors in deciding policies and programs towards women entrepreneurs.

#### **IV. Characteristics of Women's Entrepreneurship**

##### **1. Organization and Structure of Women in Small-scale Enterprises**

Organization and structure of women in SMEs in Indonesia are relatively much simple than in large industries. The reason for this is mainly because enterprises run by women are very much small in terms of size, capital and the number employed in the enterprises. In addition, the organization and structure of women's in SMEs are usually run a part time basis to allow women to meet their other obligations. However, this type of organization and structure of women in SMEs are mostly concentrated in the rural areas, but not in the urban areas. This is because women entrepreneur in rural areas have more time dealing with other domestic work and child care.

In regard to employees, women entrepreneur tend to have women workers as their employees or child labour. The reason for this is partly for the sake of simplicity and an easy accessibility to work together. However, these type of organization and structure are very much subject to the size of the enterprises as well as the type of business.

##### **2. Management Style**

Since the organization and structure of women enterprises are generally small in size, the management style run by women entrepreneurs is relatively not complicated one. According to Mayling-Oey (1995), the management style of women enterprises in Indonesia largely determined by the level of women's educational attainment. However, she observed that although the educational level of women entrepreneurs affects their management style, it varies depending on women's position in the family. For female headed households, women put much time in managing their enterprises on their own, while female entrepreneurs who have husbands and children in the family tend to work much less time in their enterprises and manage the enterprise collectively.

Furthermore, women entrepreneur tend to employ women workers and children in their enterprises. This might because women employees and children are relatively easy to be managed. However, this again is subject to the size and types of the enterprises.

### **3. Training Needs**

As discussed in sub-section 2.2, the level of education of women entrepreneurs is very low. The proportion of the women employment with low educational attainment less than senior high school in 1997 was almost 95% of the total employment. This certainly indicates that most of women entrepreneurs in small-scale enterprises has lack education and skills. Low levels of education and skills consequently keep the sector confined to subsistence type of activities, largely services.

The importance of training needs for women entrepreneurs actually has already been recognized and understood by the government. However, as discussed in sub section 2.2 women entrepreneurs in small-scale enterprises still limited to received skills and training from the government. Therefore, to enhance the productivity of the sector and to transform it into a dynamic and fast growing one, greater attention should be paid to the development of women skills.

According to Firdausy(1996), the most common and preferred method for small enterprises (particularly informal workers) to acquire skills is through the traditional apprenticeship system or on the job-training. The reason for this is because this system is flexible and adaptable to the employment opportunities available in the small-scale enterprises and to the fact that it does not require high level of formal education. A draw back of this method is that it leads to transfer of obsolete skills from generation to generation since trainers can impart only those skills which they themselves have acquired from their predecessors. To help avoid the transfer of obsolete skills, there is a need to up grade skills of trainers at regular intervals, possibly through mobile training workshop (Alonzo, 1996).

In addition, skills and training that should be given to women entrepreneurs in small-scale enterprises

need to be geared towards labour market requirement and type of business as well as the needs of the enterprises. Also, the use of modern technology is essential for enhancing productivity of the small-scale enterprises, and hence this should be facilitated in the training programs.

#### **4. Business Networks and Informal Support Mechanism**

Business networks and informal support mechanism of women entrepreneurs are relatively very much limited than male entrepreneurs. The reason for this is simply because women entrepreneurs have multiple obligations for their own family or their relatives. However, this is very much dependent on the type and size of economic activities run by the women entrepreneurs. However, for further elaboration on this subject further studies need to be undertaken in the future.

#### **5. Equity Ethics**

As business networks and informal support mechanism above, equity ethics of women entrepreneurs have not yet well-known. Therefore, this subject would not be discussed in this section.

### **V. POLICIES MEASURES FOR THE DEVELOPMENT OF THE WOMEN ENTREPRENEURS IN SMEs**

The major policy issues and measures for the development of women entrepreneurs can be grouped into two, namely at macro policy level and micro policy level.

#### **1. Macro Policy Level**

The macro policy that should be undertaken by the government is to provide a conducive social and economic environment for women entrepreneurs to operate their activities. In this respect, it includes the explicit recognition of the need to decrease economic insecurity of women employment in SMEs and other bias towards women enterprises. In addition, policies and programs that have already been targeted to women entrepreneurs should be further continued especially training and skills. Post experiences that which leading to the misuse of programs should be eliminated. Awareness about the programs need to spread through the mass-media, distribution leaflets, and through local government structures. The aim should be not only to make women entrepreneurs in small-scale enterprises aware of

beneficial programs, but also to dispel the perception of the women that they cannot benefit from the programs. Finally, there is an urgent need for the establishment of a department to coordinate the programs for the development of SMEs in Indonesia especially during the crisis time.

## **2. Micro Policy Level**

Of the many micro policy and programs that should be taken into account by the government to improve women entrepreneurs in SMES, there are at least 3 types of micro policy level that can be undertaken by policy makers, namely financing and marketing policies, training policies and other support policies. These micro policy and program are considered critical as these policy and program have been very limited towards women.

### **2.1 Financing and Marketing Policies**

In terms of financing policies, access to credit for women entrepreneurs is very important in order to optimize the contribution of women entrepreneurs in the SMEs to the economy. The reason for this is simply because lack of finance keeps productivity and earning of women enterprises low, since they are forced to use manual implements and outdated and second-hand machinery. Similarly, lack of finance creates difficulty for women entrepreneurs to produce goods in bulk at favourable prices and to expand their economies of scale.

The government should provide financial assistance for women entrepreneurs due to the fact that they are not even aware of the availability of credit from formal sources. Moreover, access credit from public and private banks is often difficult for informal women entrepreneurs due to the requirements of providing collateral and/or guarantees, cumbersome paper work and the need to prepare project proposals.

Therefore, to reduce the above problems it is considered important that thrift and credit societies and NGOs be actively encouraged by the government as the major source of credit for women entrepreneurs in small-scale enterprises, including provision of seed money from revolving funds, training and infrastructure funds and other government sources. These institutes can be nodal points for the development of the sector, they can be intermediaries for extending credits from formal institutions, they can act as loan guarantors and can extend their activities beyond credit to training and skill development. However, the existence of the required skills should be a necessary condition for obtaining a loan from such a society. If skills do not exist training should be undertaken first and loans for training provided.

In terms of marketing policies, the government should help the small-scale enterprises in seeking markets of their products overseas. This can be done, for instance, by asking the embassy overseas to find market

destinations overseas.

## 2.2 Training Policies

As already discuss in sub section 4.3., training policies is important as it relates to productivity and skills. This policy can be provided by many actors, particularly local governments, the private sector and NGOs. Such training should be community-based or workplace based, wherever possible (see also sub section 4.3 for further details).

## 2.3 Other Support Policies

Apart from the above, major policy changes toward women will have to occur if women are to achieve any kind of equality in the economy and other non-economic aspects in Indonesia. Discrimination against women in education, hiring, salaries and benefits will have to be stopped and pro-active programs to bring women up to some kind of equality in competition in economic matters adopted. Access to education for women and the extent to which they are integrated into the wage labour force are also important in evaluating the overall situation for women. In addition, the government should promote women's increased participation in economic decision making at all levels, including policy formulation.

# VI. CONCLUDING REMARKS

This study examined the present condition of women entrepreneurs in small and medium enterprises, its characteristics, its role in the economy, and policies and programs to promote its development. By using the aggregate data and by reviewing some literature, this study showed that women entrepreneurs played an important role in the economy at least by absorbing the bulk of the women labour force. What does this study suggest ?

There are at least eight critical policy measures to promote women entrepreneurs particularly in the small-scale enterprises in this country. First, in the context of the current economic crisis, the government should provide crash programs (e.g. social safety net) in the short term. Second, the government should promote women entrepreneurs in small-scale enterprises to increase their participation in formulating the policy measures as well as other economic decision making related to their activities. Third, any programs directed to the need of women enterprises should take into account of the specific peculiarities of the activities. In the granting of credit, for instance, the differences in cash flow patterns of these enterprises should be reflected in the repayment terms. In technical assistance, the extension workers should be familiar with the nature of the business. No single program fits all types of beneficiaries.

Fourth, the program must consider the differences in characteristics between the women entrepreneurs and their workers. Most of the women entrepreneurs have already had skills through their formal or on the



job training, while most workers are unskilled and just beginning to learn their economic activities. Hence, their training needs must differ.

Fifth, the program should distinguish between types of activities that are marginal from those that have potentials economic viability. Empirical findings that have already been done previously can be used to generate indicators of the likelihood of success.

Sixth, the program is perhaps better coursed through the local governments and the informal institutions with which the small-scale enterprises have closer ties and a semi-formal relationship. The reason for this is simply because the government is often viewed with suspicion as out to impose more regulations and collect more taxes. Different localities may also have different needs as well as different potentials, and may face different constraints, so that the program design should ideally emanate from the local level.

Seventh, the government should create an environment where women enterprises, regardless of size, are allowed to compete without favour or disfavour to any particular class, and where the market signals reflect the true value of output they contribute to, and the true costs of the resources they draw from the economy. And finally, the government should seek to enhance the participation of women's businesses in international trade through bodies such as WTO, APEC, ASEAN and ASEM.

Although all of these policy measures might already been suggested in the literature, it considers important to reemphasize these policy in this study as these policies and programs seems to be fail in past. Coordination among the relevant institutes or departments related to women employment should be further improved in order to achieve better opportunity of women entrepreneurs in taking part in the process of economic development in the country.

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**WOMEN ENTREPRENEURS IN SMEs  
IN REPUBLIC OF KOREA**

**Authored by**

**Chun, Bang Jee and Lee, Hyun Song  
Hoseo University  
Republic of Korea**

## EXECUTIVE SUMMARY

This report is based on the analysis of two survey data. First, we analyze the 1998 National Establishment Survey (NES) raw data compiled by the Korea National Statistical Office (KNSO) to describe key characteristics of women-owned businesses in comparison with their male counterparts. Second, We analyze the result of our comprehensive Survey on Korea Women Business Owners (SWBO) to discuss the characteristics of women's business ownership. In the third part, we discuss policy issues. A general picture of women-owned businesses is based on a nationally representative survey conducted by the KNSO in 1998. The findings of our analysis are summarized as follows:

First, women hold about 32.4% of the total businesses in Korea.

Second, women-owned businesses are concentrated in a few of the service industries. More than one third of women-owned businesses are in Accommodation and Food Services, and another third are in Trade and Repair Services. Women are extremely under-represented in the Manufacturing Sector, as well as in other traditionally male-dominated industries such as Construction or Business Services. Within the Service Sector, almost two thirds of women-owned businesses are concentrated in three sub-sectors: Accommodation and Food Services, Trade and Repair Services, and Personal Services.

Third, entrepreneurs are expanding into more of a variety of industries in recent years.

Fourth, women-owned businesses are smaller in size and shorter in duration when compared with men-owned ones. Women-owned businesses that are extremely small (less than two persons) compose 82% of all women's businesses. The gender difference in size of business has become smaller in recent years. We find that women start businesses that are equal to or larger in size than their male counterparts when they first enter into the male-dominated industries such as Construction. A similar pattern is found in the case of newly emerging industries such as the Information industry. The findings suggest that the current status of women-owned businesses in Korea is inferior to that of men-owned ones. However, there seems to be emerging a new brand of women entrepreneurs who pioneer new business areas and start bigger businesses.

In this study, we looked at the background and demographic characteristics of women business owners in Korea to draw a profile of average businesswomen in Korea. Then we described the

characteristics of women's start-up processes and examined if there is a so-called women-specific management style. The discussion on these topics is largely based on our 1999 Survey on Women Business Owners (SWBO), a national survey that we conducted for this APEC study from January to March, 1999. The findings of our analysis are summarized as follows:

An average businesswoman is 43.3 years old and married. Almost half of the businesswomen are between 35-44 years of age. When they are married, their spouses are likely to be own-account workers (27.1%) or white-collar workers (31.4%). They have an average of 1.86 children. About 16% of these women have a child under six years of age. Almost two thirds (63.5%) have at least a high school education. These businesswomen earn slightly higher monthly incomes than the average urban worker.

The new businesses created by these women are likely to be connected to their previous jobs. More than half of the businesswomen (56.0 %) report that their new businesses have some relationship with their previous jobs. Or, if the women report no such connection, many have been economically active before starting their own businesses. Only one fourth of the businesswomen (26.1%) were full time home-makers immediately before starting their current businesses.

Most women acquire ownership by creating the businesses. Women in Korea start their own business for very proactive reasons, and are motivated by the intrinsic values of operating their own businesses. Respondents indicate that 'Responsible for my own decisions', 'Realizing my own potential', and 'Making a business of a good idea' are the most important motivating factors. Eighty-three percent (83%) of women report that 'Getting out of economic straits' is an important reason for doing business, and this is the only instrumental reason indicated as important by them. Women also tend to define success in terms of achieving intrinsic values in their businesses. Success in business is defined by the respondents as 'Satisfaction with accomplishing tasks', 'Establishing friendly relationship with customers or employees', 'Achieving the goals', and 'Performing valuable work'.

Women business owners experience financing as their most difficult task. Businesswomen in Korea find financing and the effort to balance work and family are the two factors that most seriously obstruct them in their start-up processes. General SME policies are linked to support programs for women entrepreneurs in Korea by way of giving priority to women entrepreneurs. Examples of these priority programs which are in place in the government include financing, marketing, and human resources programs. Another type of governmental support is the sponsoring of an awareness-raising program such as an annual event in celebration of the Day of Women Entrepreneurs. The 'Act on Assisting Women Entrepreneurs' provides a legal basis for governmental support of women

entrepreneurs in all of the five main areas of SME operation. This ensures that national and local governments give preference to women entrepreneurs within the general SME programs.

## **A Study of Women Entrepreneurs in SMEs in the APEC Region: The Case of Korea**

Along with the increase in women's labor force participation, interest in women's entrepreneurship has been growing in Korea. In 1997, women comprised 40.0% of the labor force, and women-owned businesses were estimated to be almost 30% of the total businesses in Korea. Notwithstanding that women have made substantial advances in economic activities, there has been insufficient knowledge regarding their business management and operational styles.

Information on women business owners and their enterprises is scarce in Korea. Little research on women business owners and their enterprises has been done in Korea. Existing studies, in addition to being very few in number, cannot be generalized to the whole population as they are based on non-representative samples (Kang, Yoo, Hong, and Park, 1971; KWDI, 1998 and KWPRI and Korea SMBA, 1997). No listing of the entire population of Korean women entrepreneurs was available until last year. Information on the sex of business owners became available in Korea in late 1998, when the Korea National Statistics Office (KNSO) released a sex-decomposed report of their annual National Establishment Survey (NES).

In this report, we analyze the NES data released in late 1998 by KNSO, which is the first sex-segregated data on business ownership in Korea. Utilizing this data enables us to achieve two objectives. First, we are able to present a representative picture of women-owned businesses on a number of key dimensions included in the survey. These dimensions include region, form of organization, number of employees (total, male, female), industry, year and month of start-up, and the status of employee. Secondly, we are able to draw a representative sample utilizing the NES data as the population, and conduct a Survey on Women Business Owners (SWBO). We expect the findings of our SWBO to complement the limited information obtained from the NES raw data, and to further describe characteristics of women's business ownership. Therefore, our discussion in this report is based on these two sources. First, we analyze the NES raw data compiled by the KNSO to describe key characteristics of women-owned businesses in comparison with their male counterparts. Secondly, we analyze the results of our comprehensive Survey on Korean Women Business Owners (SWBO) to discuss additional characteristics of women's business ownership. Part III discusses policy issues.



# I. General Information about Women Business Owners and Their Enterprises

## 1. Definition of women entrepreneurs

The definition of a woman entrepreneur that we use in this report is a woman who is a de facto owner of a business and is involved in the daily running of that business. Women whose names are registered as the owner but are not actually responsible for running the business are excluded. Women business owners with no employees are included. That is, our definition of women entrepreneurs includes both women employers and women own-account workers.

## 2. Number of women-owned businesses in Korea

According to a preliminary estimate published by KNSO in 1998, the number of women-owned firms in Korea is 924,380 out of a total of 2,853,673 firms. This estimate includes both profit and non-profit establishments as of December, 31, 1997. Women own 32.4% of all businesses in Korea. Unfortunately, no data on the annual sales volume of women-owned firms are available. Therefore, we are unable to show, in terms of dollars, the extent of the economic contribution made by women-owned firms in Korea.

Table 1. Women-owned firms in Korea (1998)

	Number of firms	%
Total	2,853,673	100.0
Men-owned	1,929,293	67.6
Women-owned	924,380	32.4

Source: KNSO, NES, 1998

Has the number of women business owners grown in the last 10 to 20 years? As mentioned, we have no data on women's business ownership for the previous years. In the absence of business data that would provide exact figures of women entrepreneurs in the past, we estimate the number of women-owned firms based on employer surveys. Two national data sets, the KNSO's National Economically Active Population Survey and the KNSO's Employment Structure Survey, publish information on women employers with one and more employees, and therefore can be used to estimate the growth of women in business.

Table 2. Women employers in Korea (1988-1998)

	1980	1990	1997
No. of women employers	93,000	199,000	317,000
% of women employers	14.5	17.1	19.3

Source: KNSO, National Economically Active Population Survey, each year

According to the Economically Active Population Survey, conducted annually by the National Statistical Office, the number of women employers as of 1997 was 317,000, or 19.3% of the total employers. The number of women own-account workers, or one-person businesses, as of 1997 was about 1,447,000, or 33.6% of the total of the own-count workers. As our definition of women entrepreneurs includes both employers and own-account workers, the number of Korean women entrepreneurs as of 1997 is 1,764,000, or 29.6% of the total businesses in Korea (Table 3). These figures demonstrate that the number of women employers and women own-account workers has more than tripled in the last two decades, showing a higher rate of increase than that for men employers.

It is also remarkable that the number of women own-account workers is 4.5 times larger than that of women employers. In the case of men, the number of own-account workers is 2.2 times larger than that of employers.

Table 3. Percentage of female employer and own-account workers relative to male ones (1985-1997)

Year	Employer	Own-account Worker	Employer + Own-account Worker
1997	19.3	33.6	29.6
1996	18.6	32.9	28.9
1995	18.0	32.1	28.3
1994	17.2	30.8	27.2
1993	16.7	30.2	26.8
1992	16.2	31.5	27.7
1991	16.4	30.7	27.2
1990	17.0	30.3	27.3
1989	17.0	30.0	27.2
1988	16.7	31.5	28.6
1987	17.2	32.8	29.7
1986	15.5	31.8	28.8
1985	15.6	28.9	26.5

Source: National Statistical Office, Annual Report of the Economically Active Population Survey, each year.

The other source for the estimate of women entrepreneurs is the Employment Structure Survey, which has been conducted every three to five years since 1984. This survey has the advantage of providing detailed characteristics on employment structure. Unfortunately, however, the most recent data available is from the 1992 survey. According to the survey, the number of women employers in 1992 was about 115,000, or 14.2% of the total employers, and the number of women own-account workers was about 1,088,000, or 23.7% of the total own-account workers. With both groups included, women entrepreneurs comprised 22.3% of the total entrepreneurs in 1992.

In the following analysis, unless we have statistics officially released by the KNSO, we analyze raw data for the seven largest metropolitan areas in Korea, including Seoul, Pusan, Daegu, Incheon, Kwangju, Daejun, Ulsan, and for the Kyunggi-do province. The total number of establishments in these areas is 1,878,953, which comprises 65.9% of the national population of establishments. Non-profit organizations are excluded. We analyzed a 10% sample of the establishment survey data for the seven metropolitan areas and one province. This selection process produced 181,892 cases for our analysis.

### 3. Organizational Form of Women-owned Businesses

As for the legal form of organization, almost all (99.4%) of the women-owned firms are sole proprietorships, and less than one percent of the firms have a legal form of corporation. Conversely, a larger proportion of men-owned businesses (5.1%) are corporations. This difference seems to be related to the relatively small size the of women-owned firms in comparison to the men-owned firms (Table 4).

Table 4. Distribution of businesses by gender and legal form of organization (unit: % )

Form of organization	Women-owned	Men-owned	Total
Sole proprietorship	99.4	94.9	96.4(175,358)
Corporation	0.6	5.1	3.6(6,534)
Total	100.0(60,778)	100.0(121,104)	100.0(181,892)

Source: calculated from the 1997 NES raw data.

\* Parentheses are number of firms.

### 4. Size and Pattern of Employment

Women-owned businesses are much smaller in terms of the number of employees than are men-owned ones. The average number of workers (including the employers) of women-owned businesses is less than half that of men-owned ones (2.00 vs. 4.36 persons). It is notable that more than half of women-owned businesses are a one-person businesses. Eighty-two percent (82.1%) of women-owned businesses are extremely small, composed of one or two persons. Women-owned businesses employing 10 or more workers account for less than 1% of the total (Table 5). Women-owned businesses are much smaller than men-owned businesses, although a majority of men-owned businesses are also small. It is notable that only one-third of men-owned businesses are composed of one person, while half of women-owned businesses are.

Table 5. Distribution of businesses by gender and number of workers (unit: %)

Number of workers	Women-owned	Men-owned	Total
1 person	53.1	35.1	41.1
2 person	29.0	31.4	30.6
3-4 person	13.3	18.5	16.8
5-9 person	3.7	9.6	7.6
10-19 person	0.6	3.1	2.3
20-49 person	0.2	1.5	1.1
50-99 person	0.03	0.41	0.28
100 person	0.02	0.35	0.24
Total	100.0(60,788)	100.0(121,104)	100.0(181,892)
Average size	2.00 persons	4.36 persons	3.57 persons

Source: calculated from the 1997 NES raw data.

\* Number of workers includes both employers and employees.

\* Parentheses are number of firms.

We find that women-owned businesses employ more women than men as employees. Three fourths of the workers in women-owned businesses are female, whereas only one fourth of the workers in men-owned businesses are female (Table 6). These statistics may be interpreted as suggesting that female entrepreneurs prefer female workers to male ones, whereas male entrepreneurs prefer male workers to female ones. However, the reality may not be a product of reverse sex discrimination in hiring in the case of women-owned businesses. Rather, it may have more to do with the types of industries that women are in. In Accommodation and Food Services, as one of the industries with a concentration of women, women employees comprise 87.0 % of the total number of employees. On the other hand, in the case of the Construction industry, which is typically a male industry, the proportion of women employees to the total number of employees is 13.7%. At any event, creating jobs for women would benefit from promoting women's start-ups and supporting women-owned firms.

Table 6. Distribution of businesses by gender and pattern of employment (unit: %)

Employment pattern	Women-owned	Men-owned	Total
female employment	77.1	28.8	37.8
male employment	22.9	71.2	62.2
Total	100.0(121,609)	100.0(527,486)	100.0(649,095)

Source: calculated from the 1997 NES raw data

Parentheses are number of employees.

## 5. Duration of Businesses

The duration of a business can be an indicator of business success, as surviving long is one of the most important objectives of all business organizations. Estimation of the duration of a business requires longitudinal data. However, in the absence of such data, we inferred the duration of business by asking the year in which a respondent started her current business.

On average, Korean women entrepreneurs have been conducting their businesses for 4.23 years, while

men have been in business for 5.66 years. It is notable that while the size of women-owned businesses is as small by half as men-owned ones, the duration of business differs only slightly between the two groups. For a closer look, we divided the duration of business into five categories. Table 7 shows that the proportion of women-owned businesses that are young is much higher than that of such businesses owned by men. In the case of women-owned businesses, the proportion of businesses that is less than one year old or one-to-two years old is relatively larger. In contrast, the proportion of businesses that is ten years old or older is extremely small in the case of women-owned businesses when compared to their male counterparts.

Women-owned businesses are skewed toward the very young (less than one year) businesses and men-owned ones are skewed toward the very old (older than 20 years) businesses. It seems appropriate to compare the average duration of women's and men's moderately old businesses, excluding the extreme cases. The difference in the duration between the two groups is reduced when examining the case of the moderately old businesses. The average length of moderately old women's firms is 4.42 years, while that of men's firms is 5.44 years. This reflects the fact that many women, compared to men, entered business more recently.

Table 7. Distribution of businesses by gender and duration of business (unit: %)

Duration of business	Women-owned	Men-owned	Total
less than 1 year	13.4	8.6	10.2
1-2 year	19.9	14.5	16.3
3-5 year	35.0	32.6	33.4
6-9 year	20.3	26.1	24.2
10 and more	11.4	18.2	15.9
Total	100.0(60,788)	100.0(121,104)	100.0(181,892)
total average	4.23 year	5.66 year	5.18 year
average of 1-20 year	4.42 year	5.44 year	5.11 year
Business			

Source: calculated from the 1997 NES raw data  
 Parentheses are number of firms

Do women's businesses that survive the early days have better chances to live longer or to grow larger than men-owned ones? In the absence of longitudinal data, we are unable to directly show that tendency. However, our cross-sectional data suggests, in Table 8, that the argument is unlikely to be true. It is surprising that the proportion of one or two-person businesses does not decrease over time for both women-owned and men-owned businesses. The proportion of women-owned businesses of one or two persons is larger than 80% of the moderately old and old firms as well as of the young ones. The case is similar for men-owned ones, even though the proportion is much smaller relative to women-owned ones. However, as expected, the proportion of large sized businesses with 10 or more persons, increases over time for both women-owned and men-owned businesses.

We may interpret the trend as suggesting that for both women-owned and men-owned businesses the

chance of growing large is much smaller than the chance of surviving long. We find no clear difference in the growth or survival pattern between the two groups. We have no evidence to prove a gender difference in the growth potential. Rather, our analysis suggests that for both women-owned and men-owned businesses, the majority of businesses are extremely small regardless of the length of business, and that most of them are unlikely to grow in size over time.

Table 8. Distribution of businesses by gender, size, and duration of business (unit: %)

	Less than Women	1 year Men	1-5 years Women	6 and more Men	Women	Men
1 person	53.9	32.6	52.2	34.3	54.9	36.9
2 person	29.2	35.4	29.5	32.2	27.9	29.3
3-4 person	12.7	20.6	13.9	19.5	12.2	16.6
5-9 person	3.6	8.6	3.7	9.6	3.8	9.7
10-49 person	0.6	2.7	0.8	4.0	1.1	6.1
50 and more	0.0	0.2	0.02	0.3	0.1	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: calculated from the 1997 NES raw data

\* N = 181,892.

## 6. Industry characteristics

Women-owned businesses are concentrated in a few industries. Women entrepreneurs are considerably over-represented in a small number of industries, such as Accommodation and Food Services, Personal and Other Services, and Educational Services. They are under-represented in other industries, such as Business Services, Construction, and Manufacturing (Table 9). More than one-third of women-owned businesses are in the Accommodation and Food Services industry, and another one-third is in the Trade and Repair Services industry. It is notable that only 4.0% of women-owned businesses are in the Manufacturing sector, which is a much smaller share than the share of 15.7% of men-owned businesses in this sector.

Table 9. Distribution of businesses by gender and industry (unit : %)

Industry	Women-owned	Men-owned	Total
Manufacturing	4.0	15.7	11.8
Construction	0.3	3.4	2.4
Trade and Repair service	32.8	37.1	35.7
Accom. and Food service	38.8	12.1	21.0
Business service	4.1	19.5	14.3
Education service	6.2	1.9	3.3
Health and Social service	1.4	1.9	1.8
Personal and other services	12.4	8.6	9.8
Total	100.0(60,788)	100.0(121,104)	100.0(181,892)

Source: calculated from the 1997 NES raw data

Parentheses are number of firms

Women-owned businesses are smaller in size and younger in duration of business than men-owned ones in all industries (Table 10). In the case of Trade or Personal Services, the average number of workers including employers is 1.6 persons. The situation is similar in Accommodation and Food Services, Educational Services, and Business Services. When women-owned and men-owned businesses are compared, we find that for typical women-preferred industries, such as Accommodation and Food Services, the average size of women-owned businesses is much smaller by two-thirds than that of men-owned ones (2.0 vs. 3.1 persons). It is remarkable that women entrepreneurs operate businesses in the Manufacturing Sector which are half the size of their male counterparts.

Table 10. Average number of workers by gender and industry (unit : person)

Industry	Women-owned	Men-owned	Total
Manufacturing	4.4	8.2	7.8
Construction	7.8	12.5	12.3
Trade and Repair service	1.6	2.8	2.4
Accom. and Food service	2.0	3.1	2.4
Business service	2.6	4.4	4.2
Education service	2.4	4.4	3.2
Health and Social service	3.0	5.2	4.6
Personal and other services	1.6	2.4	2.1
Total	2.00	4.36	3.57

\* N = 181,892.

Source: calculated from the 1997 NES raw data

For women-owned businesses, the duration of a business is fairly short in the Construction, Business Services, Health, and Social Service industries. The reason is probably that women entrepreneurs entered these traditionally male-dominated industries only recently. It is notable that the difference in the length of business between the two groups is very small or negligible in the industries which have a concentration of women entrepreneurs, such as Accommodation and Food Services, Personal Services, and Educational Services. In other words, women entrepreneurs operate their businesses as long as men do at least in the few women-preferred industries. However, women-owned businesses tend to be smaller in size relative to the men-owned ones, even when both have the same duration of business. It might be due to the different pace of growth between the two groups. However, a more probable reason for the difference seems to be that women entrepreneurs tend to start their businesses in a smaller size relative to men.

Table 11. Average duration of business by gender and industry (unit: year)

Industry	Women-owned	Men-owned	Total
Manufacturing	5.4	6.6	6.4
Construction	3.2	4.7	4.7
Trade and Repair service	5.2	5.9	5.7
Accom. and Food service	3.3	3.9	3.5
Business service	3.7	5.9	5.7
Education service	4.4	4.4	4.4
Health and Social service	4.2	7.5	6.6
Personal and other services	4.2	4.9	4.6
Total	4.23	5.66	5.18

\* N = 181,892.

Source: calculated from the 1997 NES raw data

## 7. Characteristics of Recent Start-ups

To explore if the survival trend of businesses owned by women and men differ, we compared the proportion of young businesses that are less than a year old between men's and women's businesses. Since the chance of surviving the first year may differ according to the industry to which they belong, we first classified the young businesses by industry. Table 12 shows the result. On average, one out of eight women-owned businesses is less than one year old, while less than one out of ten men-owned business is that age (13.4% vs. 8.6%). Notably, young businesses owned by women are found more often in the Accommodation and Food Services, Construction, and Business Services industries.

Table 12. Distribution of less than one year businesses by gender and industry (unit: %)

Industry	Women-owned	Men-owned	Total
Manufacturing	9.8	6.0	6.4
Construction	17.8	10.0	10.4
Trade and Repair service	11.4	8.5	9.4
Accom. and Food service	16.7	13.6	15.5
Business service	13.3	6.8	7.4
Education service	9.3	10.4	9.7
Health and Social service	9.4	5.7	6.7
Personal and other services	12.2	10.9	11.4
Total	13.4	8.6	10.2

\* N = 181,892.

\* percentages are produced by dividing number of less-than-one-year-old businesses by the sub-total in each combined category of industry and gender.

Source: calculated from the 1997 NES raw data



Women have tended to start businesses more recently than men do. Surveys of the Economically Active Population or the Labor Market Structure Surveys by the Korea National Statistical Office show that women's entry into the labor market as employers as well as employees has increased in recent years. This may explain why women have a relatively larger share in traditionally male-dominated industries such as Construction or Business Services as shown in Table 13. In other words, women-owned businesses tend to be younger in these industries than men-owned ones because women entrepreneurs entered into these sectors more in recent years than before. With the cross-sectional survey data, we are unable to demonstrate which explanation is accurate. No reliable information is available on the previous state of women-owned businesses.

Table 13. Average size of less than one-year businesses by gender and industry (unit: person)

Industry	Women-owned	Men-owned	Total
Manufacturing	3.5	4.1	4.0
Construction	4.6	4.2	4.2
Trade and Repair service	1.6	2.4	2.1
Accom. and Food service	1.8	2.7	2.1
Business service	1.9	3.0	2.8
Education service	2.4	3.5	2.8
Health and Social service	2.9	4.1	3.6
Personal and other services	1.6	2.0	1.8
Total	1.85	2.82	2.40

\* N = 181,892.

Source: calculated from the 1997 NES raw data

Compared to men, women start their businesses in a smaller size in all industries, with the exception of the Construction industry. On average, women have 1.85 employees including the employer in their first year of operation, while men have 2.82. Women also tend to start their businesses in a much smaller size in the women-preferred industries. For example, the average number of workers employed by women in Accommodation and Food Services is 1.8 persons. The number for Trade or Personal Services is 1.6 persons. This means that women often start businesses alone without any additional workers in these industries. Men tend to start businesses with at least one additional worker. As a matter of fact, the majority of the additional workers in men-owned start-ups are probably unpaid family workers, mostly, their wives.

## 8. Characteristics of Women-owned Businesses in the Manufacturing Sector

We noted in our earlier discussion on industry characteristics that women entrepreneurs are under-represented in the Manufacturing Sector. Only 4.0% of women-owned businesses are in the Manufacturing Sector, whereas 15.7% of men-owned businesses are found in this sector. In this section, we explore differences between women- and men-owned businesses within the Manufacturing

Sector.

First, women's businesses are concentrated in a small number of sub-sectors of the Manufacturing Sector, while men's businesses are relatively evenly distributed across a large number of sub-sectors. To discern to what extent women-owned businesses are concentrated within the Manufacturing Sector, we examined the distribution of women-owned businesses in their descending order (Table 14). The proportion of women-owned businesses is larger than that of men-owned ones in three out of a total of 23 sub-sectors. The three sub-sectors are Apparel and Other Textile Products, Food and Kindred Products, and Textile Mill Products. About three fourths of women-owned businesses (72.9%) are concentrated in these three sub-sectors, while the proportion of men-owned businesses in these three sub-sectors is only 27.7%. Men-owned businesses are more likely to operate in the following three sub-sectors: Fabricated Metal Products, Machinery and Equipments, and Food and Kindred Products. These three sub-sectors hold 35.3% of men's manufacturing businesses.

Table 14. Distribution of businesses in the manufacturing sector by gender and sub-group of industry (unit: %)

Industry	Women-owned	Men-owned	Total
Apparel and other textile products	33.7	9.5	12.3
Food and kindred products	27.5	9.7	11.7
Textile mill products	11.7	8.5	8.8
Furniture, accessories and other fixtures	5.2	9.6	9.1
Printing and publishing	4.8	8.6	8.2
Fabricated metal products	3.4	13.9	12.7
Machinery and equipments	2.7	11.7	10.6
Other 16 industries	11.0	28.5	26.6
Total	100.0(190,731)	100.0(24,558)	100.0(215,289)

\* Parentheses are number of firms

Source: calculated from the 1997 NES raw data

Two features characterize women's businesses in the three sub-sectors most favored by women. First, the majority of women-owned businesses are extremely small in these industries. Women's businesses in these three sub-sectors are smaller relative to the average size of women-owned firms in all of the manufacturing industries (Table 15). The average size of women-owned businesses in these sub-sectors is also smaller when compared to men's businesses in these areas. Women operate businesses with less than half the size of men-owned businesses in these three sub-sectors (2.9 vs. 7.3 persons). The proportion of women's businesses with a size of less than two persons is as large as 80.6% in these three sub-sectors. The figure for such businesses owned by men is 52.4%.

Table 15. Average size and proportion of businesses in the top three industries favored by women entrepreneurs (unit: %)

Industry	Women-owned	Men-owned	Total
Average size in total manufacturing industries	4.4	8.2	7.8
Average size among the top three industries*	2.9	7.3	6.1
Proportion of less than two person business	80.6%	52.4%	58.8%

\* The top three industries are Apparel and other textile products, Food and kindred products, and Textile mill products.

\* N = 215,289.

Source: calculated from the 1997 NES raw data

Second, women-owned businesses seem to have been in business for a shorter duration than the men-owned ones in the women-favored top three manufacturing sub-sectors. The average age of the women-owned and men-owned businesses in these three sub-sectors is 5.5 years and 6.9 years, respectively. The proportion of less-than-one-year-old businesses is larger among the women-owned firms than among the men-owned ones (23.0% vs. 17.7%).

Table 16. Average duration and proportion of businesses in the top three industries favored by women entrepreneurs (unit: year)

Industry	Women-owned	Men-owned	Total
Average duration in total manufacturing industries	5.4	6.6	6.4
Average duration among the top three industries*	5.5	6.9	6.5
Proportion of less than one-year-old business	23.0%	17.7%	19.1%

\* The top three industries are Apparel and other textile products, Food and kindred products, and Textile mill products.

\* N = 215,289.

Source: calculated from the 1997 NES raw data

## 9. Characteristics of Women-owned businesses in the Information Industries

We examined the current state of women entrepreneurs in the Information industry, which is an emerging area in the world of business in the 1990s. The Information industry mainly consists of computer-related or information-processing-related sub-sectors, which correspond to the industry code of 72000 in the Standard Classification of Industry.

Table 17 shows the distribution of businesses in the Information industry by the gender of the business owner. Women-owned businesses are not very visible. Women hold only 6.3% of the businesses in the Information industry. Table 18 indicates that more than half of women's businesses are concentrated in the software developing sub-sector within the Information Industry. As for the legal form of organization, about one third of the businesses are incorporated, regardless of the gender of the business owner. In contrast to general situation found in examining women-owned businesses, no large gender difference is found in terms of organizational form in the Information industry.

Table 17. Distribution of businesses in the Information industry by gender (unit: %)

Industry	Women-owned	Men-owned	Total
Computer facilities consulting	3.9	3.5	3.5
Software development & consulting	54.1	66.4	65.6
Data processing	15.9	4.3	5.1
Data Base	13.0	7.0	7.4
Office machinery maintenance & repair	9.7	16.8	16.4
Other computer and information processing	3.4	1.9	2.0
Total	100.0(207)	100.0(3,071)	100.(3,278)

\* Parentheses are number of firms

Source: calculated from the 1997 NES raw data

Table 18. Distribution of businesses by gender and legal form of organization in the information industries\* (unit: %)

Form of organization	Women-owned	Men-owned	Total
Sole proprietorship	70.0	60.3	60.9
Corporation	30.0	39.7	39.1
Total	100.0(207)	100.0(3,071)	100.0(3,278)

\* Parentheses are number of firms

Source: calculated from the 1997 NES raw data

We might expect that the size of women-owned businesses and men-owned ones does not differ since we found no gender difference in their legal form of business. Table 19 shows that our expectation differs from the reality. The average number of workers in women-owned businesses is less than half that of their male counterparts in this industry. The table indicates that, in the case of smaller businesses, the proportions of women-owned and men-owned businesses are similar, unlike in the case of other industries where women compared with men are highly concentrated in one or two person businesses. The average smaller size on the part of women-owned businesses is mainly attributable to the smaller proportion of women-owned businesses in the 10-or-more worker category. There are very few medium-to-large sized women entrepreneurs in the Information industry.

Table 19. Distribution of businesses by gender and number of workers in the information industry  
(unit: %)

Number of workers	Women-owned	Men-owned	Total
1 person	10.6	9.8	9.9
2 person	22.2	12.1	12.7
3-4 person	25.6	23.6	23.7
5-9 person	25.6	27.2	27.1
10-49 person	15.5	23.7	23.2
50 person	0.5	3.7	3.4
Total	100.0(207)	100.0(3,071)	100.0(3,278)
Average size	6.401 person	15.85 person	15.25 person

\* Number of workers includes both employers and employees

\* Parentheses are number of firms

Source: calculated from the 1997 NES raw data

Women-owned businesses are likely to be younger than men-owned ones in the case of other sub-sectors. One fourth of women-owned businesses are younger than a year old (Table 20). It is also remarkable that except for the less-than-one-year old firms, the duration of women and men's businesses does not differ widely.

Does the relative newness of women's businesses in the Information industry explain why their size is smaller? In other words, do women own smaller businesses because women compared to men are entering the Information industry more recently? Table 21 suggests that this reasoning is incorrect. Regardless of the duration of their business, women-owned businesses are more likely to be smaller than men-owned ones. Women start their businesses in a smaller size and remain smaller than their male counterparts in the Information industry.

Table 20. Distribution of businesses by gender and duration of business in  
the information industries\* (unit: %)

Duration of business	Women-owned	Men-owned	Total
Less than 1 year	27.5	18.2	18.8
1-2 year	39.6	38.7	38.7
3-5 year	21.2	25.8	25.5
6-9 year	8.7	12.0	11.8
10 and more	3.0	5.3	5.2
Total	100.0(207)	100.0(3,071)	100.0(3,278)
total average	2.40 year	3.09 year	3.05 year

\* Parentheses are number of firms

Source: calculated from the 1997 NES raw data

Table 21. Distribution of businesses by gender, size, and duration of business in the information industries (unit: %)

Number of employees less than	1 year		1-5 years		6 and more	
	Women	Men	Women	Men	Women	Men
1 person	12.3	17.5	9.7	9.6	11.1	4.1
2 person	28.1	15.9	21.1	12.2	16.7	8.6
3-4 person	31.6	28.4	24.6	23.2	19.4	20.7
5-9 person	24.6	26.8	26.3	28.7	25.0	23.7
10-49 person	3.5	10.4	18.4	24.3	25.0	32.7
50 and more	0.0	0.9	0.0	1.9	2.8	10.2
Total	100.0(57)	100.0(559)	100.0(114)	100.0(1,806)	100.0(36)	100.0(706)

N = 181,892.

Source: calculated from the 1997 NES raw data

The above analysis suggests that the status of women in the Information industry is not different from that of women in other industries. Nonetheless, it is encouraging that the gender difference is not as large in the Information industry as in other industries.

## 10. Summary

We drew a general picture of women-owned businesses based on the nationally representative survey data set. The findings of our analysis are summarized as follows:

First, women hold about 32.4% of the total businesses in Korea.

Second, women-owned businesses are concentrated in a few of the service industries. More than one third of women-owned businesses are in Accommodation and Food Services, and another third are in Trade and Repair Services. Women are extremely under-represented in the Manufacturing Sector, as well as in other traditionally male-dominated industries such as Construction or Business Services. Within the Service Sector, almost two thirds of women-owned businesses are concentrated in three sub-sectors: Accommodation and Food Services, Trade and Repair Services, and Personal Services.

Third, women entrepreneurs are expanding into more of a variety of industries in recent years.

Fourth, women-owned businesses are smaller in size and younger when compared with men-owned ones. Women-owned businesses that are extremely small (less than two persons) compose 82% of all

women's businesses. Women start smaller businesses. However, the gender difference in size of business has become less in recent years. We find that women start businesses that are equal to or larger in size than their male counterparts when they first enter into the male-dominated industries such as Construction. A similar pattern is found in the case of newly emerging industries such as the Information industry. The findings suggest that the current status of women-owned businesses in Korea is inferior to that of men-owned ones. However, there seems to be emerging a new brand of women entrepreneurs who pioneer new business areas and start bigger businesses.

## **II. Women entrepreneurs and their enterprises in Korea**

In Part II, we look at the background and demographic characteristics of women business owners in Korea. We describe the characteristics of women's start-up processes and explore if there is a so-called women-specific management style. We also examine women's training needs and equity ethics. The discussion in this part is largely based on our 1999 Survey on Women Business Owners (SWBO), a national survey that we conducted for this APEC study from January to March, 1999. The SWBO is based on a nationally representative random sample of Korean women entrepreneurs. The final number of surveys returned to us was 178, for a response rate of 25.7% through a carefully administered mail survey (See Appendix A for methodological details. A brief description of the survey instrument and a copy of the survey instrument are found in Appendix B).

We contend that not all women entrepreneurs are similar. For example, micro business owners may be different from owners of larger businesses in almost every aspect of their entrepreneurial activities. They would have differing needs for capital, for instance. If this is the case, an average profile of a Korean women entrepreneur may not be the best summary because of the large divergence among the women entrepreneurs. Identifying various segments among Korean women entrepreneurs will allow for more effective policy recommendations. Therefore, analyzing the pattern of differentiation among women entrepreneurs would be useful.

Important subgroup differences that could be examined include the following: First, by size, we could examine the 1-2 person businesses separately from the 3-or-more person businesses. And secondly, industry difference could be explored by differentiating businesses in the service sector from those in the manufacturing sector. Since more than 80% of the population of women-owned businesses in Korea are of very small size and are in the service sector, our strategy is to analyze separately the 1-2 person business in the service sector from the rest of the other women-owned businesses. Since a substantial part of the information we seek in this report is irrelevant to many of the micro firms in the

service sector, we mainly report the cases of the larger businesses in the service and the manufacturing sectors. However, notable differences between the micro firms in the service sector and the rest of the firms are indicated. If the differences are not specifically noted, then the women-owned businesses with 1-2 workers in the service sector tend to have similar characteristics to the other groups. Differences on other dimensions in addition to size and industry are noted if the differences are found to be substantial or are thought to be theoretically meaningful.

## 1. Characteristics of Women Entrepreneurs in Korea

What kind of human capital do women entrepreneurs bring to their business activities? We discuss the results of our SWBO and compare the results with general employment statistics.

### Age

According to our survey, the average age of businesswomen is 43.4 years old. This result tallies with the National Statistical Office's Economically Active Population Survey. According to the national survey, almost half of the businesswomen are between 35 and 44 years of age (Table 22). The age distribution of women business owners is not strikingly different from that of their male counterparts. Women employers are concentrated in the age groups of 35-39 and 40-44, and in the groups of 45-49 and 30-34. As expected, both male and female own-account workers are generally older than the employers. On the other hand, the age distribution of women business owners is somewhat different from the Korean women employee in general. Women business owners are more likely to be found between 35 and 44 years of age. Working women in general, on the other hand, are much more dispersed across the age groups, and they are more likely to be younger than 25 (Table 22).

According to our survey, women start their businesses at the average age of 37.5. In the case of very small businesses in the service sector, the average age of start-ups is younger than the age of start-ups across all industries by about 2.8 years.

Table 22. Age distribution of women business owners (1996) (unit: thousand persons, %)

Age	Women Business Owners		Men Business Owners		Total
	Employer	Own-account	worker Employer	Own-account worker	Women
Under 25	1.0	4.9	0.6	1.5	17.9
25-29	6.7	6.2	4.9	4.2	11.9
30-34	14.3	11.3	15.0	9.4	11.3



35-39	21.7	13.9	23.8	14.4	13.9
40-44	22.3	12.3	20.6	14.0	12.2
45-49	16.0	11.4	15.3	13.2	9.3
50-54	9.0	10.9	8.5	11.6	7.4
55-59	5.7	9.5	6.3	11.1	6.6
60 +	3.0	19.4	5.0	20.5	9.5
Total	100.0(300)	100.0(1,377)	100.0(1,315)	100.0(2,807)	100.0(8,434)

Source: 1996 Economically Active Population Survey, National Statistical Office, 1997.

## Education

Women employers are more educated than women own-account workers. However, they are by far less educated than their male counterparts (Table 23). As much as 40% of women employers have less than a high school education, compared with 20% of men employers. Businesswomen are more likely to have a high school education when compared with all women workers (60.0% vs. 43.5%). However, businesswomen in Korea seem to have more college education compared to women workers in general. This suggests that higher education does not necessarily motivate or facilitate women into business ownership.

Table 23. Distribution of education among women business owners (1992) (unit: %, person)

Age	Women Business Owners		Men Business Owners		Total
	Employer	Own-account worker	Employer	Own-account worker	Women
Less than high school 40.0	71.1	19.2	60.1	56.5	
High school graduate 39.1	22.2	46.2	31.8	32.5	
Junior college graduate	5.2	1.8	7.5	2.8	4.3
College graduate and over	15.6	4.8	27.1	5.5	14.1
Total	100.0(115)	100.0(1,088)	100.0(697)	100.0(3,492)	100.0(6,702)

Source: 1992 Employment Structure Survey, National Statistical Office, 1993

## Marital status and Family structure

Women employers are less likely than their male counterparts or other women workers to be married. Less than two thirds of women employers are married with their spouse present. More women employers are widowed or divorced than their male counterparts. Also, as expected, women employers are more likely than their male counterparts to have never been married (Table 24). According to our survey, married women have 1.86 children on average, and 14% of the businesswomen have at least one child under age 6.

Table 24. Marital status of women employers (unit: %)

Marital Status	Women Employers	Men Employers
Never married / Married    Widowed / Divorced	9.7 / 71.5 / 18.8	4.8 / 93.0 / 2.2
Total	100.0	100.0

Source: 1996 Economically Active Population Survey, National Statistical Office from  
 KWDI, Women's Business Start-up and Management, 1998, P.120.

### Profile of Women Entrepreneurs in Our Survey

Our survey depicts an average businesswoman as follows: They are 43.3 years old and married. Almost half of the businesswomen are between 35 and 44 years of age (Table 25). Most businesswomen (81.5%) are married. Divorced or widowed businesswomen are 14.3% and never-married women are 4.2%. When they are married, their spouses are likely to be own-account workers (27.1%) or white-collar workers (31.4%). They have an average of 1.86 children. Not many have children under the age of 6 living at home. About 16 % of the businesswomen have a child under the age of 6.

Almost two thirds (63.5%) of the businesswomen have at least a high school education. Businesswomen have a slightly higher monthly income level than the average urban worker. The median monthly income of businesswomen in Korea is about 1,500,000 Korean Won. (The average is 2,355,000 Won.)

Table 25. Personal characteristics of women business owners in our survey (unit = %, person)

Age		Education		Marital Status	
Under 25	3.5	Less than high school	26.4	Never married	4.2
25-34	12.3				
35-44	47.4	High school graduated	37.1	Married	81.5
45-54	23.4				
55 +	13.5	College and over	36.5	Widowed/Divorced	14.3
Total	100.0 (171)		100.0 (167)		100.0 (168)

## 2. Start-up Process

### Origin of ownership

As in other countries, most Korean women acquire ownership by creating their own business. The absolute majority of the small business women in the service sector (80.0%) have acquired ownership by starting up their own firm, as compared with 57.6% of the women who own larger sized firms in the service or in the manufacturing sector and have started their own businesses. Conversely, buying up an existing business or inheriting a business from their parents or their husbands is not a norm (4.5%).

### Motivations

Korean women entrepreneurs are motivated to create businesses for intrinsic reasons. Respondents indicate that 'Responsible for my own decisions', 'Realizing my own potential', and 'Making a business of a good idea' are the most important motivating factors. Eighty-three percent (83%) of women report that 'Getting out of economic straits' is an important reason for doing business, and this is the only instrumental reason indicated as important. Reasons such as 'Dissatisfaction with previous jobs', 'Don't like to work for others', and 'Flexible schedule' are less important for women business owners in Korea.

Table 26. Motivations to start up (unit = %)

	Very Important	Important	Unimportant	Strongly	Total
Don't like to work for others	7.6	16.0	41.0	35.2	100.0
Control my own fortune	28.2	31.8	19.4	20.2	100.0
Making business of good idea	40.4	36.6	9.4	13.2	100.0
Realizing dream or ambition	39.0	30.0	15.4	15.1	100.0
Responsible for my own decision	54.9	27.9	7.0	9.8	100.0
Realizing my own potential	48.9	31.0	6.2	13.4	100.0
Take the risk of my business	36.5	28.0	18.9	16.1	100.0
Making big money	24.2	51.5	13.0	10.8	100.0
Getting out of economical straits	47.1	38.2	13.2	1.1	100.0
Flexible schedule	14.8	30.3	34.6	20.3	100.0
Dissatisfaction with previous jobs	4.5	23.1	21.4	50.6	100.0

For the majority of businesswomen, dissatisfaction with their previous job does not motivate them towards entrepreneurship. When they are asked to list the most dissatisfying aspects that have caused them to leave their jobs, more than half (55.7%) respond that there is no particular reason. Rather, the results suggest that they move to current businesses from previous jobs in order to operate their own businesses.

Based on the responses to the motivation-related questions, we propose that women in Korea are

motivated to start their own businesses for very proactive reasons, pulled by the intrinsic values of operating their own business. This implies that the pull-factors rather than the push-factors have a stronger effect on women's business creation.

Existing studies report that men and women emphasize different goals. For women, autonomy factors are important, whereas to be economically better off is more important for men. Existing studies on Korean businesswomen, although few in number, attest to gender differences in motivation. A study done in the early 1970s (Kang, You, Hong, and Park, 1971) reports that women are more passive and are forced into business ownership more often than men. The conclusion of the study is that women's entrepreneurial activity is only temporary and transitional. This suggests that women's business activity fits the model of "start up by force" rather than "start up by choice." However, the findings of this study seem to reflect the social conditions at the time of the study, rather than the degree of women's maturity. If we look at the age or generation effect, older women tend to report the importance of push factors, whereas younger women emphasize pull factors such as self-realization. Also, the higher the educational level, the stronger the importance of positive factors. The age and educational effects seem to reflect changes in social conditions.

Recently, two studies have found that Korean women give higher ratings to pull factors. The order of importance is somewhat different from existing Western studies. In a study by the Korea SMBA and the Korea Women's Political Research Institute (1997), the respondents rated self-realization as their highest motivation, followed by □Independence need□. Forty-six percent (46.4%) of respondents replied that 'To meet achievement need' or 'To fully utilize one's ability' were their most important motivations. Nineteen percent (19.6%) reported that they wanted to realize their business ideas, which is a positive reason. Almost 4% (3.6%) replied that they did not want to be employed by others, which is an independence need. Almost 16% (15.9%) started their businesses to improve their economic situation, which is not so much a pull factor as a push factor. The findings of our national survey largely confirm the results of these studies.

Table 27. Motivations to start up by age and period\*

	Age Groups**			Year of Start-Up		
	Young	Middle	Old	1980s	1990s	Total
Don't like to work for others	-.63	-.81	-1.12	-.99	-.86	-.89
Control my own fortune	.84	.07	-.42	.09	-.02	.00
Making business of good idea	.56	.42	.35	-.11	.53	.42
Realizing dream or ambition	.54	.18	.22	.01	.29	.24
Responsible for my own decision	.86	.63	.35	.33	.62	.57

Realizing my own potential	1.0	.39	.43	.31	.51	.47
Take the risk of my business	-.10	.09	.30	-.07	.18	.14
Making big money	.56	.41	.37	-.67	.35	.41
Getting out of economical straits	.59	.66	.81	.53	.74	.70
Flexible schedule	-.51	-.25	-.39	-.32	-.29	-.30
Dissatisfaction with previous job	-.54	-.93	-1.016	-1.09	-.91	-.95

\* Figures are the means in each category, where 'very important' is scored as +2, 'important' as +1, 'unimportant' as -1, and 'strongly unimportant' as -2.

\*\* young = less than 35, middle = 35 - 44, old = older than 44.

In Table 27, we find a considerable difference between young and old women entrepreneurs in the motivation to start their own businesses. Younger women tend to be driven by intrinsic values such as 'responsible for my own decision' and 'control my own decision', whereas older women put more emphasis on instrumental values or negative motivations such as 'getting out of economic straits' and 'dissatisfaction with previous jobs'. We confirm a similar pattern between recently established businesses and older businesses. In the more recently established firms, the women business owner is more likely to have started from intrinsic values or proactive motives.

### **Socialization**

For many businesswomen, their home is the place where they are socialized into the world of entrepreneurship. A considerable proportion of businesswomen (40.0%) responded that, in their home, they have been strongly affected by their parents or their husband. Previous jobs are the next significant place that socialized them into entrepreneurship (26.3%). Formal schooling has a minimal influence on their motivations (6.7%). These results suggest policy implications for women entrepreneurs. Women could benefit from consciously developed curriculums that teach an entrepreneurial spirit and skills, as well as from encouraging attitudes on the part of the teachers at school.

### **Role model**

Business ownership is a new phenomenon for Korean women. Korean women tend not to have role models or mentors. Nearly 30% of the respondents say that they had none (28.9%) as a role model. We have no data to compare with their male counterparts. Other entrepreneurs and, to a lesser degree, family members seem to have a certain degree of influence. Nineteen percent (19.0%) regard their family members as role models, and 24.5% mention other entrepreneurs. For 13.9% of businesswomen, colleagues/bosses in their previous jobs are important as role models or mentors, suggesting that women's work experiences may contribute to realizing their potential for entrepreneurship.

### **Connection to Previous Jobs**

Women's new businesses are likely to be connected to their previous jobs. In our SWBO, more than half of the businesswomen (56.0%) reported that their new business was related to their previous job to some extent. Or, if the woman reported no such connection, many of them were economically active before starting their own businesses. Only one fourth of the businesswomen (26.1%) were full time homemakers immediately before starting their current businesses. Few women responded that they turned a personal interest into their current business.

### **Prior work experience**

Most businesswomen tended to have participated in economic activities before starting up their own businesses. Only one fourth of the businesswomen (26.1%) replied that they were full time homemakers immediately before starting up their current businesses. About 16% reported that they had managed their own business as an own-account worker immediately prior to starting up their current business.

We further explored the cases of businesswomen who had prior work experience. They were more likely to have been employed in very small firms, which have less than five employees. Less than one third of these businesswomen had job-experience in medium-sized firms. While most businesswomen operate businesses in the service sector, it is surprising that of the respondents who had prior job experience, less than half had experience as service, sales, or production workers. The majority of businesswomen with prior job experience were semi-professionals or white-collar workers. In general, businesswomen have an occupational background of relatively high status jobs, even though this pattern is less prominent in micro-businesses in the service sector.

### **Plan**

Is business ownership a planned project for women? Our survey provides mixed evidence on this question. Women have plans, but they spend only a short period of time in their actual preparation. Forty-six percent (46.1%) of the respondents say that the directly important reason for starting their own business is 'because they have had plans to own a business', which indicates the importance of planning the business's creation. Abrupt events such as 'unemployment of their spouses' are the reasons for only 17.4% of the respondents. 'Having a chance to buy up a business' provided an incentive for 14.1% of the respondents.

Conversely, women's actual preparation for start-ups is a short-term project. More than half of the respondents (53.7%) report that they spend less than six months in preparation for their business's creation. Only 25% needed a year or more.

### **Consultation**

In their preparation process, women tended to consult their personal network rather than a formal, business-related consulting agency. Most women replied that they consulted other businesspersons (39.0%) or other personally close persons (27.4%). Fourteen percent (14.3%) of the businesswomen had none to turn to for consultation, which indicates that some businesswomen suffer from isolation in the business world. Formal institutions such as the government, financial institutions, or various training programs provided little assistance to the potential businesswomen. Women created businesses utilizing their personal networks, and they benefited little from the formal business consulting services. This suggests policy implications in the creation of systems that allow better access for entrepreneurial women.

### **Financing start-up**

Korean women start their business with 35 million Korean won. They draw start-up money from various sources. Their personal savings, or their husband's savings, are the most common source of start-up money. About 50% of the total amount of start-up money is from this source. Mobilizing capital through one's personal network of relatives and friends is the next frequent method of financing. The tendency indicates that private lending seems to play a very significant role in the start-up of women's businesses. As for financial institutions, women seem to turn to institutions other than banks for lending. The reason might be that women tend to start smaller businesses and do not have good access to banks, which mainly serve larger business owners.

Women's tendency to resort to personal relations such as parents, relatives, and friends or to private lending is stronger for micro businesses in the service sector. The role of financial institutions is minimal in financing micro business start-ups in the service sector.

### **Obstacles to start-up**

Businesswomen in Korea find that financing and balancing work and family are the two factors that most seriously obstruct them in their start-up processes. Nearly half of Korean businesswomen responded that mobilizing capital is the most difficult start up activity. One third of the respondents pointed out that day care arrangements and household responsibilities are their second most difficult activities. But no women mentioned this facilitating factor as the most serious difficulty. 'Obtaining business ideas', 'Hiring workers', 'Selecting and renting business sites', and 'Finding markets' are lesser problems for businesswomen in Korea. Respondents do not think of 'Purchasing machinery and raw materials', and 'Lack of moral support by family' as serious barriers.

## **3. Characteristics of Women's Entrepreneurship**

### 3.1 Organization and structure of women-owned SMEs

#### **Employment, Sales and Profit**

We discussed in Part I that more than 80% of women-owned businesses are of extremely small size, with less than two short duration working persons, are in the service industry, and are mostly composed of sole proprietorships with a n in business. In our sample, the average number of workers at the stage of start-up is 3.02 persons (median, 2 persons), when the extremely small businesses in the service sector are excluded. The extremely small businesses in the service sector employ 5.5 persons on average at the time of the survey (median, 3 persons). They started up the current business about 5 years ago.

According to our survey, one third of women-owned businesses that have survived the first year reached the break-even point a year after their start-up, and 42.3% reached that point in 2 to 3 years. Only 6.5% of the businesses had not reached the break-even point at the time of the survey. Annual sales by women-owned businesses are fairly small, about 30 million Korean won in 1997. About one third of the businesses experienced a decrease in sales relative to the previous year, and 13.7% of the businesses reported stagnate sales. The ratio of profit to capital was zero or minus for 39.5% of the women-owned businesses in this period. This low performance in our samples is partly due to the economic crisis Korea has been experiencing since late 1997.

More than half of the businesswomen give credit for their business's performance to their personal traits or efforts such as 'Cautious management' and 'Challenging entrepreneurship', rather than to something which is beyond their control. This suggests that businesswomen have strong esteem and trust in their capabilities as business managers in Korea. 'Help from neighboring persons' and 'Good management of employees' are less important, but significant factors, that have aided their business's performance. Women do not believe that 'Good fortune' is a significant cause of their business achievements.

#### **Barriers**

Women business owners experience financing as the most difficult task in their business operation. About two thirds of the respondents report they have considerable difficulty in obtaining needed money. The second most difficult areas for businesswomen are 'Dealing with the government and financial institutions', and 'Marketing'. 'Dealing with customers', 'Hiring and managing workers', and 'R & D' are the least difficult areas for these women. More than half of respondents do not feel any difficulty in these last three areas.

More than one third (38.5%) respond that 'Burden of child care and house chores' is the most critical barrier to their business activities. 'Short of opportunity for women to obtain knowledge concerning



business management' is the second most serious obstacle for businesswomen (24.9%). 'General understanding that doing business is man's turf' is another barrier for them (18.2%). An unexpected result is that the attitude of family is the least critical barrier for women engaged in their own business (2.1%).

A substantial number of businesswomen have recently experienced near bankruptcy. Almost 24% (23.8%) report that they have recently experienced a critical crisis that might have led to bankruptcy. Most of the businesswomen reply that the crisis came in 1998, which was the year in which Korea was undergoing an unprecedented economic crisis. This suggests that the cause of their business crisis was in the general economic downturn rather than in their personal abilities.

### 3.2 Management style

#### **Stability-oriented vs. Growth-oriented**

Many presume that businesswomen tend to emphasize stability, rather than rapid growth or a large profit in their management practices. In our survey, businesswomen report that a principal objective of their management over the next two years is 'Sustaining current business operation' (42.9%), and that they put the strongest emphasis on stability (52.5%) over profitability or growth in their evaluation of their business operations. We do not interpret this tendency as being rooted in the 'women-ness' of business management. Rather, this could reflect the general atmosphere of the business world in the middle of the severe economic crisis at the time of our survey. Or, the tendency may be related to the relative ages of the businesses and what stages they were in at the time of our survey. At any event, it is encouraging that one fifth of women-owned businesses strive towards growth. When the women entrepreneurs were asked if they have medium and long term business plans, most respondents replied that they have such plans. Only 3.3% of them replied that they did not.

#### **Leadership Style**

Whether or not women display a women-specific style of management has been a focus of discussion. Many argue that women entrepreneurs tend to embody the leadership characteristic of 'consideration' behavior, meaning that they give close attention to employee's personal or emotional problems. We observe in Table 28 that women entrepreneurs display a double-edged leadership style of "consideration" and "structure initiating." Most women (86.7%) replied that they give close attention to the personal concerns of their employees, and at the same time, most of them are structure initiating.

The women responded that they combine the extrinsic motivation of 'Motivating employees with differential rewards' (83.5%), with the intrinsic motivation of 'Encouraging their employees' self-

conceit so that they are capable of realizing their visions' (85.8%). Almost all businesswomen emphasized that 'Their company is like one family' (94.6%). Women are also likely to involve employees in their decision-making processes. On the other hand, they tend not to delegate responsibilities and authorities, as evidenced in previous studies.

Table 28. Characteristics of leadership style (unit = %)

	Strongly Agree	Agree	Not Agree strongly	Disagree	Total
Give close attention to employees' personal concerns	25.8	60.9	10.7	2.5	100.0
Give detailed directions on when and how to perform Tasks	25.9	52.4	18.2	3.5	100.0
Involve employees in decision making process	18.4	59.2	19.4	2.9	100.0
Challenge employees' self-confidence to achieve their Visions	26.3	59.5	12.6	1.5	100.0
Motivate employees with differential rewards of promotion, income, bonus	26.6	56.9	14.9	1.5	100.0
Our company is like one family	47.6	46.7	4.5	1.2	100.0
Delegate extensively	20.0	40.9	30.0	9.1	100.0

### **Decision making style**

When women entrepreneurs make an important decision in their business, to whom do they turn for advice? About two thirds of the businesswomen responded that they resort to their own instincts and experience (66.6%). The second most important resource is the people close to them (37.1%). Eleven percent (11.3%) of the women entrepreneurs consult with their employees. This indicates that women entrepreneurs tend to rely on themselves for important decision-making.

### **Definition of Success**

How do women in business define business success? We observed a similar pattern in the definitions of business success as we saw in the case of reasons for starting up. Women define success in terms of achieving the intrinsic values of doing business. More than half of the respondents strongly agreed with the statements reflecting the intrinsic values of doing business. Success in business is indicated by 'Satisfaction with accomplishing tasks', 'Establishing friendly relationships with customers or employees', 'Achieving the goals', and 'Performing valuable work'.

It is notable that less than half of the respondents strongly agreed with the statement that 'Making big money' is their definition of success in business. Similarly, 'Obtaining social status and influence' is not a definition of business success for many women (37%). More than 20% of the women do not buy into the idea that success in business means 'Controlling my own fortune' or 'Old dream coming true'. The reason that these latter two statements received negative responses is probably that they sounded too grand and thus unrealistic to the women.

Table 29. Definition of success in business (unit = %)

	Strongly Agree	agree	Not Agree Strongly	disagree	Total
Making big money	45.0	50.3	1.1	3.6	100.0
Building up good relationship with customers and employees	61.2	53.5	1.5	1.8	100.0
Providing jobs to employees	31.1	54.0	13.4	1.5	100.0
Controlling my own destiny	30.8	40.8	20.5	8.0	100.0
Perform valued work	58.7	28.3	7.2	5.9	100.0
Contribution to society	40.3	40.9	15.3	3.5	100.0
Satisfaction with accomplishing tasks well	65.3	25.4	7.7	1.7	100.0
Achieving goals	61.1	28.1	6.2	4.6	100.0
Obtaining social status and influence	22.3	44.6	25.8	7.3	100.0
Realizing old visions	38.0	39.4	19.2	3.5	100.0

Women who own and run businesses in Korea are not entirely free from traditional gender role expectations. When asked if their husband's business is more important than their own, 91.1% responded positively, and 42.4% strongly agreed with the statement, which reflects the persistence of the traditional gender role expectations.

### Equity ethics

Are women entrepreneurs concerned about equity and business ethics in their business operations? The findings of our survey suggest a weak enthusiasm (Table 30). A large proportion of women entrepreneurs gave positive responses to a few questions, such as 'Return profits to society'. On the other hand, more than half of the women entrepreneurs responded negatively to many important questions, such as 'Restrain from unethical business activities', 'Share profits with employees', 'Environment-friendly business operation', and 'Sound relation with labor'. We have no data on their male counterparts, but the results seem to suggest that women are not any less concerned about equity and business ethics. Rather, the results may show the general state of entrepreneurs in Korea at this time. These questions may seem to be very remote or irrelevant to many entrepreneurs.

Table 30. Concern about equity and business ethics (unit = %)

	Highly	Moderately	Seldom	Never	Total
Share profits with employees					
Sound relations with labor	14.6	30.6	48.2	6.6	100.0
Return profits to society	17.2	23.6	47.8	11.4	100.0
Fair treatment of women	16.4	51.0	27.9	4.7	100.0
Make flexible time schedule for	19.3	29.3	35.3	16.1	100.0
harmonizing work and home	15.1	35.7	37.4	11.8	100.0
Environment-friendly operation					
Restrain from unethical	14.6	35.0	38.3	12.1	100.0
Business activities	18.5	16.4	30.2	34.9	100.0

Women provide few fringe benefits for their employees, probably because most women-owned businesses are very small. Women firms offer, to a varying extent, fringe benefits including 'Depositing in a welfare fund'(49.7%), 'Supporting the cost of family members' marriage and bereavement'(32.7%), 'Supporting commuting cost'(25.7%), and 'Maternity leave' (13.7%). One fourth of women firms provide company-paid employee training programs.

### 3.3 Business Education and Training

Most businesswomen have a meager amount of educational experience or training in business management. Even if they do, their training seems to have been unsystematic. One third of businesswomen reported that they did not have any education or training in business management. About one fourth have received education at private teaching institutions. Official management education in colleges and universities, or in publicly operated official training institutions, was available to only one tenth of the women entrepreneurs. It is interesting, however, that 'Having learned management from my family' and 'Having learned it from bosses in previous jobs' are the cases for less than 10% of the women entrepreneurs.

According to our survey, nine out of ten of the businesswomen feel that they need education or training in business management. On the question of which area of management they need education or training the most, almost half of the businesswomen indicated 'information and production technology'. This reflects the rapid expansion of information technology in the world of business. Training programs in the areas of marketing and financial management are needed by 15% of the businesswomen. Employment management or production control management is seldom seen as necessary among the businesswomen.

We asked these businesswomen for their opinion on 'mentor programs', which are known to be helpful for businesswomen in other countries. Even though the mentor program concept is unfamiliar to most businesswomen in Korea, they expressed a strong positive feeling for it when they understood the nature of the program. One third of the businesswomen stated that the program would be very much of a help to them. Another one half replied that it would help them to some extent. Only 16.6% of the businesswomen expressed a negative opinion about the mentor program.

### 3.4 Business Networks and Support Mechanisms

Business networks can be measured in terms of both quantity and quality. Most businesswomen have a relatively narrow range of business networks. According to our survey, half of the businesswomen reported that they are not involved in any business associations. About one fifth say that they are involved in only one business association. Most business associations in which they are involved are in

are a narrow range of industry associations. In the case of large businesses, the businesswomen are involved in more than two associations. There are only a few businesswomen in our sample who are involved in businesswomen's organizations or in other national level across-industry associations.

The reason businesswomen do not participate actively in business networks is that the women find the official networks are not very helpful. When asked if they have received help from the official business networks, one third of the women responded that these networks were not helpful to them. Among the businesswomen who reported that the associations had been helpful, 'Exchange of business information'(38.4%) and 'Constructing non-business friendly relationships' (18.2%) are the most frequent reasons. There are very few women who reported that business associations helped them get over business obstacles that they experienced.

Since businesswomen think that official business networks are not helpful, most of them resort to informal networks when they run into hardships or need advice. For more than half of the businesswomen (54.9%), family or relatives are the most helpful resources for advice about their businesses. Fourteen percent (14.5%) of the businesswomen turn to other businesswomen for advice, and 6.2% turn to other businessmen. As many as one fifth of the businesswomen have no one to ask for advice about their businesses.

Child-care and household chores are substantial burdens for a large number of businesswomen. Where do they turn for assistance with the so-called women's domestic functions? More than half of the businesswomen (51.6%) responded that they perform the functions themselves. One fifth turn to their parents or relatives for assistance. Otherwise, they get assistance from their elder children (10.3%) or from their spouses (8.1%).

### 3.5 Financing

As confirmed above, the most difficult task facing businesswomen between their business start-up and the time of our survey was how to secure the necessary money for their business operations. According to our survey, about 10% of a businesswoman's assets are borrowed money. When asked which sources of money they used during the past 12 months, the businesswomen indicated the following sources in the order of frequency: their own savings (49.9%), borrowing from family, relatives or friends (39.1%), short-term loans from banks (23.1%), long-term loans from banks (19.9%), private lending (19.0%), and loans from non-bank financial institutions (17.2%). When borrowing from banks, most of the businesswomen used the money for everyday operations or for returning private debt. Nonetheless, as many as one fifth of the women reported that they used the

money for capital expansion, such as the purchasing of machinery, or R & D, etc.

### 3.6 Future Prospects and Information Technology

Since the survey was conducted in the middle of a harsh economic downturn, there were very few women who expected a bright future for their businesses. Most were striving to survive the hard times. Nevertheless, one third of the women reported that they planned to expand their business or introduce new technology. On the other hand, about one fifth of the businesswomen were planning to shift gears to a different business area, because their current business was failing due to a loss in sales or profit.

How keen are the businesswomen in introducing information technology into their businesses? Almost thirty-five percent (34.9%) of the businesswomen reported that they had invested some money in computer hardware and software. Among those women, most remained at the level of purchasing a few personal computers. However, one third of these women reported that they proceeded one step further to purchasing business-related software in addition to personal computers. They displayed a similar level of interest in the area of electronic commerce. About one fourth of the businesswomen are considering introducing the technology into their businesses. This figure is encouraging when considering the newness of electronic commerce in Korea, and the fact that it is not yet popularly applied in actual business activities. On the other hand, about half of the businesswomen are nonchalant, or hold negative feelings, toward electronic commerce.

## 4. Summary

An average businesswoman is 43.3 years old and married. Almost half of the businesswomen are between 35-44 years of age. When they are married, their spouses are likely to be own-account workers (27.1%) or white-collar workers (31.4%). They have an average of 1.86 children. About 16% of these women have a child under six years of age. Almost two thirds (63.5%) have at least a high school education. These businesswomen earn slightly higher monthly incomes than the average urban worker.

Women's new businesses are likely to be connected to their previous jobs. In our SWBO, more than half of the businesswomen (56.0 %) reported that their new business was related to their previous job to some extent. Or, if the women reported no such connection, many of them were at least economically active before starting their own business. Only one fourth of the businesswomen (26.1%) were full time homemakers immediately before starting their current business.

Most women acquire ownership by creating the businesses. Women in Korea start their business for very proactive reasons, and are motivated by the intrinsic values of operating their own businesses. Respondents indicated that 'Responsible for my own decision', 'Realizing my own potential', and 'Making a business of good idea' are the most important motivating factors. Eighty-three percent (83%) of women report that 'Getting out of economic straits' is an important reason for doing businesses, and this is the only instrumental reason indicated as important by them. Women also tend to define success in terms of achieving intrinsic values in their business. Success in business is defined by the respondents as 'Satisfaction with accomplishing tasks', 'Establishing friendly relationship with customers or employees', 'Achieving the goals', and 'Performing valuable work'.

Women entrepreneurs display a double-sided leadership style of consideration and structure initiating. Most women replied that they 'Give close attention to personal concerns'(86.7%) of their employees, and at the same time, most of them are structure initiating.

Women business owners experience financing as the most difficult task. Businesswomen in Korea find financing and the effort to balance work and family are the two factors that most seriously obstruct them in their start-up processes. Two thirds of the respondents report they have considerable difficulty in obtaining needed money. The second most difficult areas for businesswomen are 'Dealing with the government and financial institutions', and 'Marketing'.

### **III. Policies and Programs**

There are various general SME policies and programs in Korea and some of these general SME policies are linked with support programs targeting at women entrepreneurs in SMEs. Recently, the government of Korea is increasingly recognizing the potential of women entrepreneurs for job creation and economic growth of the country in a changing economic environment. Reflecting the growing concern on women's entrepreneurial activities, new legal and institutional arrangements have been recently made. The 'Act on Assisting Women Entrepreneurs,' enacted in Feb 1999 with an effective date of June 1999, provides a legal basis for a variety of active support programs promoting women's start-up, business management, and general operations. Based on the Act, a comprehensive government support system is to be in place. It is expected that the implementation of the Act will enhance gender equality in economic participation. An example of an institutional arrangement is the establishment of the Presidential Commission on Women Entrepreneurs in 1998. The Commission has a mandate to enhance the status of women entrepreneurs and to raise social awareness about women's entrepreneurship.

After describing the existing policies and programs that support women owned businesses, and the

programs provided for under the new Act, we examined how women business owners perceived the effectiveness of the policies and programs supporting women in SMEs. The results from our SWBO will be discussed to identify policy needs and to suggest recommendations.

## **1. Policies and programs for women entrepreneurs in Korea**

General SME policies are linked to support programs for women entrepreneurs in Korea by way of giving priority to women entrepreneurs. Such priority programs are in place in government programs in the areas of finance, marketing, and human resources programs. Another type of support is to sponsor an awareness raising program such as a government sponsored annual event in celebration of the Day of Women Entrepreneurs.

Priority programs by area of SME operation include the following initiatives: In the area of access to finance, women entrepreneurs are treated favorably in the allocation of the SME Development Fund. Women are given three additional points to the scores they have earned. In the allocation of the SME Structural Improvement Fund, which assists automation, information, or technology development of SMEs, women are given five additional points to the scores they have earned for top management.

Human resource policies that give priority to women entrepreneurs are also in place. The program on allocating the industrial skilled manpower to be exempted from compulsory military service favors women entrepreneurs by adding 10 additional points to the scores they have earned. The government also allocates foreign industrial trainees to women owned firms on a preferential basis. Women business owners are given 10 additional points in the evaluation of eligibility.

In the area of access to markets, in the allocation of annual shares of products for public procurement, women business owners are given additional 5 points. Women are to be given priority in receiving support for home page production. The government supports the Women's Fashion Exhibition at LA Kal Mart, and a Fashion Street Project with collective workshops in Chungdam dong Korea. A Women's Trade Mission will be organized in late 1999 to explore foreign markets in Japan and the US.

The SME Promotion Foundation is organizing women's 'SOHO start-up schools'. The three start-up training programs that are to be implemented by Korea's SMBA include a priority program to support women's universities in establishing business start-up incubators, a program to support business start-up training for women, and a program supporting newly organized start up circles by students at women's universities.



The government of Korea also supports the awareness raising and morale building of women entrepreneurs. Since 1996, the government has sponsored the Day of Women Entrepreneurs. The purpose of the event is to recognize achievements made by women entrepreneurs and to show appreciation with awards given to women role models in business.

## **2. Policies and programs based on the 1999 Act on Assisting Women Entrepreneurs**

The 'Act on Assisting Women Entrepreneurs' provides a legal basis for government support for women entrepreneurs in all of the five main areas of SME operation, by way of ensuring that national and local governments give preference to women entrepreneurs within the general SME programs.

Institutional arrangements are to be made for a comprehensive government support system for women entrepreneurs and for guarantying an equal opportunity for the entrepreneurial activities of women. The Act also provides that the government will strive to alleviate practices of discrimination against women firms. The Administrator of SMBA can request that the heads of public institutes ensure the correction of gender discriminatory practices. Based on the Act, the SMBA is to establish and implement an Annual Plan that specifies goals and orientations toward the fostering of women's business operations and start-up.

A Committee on Promoting Women's Business Activity is to be established at SMBA. The Committee has a mandate to evaluate the Annual Plan as well as to evaluate the major support programs for women entrepreneurs. A biannual survey of women owned firms is to be conducted to provide data on their financial and management structures, and on the kind of products the women produce.

Specific support measures provided for by the Act, by area of SME operation, are as follows: To improve market access for women, the government and public institutes are to report to the SMBA the actual amount of their yearly purchase of goods which are produced by women owned firms. An annual target for the procurement of these products is to be discussed with the SMBA by January 25 of each year. Good Product Fairs for women enterprises will be organized.

There are no provisions for direct financing programs for women entrepreneurs under the law. The general SME financial programs are applied to women on a preferential basis, as discussed earlier. Women are treated favorably by earning additional 5 points in receiving the Start-up Capital for Small Businesses.

To provide women entrepreneurs with managerial training, information, and counseling, a Center for

Supporting Women Entrepreneurs will be established with government funding. The Korean Women Entrepreneurs Council will be established in July 1999 with government tax support. The Council will provide comprehensive services to women in business in all the areas of SME operation, and will network with women entrepreneurs in other countries.

### **3. Perceived effectiveness of SME policies**

To what extent will the survey respondents be aware of and take advantage of these policies and programs? Items on the questionnaire give information on the kind of financing programs businesswomen have used, the barriers they have faced in obtaining credit, and their felt need for training programs.

We find that the respondents were largely unaware of the existing programs. About half of the businesswomen report that they do not recognize the existence of all or part of the programs. This is partly because they have no sources or networks from which to obtain information. About one fifth indicate that they have never obtained information concerning any of the SME support programs. If women entrepreneurs are aware of the programs, most of them have obtained the information from mass communications (37.2%), from other businesspersons (16.9%), or from business-related associations (15.5). More significantly, one third of the businesswomen report that even though they are aware of the existence of the programs, they have not applied for them. Only 15.1% of the businesswomen report that they have used the programs. Businesswomen who have used the programs reported using the financial support programs most frequently. Programs of technological support were the least frequently used.

Concerning the effectiveness of the programs they have used, a large proportion of businesswomen report that the financial support programs are very useful, whereas they find that the programs for technological support are seldom useful. The majority of businesswomen who have applied for bank loans indicate that the excessive request for financial documents and for collateral are the most serious problems. They also report that they have experienced gender discrimination in various forms, such as requesting 'husband's signature', 'under-evaluating their credits', and 'unfairly treating them' because they are women.

### **4. Policy recommendations**

As for the need for policy initiatives, the above discussion suggests that there are strong needs for government intervention in support of women who have different policy needs due to the different

characteristics of their business operation. First, in the area of finance, where women experience the most difficulty, existing government programs give priority to women. But there are no financial programs exclusively targeted to women. Direct support programs, such as a women's fund, would be effective to improve women's access to capital. Giving incentives to banks which provide small loans to women would better the financing of women owned businesses. A loan guarantee program would be effective for women who lack collateral and have difficulty documenting their financial status. Simplifying the application procedures and broadening the qualifications would facilitate women's access to financing programs sponsored by national and local governments.

Women entrepreneurs would benefit from better information service in the area of marketing. Our survey finds that 'Collecting and providing market information' is the most frequently needed service (44.6%). 'Strategic alliance with large companies' (14.5%) and 'Consulting service' (15.2%) are the next frequently needed. It is interesting that 'Priority procurement' is much less frequently mentioned (4.4%). This is probably because women entrepreneurs tend not to operate in segments that produce goods designated for public procurement.

In the area of training, management training and training on information technology are policy areas that have a big demand from women entrepreneurs. Our survey indicates that nine out of ten businesswomen feel that they need education or training concerning business management. Curriculums in schools at each level need to be redesigned to better educate women for entrepreneurship. Almost half of the businesswomen indicated that they need training in 'Information and production technology'. This seems to reflect the rapid expansion of information technology in the world of business. Fifteen percent (15%) of the businesswomen say that they need training programs in the area of marketing, and another 15% need training in financial management. Only a few of the women mention employment management or production control management. A mentor program seems to be well received, despite the fact that the program may be unfamiliar to most of the businesswomen in Korea. One third of the businesswomen state that a mentor program would help them out to a great extent. Another one half believe that it would be helpful to some extent. Technology development policies which aim to improve women's access to information technology, and support for e-commerce, are needed to lead women entrepreneurs into the high growth sectors.

Lastly, these specific policy initiatives could become more effective with a change in the persistent traditional social attitudes in Korea that discriminate against women in every sphere of economic, social, and political activities.

## **IV. Conclusions**

This report finds that women business owners in Korea are much disadvantaged as evidenced by their relatively small size of operation. 80% of women-owned businesses are one or two worker firms including the businesswomen themselves. Nonetheless, we observe a small but consistent change in their configuration. Women are advancing into businesses that are customarily considered to be men's arena, and women operating in this new area perform as well as, or in some cases even better than, men do.

Businesswomen in Korea do their businesses in pursuit of the intrinsic values of doing businesses. Women do business because doing business satisfies their intrinsic needs. At the same time, women entrepreneurs seem to be satisfied with their overall quality of life. We may interpret this unexpected response in the midst of the harsh economic crisis as reflecting their optimistic attitudes toward life.

External conditions in Korea seem unfavorable for women's start up and business operation. Institutional support systems for businesswomen are weak in Korea. Family is often the agency that women resort to for advice and practical assistance. Korean women in business need active supports in all the areas of SME operation, but active financing support is the area of greatest need by Korean women in business. With the enactment of the 1999 "Act on Assisting Women", more systematic support programs for women are expected to be in place. Women have to overcome explicit and subtle modes of gender discrimination in their daily business activities. A social attitudinal change should take place to fully appreciate women's economic contribution and their potential for contribution.

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## **Appendix A: Methodology**

### **Sampling procedure**

Samples of our survey on women business owners (SWBO) were drawn using the 1998 National Establishment Survey (NES) data as the population. The 1998 NES was conducted by the Korea National Statistical Office's (NSO), and is the first published data that reveals information on the sex of the business owner. This effectively provides a population of women business owners in Korea for the first time. The data contains information on the name of business, the name of the actual business representative, the address, and the phone number. The NES is an establishment survey conducted annually. The NES collected the information as of December 31, 1997. As our SWBO was completed in December 1998, the SWBO can be treated as a second year follow-up panel survey for the selected cases.

We chose the stratified proportional probability sampling because the NES shows that the majority of women-owned businesses in Korea are very small in size and highly concentrated in the service sector, but we wanted to give more weight to businesses of medium-to-large size and belonging to the manufacturing sector. As a result of this weighted selection process, our sample includes an equal number of cases for the manufacturing sector and for the service sector. With respect to the size of business, one or two person firms, three to nine person firms, and firms that have more than ten persons comprise each third of our sample.

### **Survey administration**

We chose the mailing method mainly in consideration of the limited budget. Recently, studies show that mail surveys are not seriously disadvantaged in getting a high response rate. Various strategies have been developed to secure a high response rate in mail surveys. We engaged in various tactics to obtain the maximum cooperation from the respondents. We sent out three waves of mailing. We made repeated telephone calls to request cooperation from the respondents. An official letter from the Administrator of Korea SMBA was attached to the survey questionnaire to secure a high rate of cooperation.

Establishment surveys are notorious for low response rates. Firms are subject to changes in status, that is, firms die out or move to other locations, or change their type of business. In the case of our survey, the economic crisis in Korea at the time of the survey seems to have aggregated the status changes for many of the sample firms. Many firms selected (733 cases out of 1411 total cases or 51.9%) disappeared during the year between the 1997 NES and the 1998 SWBO. Presuming that these

samples either died out or changed their status, we replaced them by new random sample cases. We analyzed these incidents to ascertain whether they show any systematic characteristics. Some cases were discarded because the actual business managers were not women. This is a kind of error of the data set, as the NSO survey identified the actual manager, not the registered owner, as the representative of a business. Some cases were deleted because businesswomen were on a trip for a long time. A small number of cases refused cooperation partly because their businesses were in a very bad shape.

### Analysis strategy

Since more than 80 % of women businesses are concentrated in the group of 1-2 worker firms in the service sector, we put less weight on this group than on other groups. As a result, our final sample includes 15 (8.6%) micro-businesses in the service sector. The proportional weighting method can not appropriately deal with the skews in the population distribution. We assigned a small number to the group of 1-2 worker firms in the service sector because many questions of our survey tap information that is largely irrelevant to these micro service businesses. A distribution of the final sample is shown in the following table.

In order to cope with this skew problem, we did two separate analyses. One is an analysis on the 1-2 worker women firms in the service sector, which compose more than 80% of the population but only 8.6% of our final sample. The other is an analysis on the remaining group of women-owned businesses, which comprises less than 20% of the population, but 91.4% of our final sample. Because of the shortness of space, we principally reported the results of our analysis on the latter group in this report. However, remarkable differences between the analysis of the two groups were noted.

Table A. Distribution of effective samples by size and industry (unit = case, %)

Industry	Number of employee					Response rate
		1-2	3-9	10+	Total	
Service	Reply	15	65	13	93	23.3%
Manufacturing	not reply	53	226	49	328	31.5%
	Reply	37	33	11	81	
Total	not reply	68	88	20	176	25.7%
	Reply	52	98	24	174	
Response rate	not reply	121 30.1%	314 23.8%	69 25.8%	504 25.7%	

## **Appendix B: Survey questionnaire**

The information we collected in the survey questionnaire consisted of four groups of topic. Information on start-up processes, current state of business and management styles, policy issues, and career and personal backgrounds were the four main topics. A brief description of each topic is as follows:

First, concerning the start-up processes, we hoped to find out how a woman comes to be an entrepreneur in psychological, social, financial, and managerial aspects. Specifically, the questions asked how they learn practical business skills, decide on their business concept, obtain money and credit, overcome various hardships, and find help and advice. Socialization into the world of business and start-up motivations was also probed. Respondents were asked to report retrospectively on the state of the business at its beginning.

Second, concerning the current state of business and management styles, we explored whether there is a so-called women-like management style which is different from the management style prevalent in men-owned businesses. Besides general information on the current state of management, we collected the following information: which kind of hardships they are experiencing, on which aspect of management they put priority, which factor has contributed to their business success, leadership style, barriers or hardships experienced because they are a women entrepreneur, ways of dealing with family matters, and the meaning of success to them.

Third, concerning policy issues, we attempted to obtain information on two broad groups of subjects: which policies were effective for them, and which kind of policy needs they have. In order to understand their experiences and policy needs more systematically, we divided the policy area into four categories as follows: financing, human relations, marketing, and research and development. We asked questions about their experiences and opinions in each category. We also asked questions about credit support programs they have used, barriers to obtaining credit, and experiences or the need for training programs such as a mentoring program. We questioned their orientation to information-technology, and their involvement with business associations.

Forth, questions on career and personal backgrounds were divided into two broad groups. One group consisted of questions concerning business career and related socialization processes that have to do with developing a business mindset. The other group consisted of questions on personal and family backgrounds. Using this information, we hoped to identify the business, social and family backgrounds



that lead women to entrepreneurship. Besides socio-demographic backgrounds, various personal information was collected, including work histories, previous job experiences, reasons for leaving previous jobs, their family backgrounds, employment status and the occupation of their husbands, their child-care needs, the background of their family of origin, and their general attitudes toward life.

**WOMEN ENTREPRENEURS IN SMEs  
IN MEXICO**

**Authored by**

**Gina Zabudovsky**

**Universidad Nacional Autónoma de México**

## EXECUTIVE SUMMARY

Women represent one third of the total employed labor force of the Mexican Republic. However, in the urban areas of the country - which this study focussed on- women reach 37 %. Their presence is especially important in areas such as restaurants and hotels (50%); other services (48%) and commerce and trade (43%). In contrast, women have an extremely low participation in traditionally masculine sectors such as mining and quarry exploitation and construction (3% and 6%).

As far as the type of occupation, the participation of women reaches 88% as domestic workers; 64% as teachers; and 54% as office workers. Women also have an important presence in trade and commerce as sales clerks.

With regard to employment status, women represent 62% of the “non-paid workers”; 38% of regular employees; 22% of piece workers and 30% of business owners (including own-account workers and employers). If we consider women entrepreneurs as only those who are business owners and also employers, their percentage is 15%.

Women entrepreneurs hold an especially significant place in the area of micro and small business and in certain types of industries such as hotels (37%), trade (22%), real estate and financial services (22%) and the media (18%). However, women-owned businesses are becoming increasingly diversified and their presence is no longer restricted to traditional sectors. Except for the construction industry, there are women-owned businesses in a wide variety of sectors including industrial activities, where until a few years ago very few women could be found.

Women are playing an important role in the creation of new business. The share of businesses owned by women created in the last five years stands at 32% against only 20% for men. Most women entrepreneurs are the founders and sole proprietors of their business, and had previous experience in a paying job. The great majority (86%) operates without any bank credit.

Most women business owners share their business decision making and partially delegate the function of the company. Many of them conceive that they have a participatory leadership style. Tenacity and dedication to work are considered as the most important personal qualities for success.

As far as training requirements, women need special support in the use of new technologies and instruction in sales and management.

Businesses owned by women offer their workers more possibilities of flexible work schedule, medical benefits and support for children’s education and additional maternity leave. Some women

entrepreneurs have implemented other specific actions for economic and social support.

In Mexico, there is no official large-scale program to promote and support women's business activities. However, some international agencies, as well as governmental and private organizations have initiated isolated actions that tend to create mechanisms and surmount the restrictions which women must overcome. These programs are aimed at obtaining financing, providing training and organizing networks and associations.

# I. GENERAL SURVEY

## 1. MEN AND WOMEN IN RELATION TO THE TYPE OF ACTIVITY

According to the data collected by the Census Bureau, 33.63% of the employed labor force is composed of women and 67.37% of men which means that one third of the labor force is constituted by women. <sup>46</sup>However, in the urban areas of the country, which this study focussed on, the percentage of employed women is 36.64%<sup>47</sup> (Table 1).

Table 1. MALE AND FEMALE POPULATION BY OCCUPATION CATEGORIES

	TOTAL	MEN	%	WOMEN	%
Professionals	813,170	527,749	64.90	285,421	35.10
Technicians and specialized personnel	763,043	440,031	57.67	323,012	42.33
Teachers and similar	681,706	243,376	35.70	438,330	64.30
Art workers	207,156	155,331	74.98	51,825	25.02
Government officials,					
Private sector managers	581,952	456,131	78.38	125,821	21.62
Agricultural managers	14,514	13,593	93.65	921	6.35
Office workers	225,6184	1,046,554	46.39	1,209,630	53.61
Commerce, sales					
Workers and clerks	2,676,572	1,466,407	54.79	1,210,165	45.21
Street vendors	691,722	404,570	58.49	287,152	41.51
Service employees	1,543,933	906,458	58.71	637,475	41.29
Domestic service	798,684	93,499	11.71	705,185	88.29
Transportation operators	841,971	839,843	99.75	2,128	0.25
Security services	422,445	398,953	94.44	23,492	5.56
Agricultural foremen	6,577	6,330	96.24	247	3.76
Agricultural workers	216,087	199,138	92.16	16,949	7.84
Agricultural machine operators	2,211	2,211	100.00	0	0.00
Supervisors and industrial foremen	429,090	329,992	76.91	99,098	23.09
Artisans and workers	3,320,033	2,596,148	78.20	723,885	21.80
Unskilled workers	1,018,219	825,476	81.07	192,743	18.93
Non-specified	6,147	4,376	71.19	1,771	28.81
Total	17,291,416	10,956,166	63.36	6,335,250	36.64

Source: Developed by Gina Zabudovsky, data from INEGI (Urban areas).

Encuesta Nacional de Empleo (*National Employment Survey*) 1997.

<sup>46</sup> Instituto Nacional de Estadística Geografía e Informática-INEGI (National Institute of Statistics and Geography)- **Encuesta Nacional de Empleo** (*National Employment Survey*) 1997, México, D. F., 1998

<sup>47</sup> Due to the fact that the presence of women and men as entrepreneurs is more important in the urban areas of the country, the data of this report will be taken from the urban areas and not from the rural parts of the Mexican Republic .

The presence of women is especially important in specific areas such as service in restaurants and hotels, where they represent a slight majority (50.16%) compared to men. In the “various services area” the number of women is also similar to men (47.66% and 52.34% respectively) .In commerce and trade women comprise 42.5% of the total employed population. (Table 2)

In contrast, women have an extremely low participation in traditionally masculine sectors such as mining and quarry exploitation and construction (3%, and 5.5%) (Table 2)

Table 2. MALE AND FEMALE LABOR FORCE BY INDUSTRY CATEGORIES

	TOTAL	MEN	%	WOMEN	%
Agricultural and animal	261,260	232,340	88.93	28,920	11.07
Mining and quarry	21,552	20,898	96.97	654	3.03
Oil production and refining	64,298	47,772	74.30	16,526	25.70
Manufacturing	3,545,961	2,424,803	68.38	1,121,158	31.62
Electric power	109,144	88,757	81.32	20,387	18.68
Construction	794,149	750,340	94.48	43,809	5.52
Commerce	3,707,750	2,148,812	57.95	1,558,938	42.05
Hotels, restaurants and similar	1,030,739	513,746	49.84	516,993	50.16
Transportation and connected services	902,189	838,666	92.96	63,523	7.04
Communications	109,576	73,525	67.10	36,051	32.90
Financial, real estate and					
Business services	1,279,516	809,732	63.28	469,784	36.72
Other services	4,337,904	2,270,456	52.34	2,067,448	47.66
Public management and defense	1,046,325	678,757	64.87	367,568	35.13
Non specified	81,053	57,562	71.02	23,491	28.98
Total	17,291,416	10,956,166	63.36	6,335,250	36.64

Source: Developed by Gina Zabludovsky, data from INEGI (Urban areas)  
Encuesta Nacional de Empleo (National Employment Survey) 1997.

If we take the population of men and women separately, it is possible to observe that the two activity areas which together concentrate most of the female population are the “various services “area (32.63% of the total rate of employed women) and trade (24.67%). These are followed by manufacturing\_ (17.70%); services at restaurants and hotels (8.18%) and financial, real estate and business services (7.42%) (Table 3).

Table 3. FEMALE LABOR FORCE BY INDUSTRY CATEGORIES

	WOMEN	%
Other services	2,067,448	32.63
Commerce	1,558,938	24.61
Manufacturing	1,121,158	17.70
Hotels, restaurants and similar	516,993	8.16
Financial, real estate and		
Business services	469,784	7.42
Public management and defense	367,568	5.80
Transportation and connected services	63,523	1.00
Construction	43,809	0.69
Communications	36,051	0.57
Agricultural and livestock	28,920	0.46
Non specified	23,491	0.37
Electric power	20,387	0.32
Oil production and refining	16,526	0.26
Mining and quarry	654	0.01
Total	6,335,250	100

Source: Developed by Gina Zabludovsky, data from INEGI (Urban areas)  
Encuesta Nacional de Empleo (National Employment Survey) 1997.

As far as the male population is concerned 22.13% works in manufacturing. The “various services” areas and commerce come in second and third places (20.72% and 19.71% respectively). This is followed by transportation and connected services (7.65%) where women’s presence is extremely low (Table 4).

Table 4. MALE LABOR FORCE BY INDUSTRY CATEGORIES

	MEN	%
Manufacturing	2,424,803	22.13
Other services	2,270,456	20.72
Commerce	2,148,812	19.61
Transportation and connected services	838,666	7.65
Financial, real estate and		
Business services	809,732	7.39
Construction	750,340	6.85
Public management and defense	678,757	6.20
Hotels, restaurants and similar	513,746	4.69
Agricultural and livestock	232,340	2.12
Electric power	88,757	0.81

Communications	73,525	0.67
Non specified	57,562	0.53
Oil production and refining	47,772	0.44
Mining and quarry	20,898	0.19
Total	10,956,166	100

Source: Developed by Gina Zabudovsky, data from INEGI (Urban areas)  
Encuesta Nacional de Empleo (National Employment Survey) 1997.

## 2. MALE AND FEMALE POPULATION COMPARED TO THE TYPE OF OCCUPATION

Although women represent 36.64% of the labor force, their participation in one of the most poorly paid fields of work, that of domestic workers (maids), is over 88.29%. (Table 1)

There is also a clear majority of women in the teaching area, where they represent the 64.30% of the national rate. (Table 1) As office workers women represent a slight majority (53.61%) in comparison to men (Table 1).

In contrast, women do not participate in certain agricultural occupations such as operating heavy agricultural machinery, and have a scarce presence as transport operators (0.25%) and as supervisors in agriculture and livestock activities (cattle raising mainly) (3.76%) (Table 1)

The highest percentage of working women is employed in areas such as trade, commerce and sales clerks (19.10%) followed by office workers (19.09%), artisans and workers (11.43%), domestic workers (11.34%) and service employees (10.06%) (Table 5)

Table 5. MALE POPULATION BY OCCUPATION CATEGORIES

	WOMEN	%
Commerce, sales		
Workers and clerks	1,210,165	19.10
Office workers	1,209,630	19.09
Artisans and workers	723,885	11.43
Domestic service	705,185	11.13
Service employees	637,475	10.06
Teachers and similar	438,330	6.92
Technicians and specialized personnel	323,012	5.10
Street vendors	287,152	4.53
Professionals	285,421	4.51
Unskilled workers	192,743	3.04
Government officials,		
Private sector managers	125,821	1.99
Supervisors and industrial foremen	99,098	1.56



Art workers	51,825	0.82
Security services	23,492	0.37
Agricultural workers	16,949	0.27
Transportation operators	2,128	0.03
Non-specified	1,771	0.03
Agricultural managers	921	0.01
Agricultural foremen	247	0.00
Agricultural machine operators	0	0.00
Total	6,335,250	100

Source: Developed by Gina Zabludovsky, data from INEGI (Urban areas)

Encuesta Nacional de Empleo (National Employment Survey) 1997

With respect to men, 23.70% are employed as artisans and workers (23.70%). Trade, commerce and sales clerks come in second (13.38%) Men have a small presence as office workers (9.55%), followed by service employees (8.27%) and transportation operators (7.67%) (Table 6).

Table 6. MALE POPULATION BY OCCUPATION CATEGORIES

	MEN	%
Artisans and workers	2,596,148	23.70
Commerce, sales		
Workers and clerks	1,466,407	13.38
Office workers	1,046,554	9.55
Service employees	906,458	8.27
Transportation operators	839,843	7.67
Unskilled workers	825,476	7.53
Professionals	527,749	4.82
Government officials,		
Private sector managers	456,131	4.16
Technicians and specialized personnel	440,031	4.02
Street vendors	404,570	3.69
Security services	398,953	3.64
Supervisors and industrial foremen	329,992	3.01
Teachers and similar	243,376	2.22
Agricultural workers	199,138	1.82
Art workers	155,331	1.42
Domestic service	93,499	0.85
Agricultural managers	13,593	0.12
Agricultural and livestock	6,330	0.06
Non-specified	4,376	0.04
Agricultural machine operators	2,211	0.02
Total	10,956,166	100

Source: Developed by Gina Zabludovsky, data from INEGI (Urban areas)

Encuesta Nacional de Empleo (National Employment Survey) 1997

The data quoted above show that while most women are employed in trade, commerce and as sales clerks, artisans and workers, office workers, domestic workers and service employees; men are concentrated in occupations such as artisans and workers. Trade and sales clerks comes in second place followed by office workers and service employees.

### 3. EMPLOYMENT STATUS CATEGORIES

With regard to employment status, we find that despite women's presence as 36.64% of the total labor force, in the category of "non-paid workers" the percentage of women goes up to 62.35% (Table 7). Women constitute 38.48%, of regular employees, 21.84% of piece workers, 34.29% of self-employed workers and 14.6% of employers (Table 7)

Table 7. MALE AND FEMALE LABOR FORCE BY EMPLOYMENT STATUS

WORK POSITION	TOTAL	MEN	%	WOMEN	%
Employers	844,999	721,635	85.40	123,364	14.60
Own account workers	3,213,246	2,111,396	65.71	1,101,850	34.29
Salary workers	11,041,870	6,792,452	61.52	4,249,418	38.48
Piece workers	1,240,339	969,389	78.16	270,950	21.84
Non – paid workers	945,729	356,061	37.65	589,668	62.35
Other workers	5,233	5,233	100.00	0	0.00
Total	17,291,416	10,956,166	63.36	6,335,250	36.64

Source: Developed by Gina Zabudovsky, Data from INEGI (Urban areas), Encuesta Nacional de Empleo (National Employment Survey) 1997.

It is difficult to calculate the percentages of women entrepreneurs since these figures depend on the term adopted. If it includes "own-account workers" as well as "employers" then the respective percentage of women entrepreneurs in Mexico is 30.19% (Table 8)

Table 8. MALE AND FEMALE BUSINESS OWNERS (EMPLOYERS AND OWN ACCOUNT WORKERS)

BUSINESS OWNERS	TOTAL	%
(Employers and own account workers)		
Men	2,833,031	69.81
Women	1,225,214	30.19
Total	4,058,245	100.00

Source: Developed by Gina Zabudovsky, data from INEGI (urban areas), Encuesta Nacional de Empleo (National Employment Survey) 1997.

However, due to the great differences between employers and “own-account workers” for purposes of the present study, **I will consider women entrepreneurs to be only those women business owners who are employers**, meaning that they hire at least one employee besides themselves. This definition coincides with that adopted in Mexico’s statistical instruments and allows us to make adequate comparisons with the results of our own surveys. With this understanding of the term “ entrepreneur” to be used in this study, it will be considered as a synonym of employer or business owner (excluding own account workers).

This percentage of women employers that we found through the data of the Census Bureau is the same as what we obtained based on 600 interviews conducted in the first quarter of 1998. In both cases we found that women own and operate 14% of all firms in the formal economy in the Mexico City metropolitan area.<sup>48</sup>

If we consider only the female population, we can see that the majority is employed as salaried workers (67.08%), a situation similar to that among men, where a slight majority is also employed as salaried workers (62.00%). The percentage of self-employed workers is also relatively similar between the population of female and male workers (17.39% and 19.27% respectively). (Tables 9 and 10)

However, the most dramatic difference appears in the category of “non-paid workers”; while 9.31% of working females are not getting any pay for their work, among men this condition reaches only 3.25%. (Tables 9 and 10)

As employers women only represent 1.95 %, in contrast with 6.59 % of men in this item. (Tables 9 & 10)

Table 9. FEMALE LABOR FORCE BY EMPLOYMENT STATUS

WORK POSITION	WOMEN	%
Salary workers	4,249,418	67.08
Own account workers	1,101,850	17.39
Non – paid workers	589,668	9.31
Piece workers	270,950	4.28
Employers	123,364	1.95
Other workers	0	0.00
Total	6,335,250	100

Source: Developed by Gina Zabudovsky, data from INEGI (Urban areas)  
Encuesta Nacional de Empleo (National Employment Survey) 1997.

<sup>48</sup> Gina Zabudovsky in collaboration with the National Foundation for Women Business Owners, **Women Business Owners in Mexico, An Emerging Economic Force**, study sponsored by IBM and published by UNAM, México, 1998.

Table 10. MALE LABOR FORCE BY EMPLOYMENT STATUS

WORK POSITION	MEN	%
Salary workers	6,792,452	62.00
Own account workers	2,111,396	19.27
Piece workers	969,389	8.85
Employers	721,635	6.59
Non- paid workers	356,061	3.25
Other workers	5,233	0.05
Total	10,956,166	100

Source: Developed by Gina Zabudovsky, data from INEGI (Urban areas)

Encuesta Nacional de Empleo (National Employment Survey) 1997.

#### 4. MALE AND FEMALE EMPLOYERS BY AGE AND EDUCATION

Women business owners are spread over a wide range of ages. However one third (34%) is between 35 and 45 years of age, and most are under 45. A comparison of the data on men entrepreneurs interviewed shows that women tend to be younger. This is likely to be explained by the fact that the involvement of women in entrepreneurial cycles is relatively recent, and therefore it is more difficult to find older women business owners.

With respect to formal education, we found that entrepreneurs in general have a high level of education. The data shows that women and men business owners are generally better educated than their counterparts in the labor force.

Three quarters (77%) of men and 58% of women studied at the college or graduate level, 3% of men and 13% of women attended commercial or technical schools, 9% of men and 15% of women reached the pre – secondary level, and 5% and 7% respectively, reached the secondary level. Women thus, surpass men in the share of those who have taken commercial and technical courses, while the proportion of men who have studied at university is larger<sup>49</sup>.

However, the correlation between age and level of education shows that the difference between men and women entrepreneurs who go to vocational school is now changing. Younger women are tending more to having completed a college degree.

Among younger women, the percentage of entrepreneurs that has college degree is higher, which indicates an increasing trend towards the professionalization of women business owners. While the percentage of women under 35 with college degrees is 78%, for women between 36 and 45 the percentages drops to 52% and to 39% for women over 55.

<sup>49</sup> *Ibid.*, pp.25 and 26.

## 5. WOMEN ENTREPRENEURS, NUMBER OF EMPLOYEES AND TYPE OF BUSINESS

The most recent national statistics show that most of the businesses in the country are micro business. As a matter of fact, 80.14% of the entrepreneurs employ from 2 to 5 persons.<sup>50</sup>

However this rate is higher among women than among men. Whereas 78.41% of men employers hire from 2 to 5 persons, among women the percentage increases to 90.27% (Tables 11 & 12).

Table 11. FEMALE EMPLOYERS NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES	WOMEN	%
Up to 5	111,355	90.27
6 to 10	6,366	5.16
16 to 50	3,115	2.53
11 to 15	2,094	1.70
More than 51	434	0.35
Non specified	0	0
Total	123,364	100

Source: Developed by Gina Zabudovsky, data from INEGI (Urban areas)  
Encuesta Nacional de Empleo (National Employment Survey) 1997

Table 12. MALE EMPLOYERS NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES	MEN	%
Up to 5	565,860	78.41
6 to 10	82,179	11.39
16 to 50	33,540	4.65
11 to 15	25,793	3.57
More than 51	12,838	1.78
Non specified	1,425	0.20
Total	721,635	100

Source: Developed by Gina Zabudovsky, data from INEGI (Urban areas)  
Encuesta Nacional de Empleo (National Employment Survey) 1997

As the number of employees increases in a company, the probability of finding women employers decreases. In the firms that employ up to 5 workers, the number of women entrepreneurs ranks 16.44%, and those that have 51 or more, the presence of woman entrepreneurs drops to 3.27%.

This situation was also confirmed with other kind of studies. Our own survey made in Mexico City in 1998, showed that women have a particular importance as owners and directors of micro businesses. Among firms with up to 16 employees, the share of women owners in relation with men increases to 20%, while in small businesses (16 to 100 employees) the share of women - owned firms

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<sup>50</sup> INEGI. Op.Cit.

barely reaches 11% and it decreases to only 4% of the medium and large businesses (100 or more employees).

The percentage of micro business among the 300 men interviewed is 48%, while among women it goes up to 80%. The remaining businesses owned by women are small (16%), and only 4% are medium and large <sup>51</sup>.

## 6. MALE AND FEMALE EMPLOYER BY INDUSTRY

As we have seen, women business owners in the most urbanized zones comprise 14.60% of the total entrepreneurs.

However, the percentage of women entrepreneurs shows sharp variations in relation to different types of business. The highest rate of women entrepreneurs compared with men is found in hotels, restaurants and similar areas (where they represent 37%) followed by trade (22.29%), the media (18.38%) and real-estate leasing and financial services (21.65%). In contrast, there are no women entrepreneurs in such areas as mining and construction <sup>52</sup> (Table 13). These data confirm previous studies where similar trends were detected.<sup>53</sup>

Table 13. MALE AND FEMALE EMPLOYERS BY INDUSTRY CATEGORIES

	TOTAL	MEN	%	WOMEN	%
Agricultural and animal	33,811	32,590	96.39	1,221	3.61
Mining and quarry	540	540	100.00	0	0.00
Oil production and refining	0	0	0.00	0	0.00
Manufacturing	132,197	122,088	92.35	10,109	7.65
Electric power	0	0	0.00	0	0.00
Construction	90,532	90,297	99.74	235	0.26
Commerce	190,611	148,120	77.71	42,491	22.29
Hotels, restaurants and similar	65,569	41,255	62.92	24,314	37.08
Transportation and connected services	44,882	41,247	91.90	3,635	8.10
Communications	495	404	81.62	91	18.38
Financial, real state and					
Business services	92,380	72,384	78.35	1,996	21.65
Other services	192,778	171,524	88.97	21,254	11.03
Public management and defense	0	0	0.00	0	0.00
Non specified	1,204	1,186	98.50	18	1.50
Total	844,999	721,635	85.40	123,364	14.60

<sup>51</sup> Zabludovsky in collaboration with NFWBO, Op. Cit.

<sup>52</sup> INEGI, **Op. Cit.**

<sup>53</sup> For more information about the previous findings you can consult the following articles: Zabludovsky Gina "Hacia un perfil de la mujer empresaria en México", *El Cotidiano* 53, UAM'A, 1993.; "Presencia de las empresarias en México, diagnóstico comparativo regional y mundial", en *Revista Mexicana de Sociología*, Vol 57 Num 4, Instituto de Investigaciones Sociales, México, 1995

However preceding studies also found that women owned businesses are becoming increasingly diversified. The presence of women is no longer restricted to traditional sectors. There are many activities in which the percentage of women approaches 14%, which is their representation in the total number of businesses in the metropolitan areas.

Except for the construction industry (in which all of those interviewed were men) there are women owned businesses in a wide variety of sectors, including industrial activities as durable manufacturing, where until a few years ago very few women could be found.

The contribution of women is particularly relevant in activities such as educational services (36%), personal services (22%), commercial activities (19%) and in wholesale and retail (17%)<sup>54</sup>.

## **7. WOMEN ENTREPRENEURS' DURATION IN BUSINESS.**

Women are playing an important role in the creation of new businesses. Data on the length of time in business illustrate that the share of businesses owned by women created in the last five years stands at 32% against only 20% of the men-owned firms started within the past five years.

The relative youth of many women-owned businesses does not necessarily mean that these businesses are unstable or more short-lived. Women also have a significant presence as owners of older businesses (27%). Twenty-seven percent of women are owners of businesses that are between 5 and 10 years old, and 12% have owned their business for more than 10 years.<sup>55</sup>

The growing importance of women in business creation and growth becomes even more apparent if we take into account the fact that most of them were the founders of new business, as we will see in the following section.

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<sup>54</sup> Zabudovsky in collaboration with NFWBO, *Op. Cit.*, pp.7-8

<sup>55</sup> *Ibid*

## **II. WOMEN ENTREPRENEURSHIP**

### **1. START UP PROCESS**

#### **1.1 SOCIO CULTURAL BACKGROUND**

Most women entrepreneurs in Mexico are the founders of their businesses, a minority gets started as part of a family business and only in few cases do women purchase, inherit or acquire the business as a gift.

This situation, which was revealed in questionnaires applied in 1991<sup>56</sup>, has been confirmed in more recent research studies. In one survey of men and women entrepreneurs in Mexico City taken in the first quarter of 1998, it was found that 61% of women founded their businesses, 18% inherited them, 13% purchased them and only 8% received them without making any investment (gift, bequest, etc.).

In questionnaires applied some months later to another group of women entrepreneurs it was found that 50.47% of the women were founders of their business and 31% had entered into a family business.

Whatever the type of business, the strongest support for women who start out in business is from their families. Thus, husbands or boyfriends constitute the most important support for women (in 40%), while parents rank second (29%), followed by other family members and friends.

In contrast, support from company employees and executives and external support from accountants, the government, business organizations and the financial community play a relatively insignificant role for the company in the initial stages. (Questionnaire applied in October 1998).

#### **1.2 POTENTIAL MOTIVATIONS**

Women initiate their business activities for a variety of motives and reasons. The questionnaires applied to 300 women in the first quarter of 1998 show that the main reasons for starting a business are: the search for independence and the desire to have their own business (29% of cases); the need to improve their standard of living and to obtain income (21%); a keen interest in the particular line of business (18%); the fact that it was a family business or because of encouragement from their fathers or mothers (18%); factors linked to need and the loss of employment (16%); and the search for personal achievement (11%).

Most of the women got involved in business activity in a gradual manner, as part of a step-by-step



process. However, the percentage of entrepreneurs that gets started in their activity as the result of a sudden change in situation is greater among women (28%) than among men (24%).

Among the women who answered that they had gotten started as part of a sudden change in situation (80 out of 300), we found that these situations included the loss of employment (16%), illness or death of parents or spouse (14%), change in employment (12%) and admission into a profession or the obtaining of a degree (9%).

Among the 71 men interviewed who are in business due to a sudden situation, we found that in 25% of the cases, there was a loss of employment, followed by a change of employment (15% of cases) or inheritance of the business (11%).

Thus we see that, like men, women who started up their business activity abruptly did so because of loss of employment. However, in contrast to the men, more women were thrust into business ownership as the result of a tragic situation, such as the death of a family member, whereby many were left without a parent or spouse.

### 1.3 PREVIOUS EXPERIENCE

Most women business owners held a paying job outside the home prior to engaging in their business activity. The questionnaires applied in October 1998 show that an important number of women had held high level executive positions (22%) or middle management positions (12%) in various private companies, while others had been employees (18%) in the same. .

If we compare these answers with the previous studies<sup>57</sup>, we can observe the changes that have taken place in the profile of women entrepreneurs in Mexico. Up to just a few years ago, in most cases women entered business life without any prior experience in executive positions and as part of a family business. .

The most recent data indicate that this situation is changing. As in other countries, women business owners seek to gain prior experience in managing other companies before founding their own. Among the 100 women interviewed, we found 49% where they had previously worked in another company and only 17% who had developed solely in their own company.

### 1.4 MOTIVATIONS, SATISFACTIONS, REWARDS, CHALLENGES AND EXPECTATIONS OF WOMEN ENTREPRENEURS

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<sup>56</sup> Zabludovky Gina, "Hacia un perfil de la mujer empresaria en México", *El Cotidiano*, Universidad Autónoma Metropolitana, México, D. F. 1993

<sup>57</sup> Ibid. See also, Zabludovsky, "La mujer en la empresa familiar" en Grabinsky Salo, *Mujeres y sus empresas*, México, 1993

Among the three hundred questionnaires applied in January 1998, we found that the main sources of satisfaction for the women as entrepreneurs are personal fulfillment and satisfaction and the pursuit of professional goals, (26%), the search for independence and the desire to have their own business (20%), the creation of sources of employment and support in the advancement of the employees (17%), factors linked with relationships and the satisfaction of customers and users (15%), to earn more and to create a legacy (10%), to provide good service and to be useful to others (10%).

With respect to their main challenges and frustrations as entrepreneurs, the women responded that their main frustrations are difficulties with the government and bureaucratic procedures, the lack of financial support and economic solvency, currency devaluations, economic crises and external economic aspects, not being able to fulfill their goals and unfair competition.

As to their greatest challenges, women entrepreneurs indicated that their most significant challenges as business owners are: growth, expansion and the opening of new locations to increase their sales (31%); and maintaining and preserving the business in order to be able to continue in the market (28%).

Besides these factors, the women cited as minor issues other more specific challenges such as becoming the best in their line of business, being a competitive company in the world arena, providing jobs, opening up to exports and others<sup>58</sup>.

## **2. CHARACTERISTICS OF WOMEN ENTREPRENEURSHIP.**

### **2.1 ORGANIZATION AND STRUCTURE OF WOMEN'S BUSINESSES.**

As we indicated before, women tend to be concentrated in micro and small businesses.

In relation to the partner and co-owners, most of the women are sole proprietors of their businesses (58%), although there is also a high percentage of business partnerships (42%). This situation contrasts with that of the men, the majority of whom (65%) are in business with others.

This situation of women-owned firms can be explained in part by the size of their businesses. As would be logical to suppose, the smaller the size of the business, the more likely the owners are to be sole proprietors. In our interviews we found that while only 40% of micro businesses are co-owned, fully 92% of medium and large firms have more than one owner. Like most entrepreneurs in this country, women co-owners of businesses tend to become partners with members of their families. As a matter of fact, 68% of all women-owned business partnerships and 67% of men's are in family businesses.

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<sup>58</sup> Zabludovsky Gina in collaboration with NFWBO, **Op. Cit.**

The importance of family businesses is also seen in the high number of family members who work within businesses. In women-owned businesses, 68% of women say they work with some members of their family, and 23% say they work with friends. Among men, the percentage that works with some member of the family is also significant. Fully two-thirds (67%) work with some member of their family, and 20% work with friends.

However, in contrast to men business owners, women business owners do not establish alliances with other partners. Nearly one-third (30%) of the men do so, in comparison with only 10% of the women. This situation is perhaps explained by the absence of women in business circles where partnerships can be established and support networks can be found.

The vast majority of women business owners also do not establish alliances with investment partners who share in the ownership of the business. Only 19% of the women answered that they had investing co-owners (equity partners) in their businesses.

The great majority of businesses owned by women (86%) operates without any bank credit. While it is true that this absence of credit is more acute among women-owned businesses, it is a trait common to entrepreneurs in Mexico as a whole. Among men owners, we found that the percentage of those who receive credit scarcely reaches 25%.

This situation is directly linked with the size of the business, since only 11% of micro-businesses receives bank credit, while among medium and large business this percentage increases to 63%<sup>59</sup>.

In the absence of bank loans, women entrepreneurs turn to a variety of sources of financing, particularly to personal and family savings and the reinvestment of the earnings of the business.

## 2.2 MANAGEMENT STYLE.

Most women business owners share their business decision making. The questionnaires applied in October 1998 show that business decisions are shared in 55% of the cases, while only 28% are made on an individual basis.

The decisions most often shared are related to production (54%), followed by administrative activity (51%). Although most women share the decision-making process in personnel and commercial management, we did find a significant number of cases where the women business owners make decisions based solely on their own criteria.

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<sup>59</sup> **Ibid**

With respect to management styles, we also found that most women partially delegate the functions of the company (54%) and we had 11% where they did not delegate or request advice or assistance.

Many women business owners (45%) consider that they have a participatory leadership style. Only 14% of them indicate that their style is hierarchical and that decisions are made vertically. In relation to their communications style, we found that 11 cases specified informal communications and 9 indicated structured communications (October 1998 questionnaire).

As to the most important personal qualities, the responses confirmed previous findings<sup>60</sup> having tenacity, being hard-working and orderly were the most important. (81% and 74% respectively,) characteristics for women entrepreneurs. It is also important to be pleasant in dealing with others, to have teamwork, the ability to delegate responsibilities and concern for the well-being of employees. Other important causes, mentioned slightly less often, are administrative and savings abilities; to be able "to anticipate problems" and have a support network in the business community.

As in previous studies, the answers indicate that the most important characteristics for women business owners are tenacity and dedication to work. This is already confirmed in the number of answers in which the importance of being orderly ranks third. Teamwork is very important for women business owners, ranking fourth in their answers. It is interesting to note that women do not consider a hierarchical organization important in companies, since this characteristic ranked highest in the number of mentions where it was considered not important at all.

Most of the women business owners hire employees based on specific abilities and their work experience. The factors related to the preference in hiring women ranked third, followed by references related to other types of qualifications in the personnel and the need for the employees to be younger.

### 2.3 TRAINING NEEDS

With respect to training requirements, the questionnaires applied in January and October 1998 show that the most important aspect was the need to obtain support in the use of the new technologies, specifically computer sciences; most women stated that they needed to become more updated in these areas (58%). Secondly was the need for training in sales and marketing (40%). Third and fourth were training in personal development and leadership (35%) and fiscal matters (27%). Next were training in planning and organization (22%) and refresher courses on economic, political and social realities (19%).

As to the ways the training should be given, most of the women considered that personal attendance at the courses was the best (71%), followed by the Internet and computer programs (43%).

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<sup>60</sup> Zabludovsky Gina, "Mujer, empresa y familia" en **Mujeres y sus empresas**, Grabinsky, Del Verbo Emprender, México, 1993.

### **3. WOMEN BUSINESS SUPPORT AND INFORMAL NETWORKS.**

With respect to membership in organizations, women entrepreneurs have belonged to those formally established in this country for many years, such as the Chamber of the Transformation Industry (Cámara de la Industria de la Transformación, CANACINTRA), the Chamber of Commerce (CANACO) and others that make up the Confederation of Chambers of Industry (Confederación de Cámaras de la Industria, CONCAMIN). Only 7% of the women interviewed belonged to any organization specifically for women entrepreneurs. Most of the women interviewed consider that it would be desirable to have more support from women entrepreneurs' organizations, however the presence of these groups is still in the initial stages. And, as we have seen, women tend to have more support from their families.

However, this panorama is changing. Currently a series of women's organizations has been founded, some of the most important of which are the following: Asociación Mexicana de Mujeres Jefas de Empresa, AMMJE, an affiliate of the worldwide Femmes Chef d'Entreprises, with chapters in cities throughout the Mexican Republic; la Asociación de Mujeres de la Cámara de Comercio de la Ciudad de México; Mujeres Industriales de CANACINTRA; Mujeres de la Confederación Empresarial de la República Mexicana. There are state-level women's organizations in Guerrero, Oaxaca and Veracruz, among others.

Although the membership base of these associations includes only a scant minority of women entrepreneurs, in recent years they have achieved an increasingly important presence, since conventions of women entrepreneurs have been held at different locations in Mexico, with a regional, national and world-wide representation. This reality indicates that women entrepreneurs are creating their own networks, which are achieving a growing importance. It would not be difficult to foresee that in the near future, we will find women entrepreneurial organizations and networks with greater strength and a wider membership base capable of providing important support for women in the world of business.

### **4. EQUITY ETHIC**

Businesses owned by women offer their workers more possibilities of flexible work schedules, dental and medical benefits (in addition to those provided by the Mexican government benefit system, the Seguro Social); support for children's education and extra maternity leave, over and above the periods formally established by law.

Conversely, primarily due to the relative sizes of their businesses, men-owned businesses tend to support their employees with a higher rate of profit-sharing than do women-owned firms, with opportunities for personal development and training programs.

In addition to the support measures given to employees which we have found, there is also an important percentage of women who do volunteer work. The questionnaire applied in October 1998 reported 46% of volunteer work among women entrepreneurs. These types of volunteer work are directed towards associations that support women's development (19 cases); community work (10 cases); educational work (7 cases) and religious communities (7 cases).

In addition to these actions, some women entrepreneurs have implemented specific programs for economic and social support.

One of this is the “Fundación Porvenir”. Founded by a successful woman entrepreneur from one of the poorest indigenous zones of the country, this foundation provides support in combating poverty in the region. The foundation collaborates with private schools in which middle school and high school students visit different sites and establish close contact in providing collaboration and assistance to the inhabitants.

Another type of more concrete programs has been implemented by women’s associations such as the Jalisco chapter of AMMJE, which includes the objective of establishing a child care center so that the mothers can work while their children are taken care of by a professional staff.

The next section will provide hard data on some of the programs established by women business owners groups and other associations.

### **III. BEST POLICIES**

There is no official government program to promote and support women's business activities. However, some government agencies and private organizations have initiated actions, projects and types of organizations basically intended to create mechanisms to surmount the restrictions and obstacles which women must overcome in achieving the maximum benefit from their entrepreneurial activities. Some actions in particular are aimed at obtaining financing, providing training and organizing networks and associations. The following are some recently established innovative programs.

#### **1. Financing and business development programs.**

As already explained, due to the fact that most of the businesses owned by women are micro businesses, they face important credit limitations. The smallest businesses tend to obtain less external credit and depend on their own resources (personal, family or from friends). In fact women business owners often use this type of financing to maintain their businesses.

Therefore, those financial policies supporting micro business promoted by development banks from different countries and some international financial institutions such as the Women's Bank ("Banca de la Mujer") and the Interamerican Development Bank ("Banco Interamericano de Desarrollo") are important in some countries.

The application of these programs in different countries has shown that, compared to men, women business owners allot a larger percentage of income to covering basic family needs such as health, education, housing, clothing, etc.

In Mexico, development banking has started up programs worth noting. In collaboration with educational institutions (such as the "Instituto Tecnológico Autónomo de México" and ITAM) "Nacional Financiera" has provided support to business development courses aimed specifically at micro, small and medium sized businesses.<sup>61</sup>

In February 1992, in conjunction with the women's business organization the Association of Mexican Women Entrepreneurs (Asociación de Empresarias Mexicanas, A.C.), Nacional Financiera (NAFINSA) created a trust to promote the development of women-owned micro businesses. This financial institution has also supported another group of Mexican women business owners, the Association of Women Heads of Business (Asociación de Mujeres Jefas de Empresas - AMMJE), in establishing a Credit Union.

Other government programs have been directed mostly to supporting self-employment, micro businesses and combating poverty, as is the case of the Solidarity Program (Programa de Solidaridad) together with Women in Solidarity (Mujeres en Solidaridad). Similar programs have been implemented at the state and regional level.

Some non-governmental organizations have taken an active role in granting credit and assessment to women-owned micro businesses. One is FINCA Internacional (Foundation for International Community Assistance) that operates through common funds to support women in generating their own financial resources, promoting savings through the planning and implementation of productive projects, as well as achieving women's participation in networks and support groups.

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<sup>61</sup> Comité Nacional Coordinado de la IV Conferencia de la Mujer, Volume 19, 1995, p. 26)

Like other similar organizations, FINCA has been quite effective in granting credits; nevertheless it has not included a more integral type of support capable of incorporating training programs. The following associations are some operating at the regional level that have included training in their development plans.

The Association of Mexican Women Entrepreneurs (Asociación de Empresarias Mexicanas, A.C.) is a non profit group whose main mission is to generate and strengthen business programs that promote the incorporation of women and families into the nation's mainstream economy. Thus, by means of plans for training and granting credits, it seeks to transform the time women dedicate to micro businesses "into more satisfying work with greater production advantages and markets for the goods and services they produce, thus enhancing their self-esteem and that of their families." Until 1994, this organization had granted financing, technical support and business training to a total of 135 companies mainly located in the city of Veracruz, in which 76% of the credits were allocated to trade, 20% to services and 4% to small workshops<sup>62</sup>.

Among the regional associations that grant credits and training to women-owned micro businesses (mainly comprised of seamstress shops, bakeries and hardware stores) is the Mexican Federation of Private Health and Community Development Associations (Federación Mexicana de Asociaciones Privadas de Salud y Desarrollo Comunitario, A.C. - FEMAP) located in Ciudad Juárez.

Another women's group is **Semillas** which was founded in 1990 and, like others of its kind, it focuses on granting credits, training, guidance, assessment and philanthropic support to projects directed by women living in low-income areas. In March 1999, this same association founded **Siembra**, conceived as a women's bank specifically intended to obtain credits for women entrepreneurs.

Despite the importance of their innovative practices and precisely because of their specific characteristics, these programs have had a limited impact and within a restricted zone of action. Most have concentrated their efforts on self-employment and micro business and are not aimed at handling the needs and worries of women who own small and medium-sized businesses. Support for the latter has been even scarcer. However, in the last few years, the small and medium sized women business owners themselves have organized to support the special training, and self-improvement programs described below.

## **2. Training programs.**

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<sup>62</sup> *Ibid*, p.26



As of the second half of the 1990's, training programs began to be implemented that are specifically directed towards women in decision-making positions, such as the Diploma Course for Women's Leadership taught since 1997 in the Autonomous Technological Institute of Mexico (Instituto Tecnológico Autónomo de México) and in the Women's Leadership Center (Centro de Liderazgo de la Mujer - CELIM). The objectives of this program are to "develop leadership, strategic and management skills in women" which comprises part of CELIM's activities and objectives, an organization founded and supported by the directors and members of the Mexican Association of Women Entrepreneurs (Asociación Mexicana de Mujeres Empresarias - AMMJE).

As of 1998, another leadership training program for women got underway in the Universidad del Valle de México. This project was developed by the women directors of another recently founded business organization, Women Entrepreneurs of the Employers Confederation of the Mexican Republic (Mujeres Empresarias de la Confederación Patronal de la República Mexicana - COPARMEX).

In addition to the difficulties involved in obtaining adequate training and sources of financing, some other limitations frequently mentioned by women that hinder them in business is their being excluded from informal exchange networks and business circles such as industrialists clubs, employers' chambers, etc. Thus the importance of support associations and networks that women themselves can found, such as those described below.

### **3. Women business owners associations, alliances and circles.**

One of the basic obstacles which women business owners face in Mexico is the fact that they are excluded from mostly male entrepreneurial circles.

Thus, in 1994, for example, there were only two women among the 75 presidents in the Confederation of National Chambers of Industry (CONCAMIN). That same year, in the commerce sector, the 304 regional chambers of commerce comprising the Confederation of National Chambers of Commerce (CONCANACO) included only 11 women presidents, the equivalent of less than 5%, while the number of women entrepreneurs in commerce comprises 23% of the business owners in this sector. Women's low level of participation was also evident in the private sector of the Free Trade Agreement (NAFTA) signed by Mexico, the United States and Canada, in which there was only one woman among the 182 leading Mexican business owners (representing the customs group<sup>63</sup>

To counteract this isolation existing in Mexico, some women business owners organizations are

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<sup>63</sup> Zabludovsky Gina, "Mujeres empresarias y ejecutivas en México" en **Humanismo, Mujer, Familia y Sociedad**, Simposium Internacional, México, 1996..

striving to establish support networks and enhance the level of education and relationship networks among their members.

The following are two worldwide women business owners' organizations that are represented in Mexico.

The "Asociación de Mujeres Jefas de Empresa" (AMMJE) is comprised of eight chapters in Mexico City and several states (such as Jalisco, Aguascalientes, Quintana Roo) and has a membership of 400. To become a member, the applicant must be a stockholder in a company and work in the same.

One of the activities conducted by AMMJE is the holding of national and international congresses. The first took place in Guadalajara in 1991, the second in Mexico City in 1992 and the third in Puerto Vallarta in 1994. AMMJE members take an active part in the international congresses the organization holds in different countries.

Some of the association's objectives are: to promote the exchange of information, experience and knowledge among women business owners; contribute to the development of professional skills through conferences, seminars and workshops; extend the communications and support network among women entrepreneurs; offer assessment in the legal, trade and promotional areas and create financial instruments such as the Credit Union and foster the development of its women business owner members.

The counterparts of AMMJE in the United States are the National Association of Women Business Owners (NAWBO) and the Association of Women Business Owners in Canada.

Another international association active in Mexico is the National Federation of Women's Professional and Business Clubs (Federación Nacional de Clubes de Mujeres Profesionistas y de Negocios), some of the objectives of which are to promote the interests of its members and coordinate their activities of the member organizations. Women also belong to specific business owner organizations such as the Mexico City Chamber of Commerce (Cámara de Comercio de la Ciudad de México) and the National Chamber of the Manufacturing Industry (Cámara Nacional de la Industria de la Transformación).

For a long time, there was little organized activity among women business owners in Mexico, which operated mostly as isolated groups. However, important signs of change are now evident. The National Association of Mexican Women Entrepreneurs (Asociación Nacional de Empresarias Mexicanas) has founded chapters in several cities. Moreover, since early 1997 women's associations have been founded within important business chambers. One is the membership of women from the

State of Mexico in the Employers Confederation of Chambers of the Mexican Republic (Confederación de Cámaras Patronales de la República Mexicana (COPARMEX) and the Women Industrialists (Mujeres Industriales) of the CANACINTRA that held a national meeting in the first half of 1998. The second national convention of Women Business Owners was organized by the women members of the Mexico City Chamber of Commerce in February 1999.

In 1998, the Coordination of the National Program for Women (Coordinación de Programa Nacional de la Mujer), in collaboration with the International Labor Organization (Organización Internacional del Trabajo - OIT), founded the "More and Better Jobs for Women" program (Más y mejores empleos para la mujeres) the objectives of which are to promote micro businesses and establish an inter government ministry organization to achieve common goals.

Moreover, women's participation in business was evident in other international events. In March 1999, the FIDE Congress (Federación Internacional de Mujeres Empresarias Hispánicas) was held in Mexico for the first time in the port city of Acapulco. Federal and state government and private organizations provided support in organizing this congress, particularly the Association of Women Entrepreneurs of Guerrero (Asociación de Mujeres Empresarias de Guerrero), an independent organization, as well as representatives from Nacional Financiera.

Although it is difficult to evaluate and foresee what the future holds for these projects, it is clear that the steps already taken point to the possible consolidation of forces among women's organizations, in order to achieve an ever growing presence, not only in the economy but also in the arena of social and political participation.

#### **IV. POLICY RECOMMENDATIONS**

1. Gender desegregated data is needed to understand the magnitude of women's economic contribution, and the gaps between policy and practice. In Mexico and Latin America, the relationship of inequality between the sexes in entrepreneurial and managerial levels has not received enough attention. The centers for the study of women and gender should consider the importance of the research on women in economic decision making positions.

2. There should be collaboration among governmental institutions (Ministry of Labor, Ministry of Commerce and Industry) the private sector, university, research centers and international bodies to support and study women business owners programs (in business, in some public sector offices (such as the Ministry of Labor, and the Ministry of Industry and Commerce) and in the main entrepreneurial and management Organizations (the different chambers of commerce and industry, and the associations

of executives).

3. Increase the participation of women in business organizations at the local, national, regional and global level. Women need to become active in male-dominated organizations. They should be considered as potential leaders in the main entrepreneurial bodies.

Eliminate the barriers that still exist for the admission of women in predominantly male business circles where much of the networking is done (social clubs for the financial sectors, industrial entrepreneurs associations, commercial groups, etc.). It is still very common in the Conferences and meetings of these organizations for the so-called "programs for women " to be mainly conceived as recreational activities for the wives of businessmen. An effort should be made to change these traditional roles and to consider men and women as equals (either as participants or companions).

4. Diversify membership and amplify the scope of the actions of the existing women business owners' organizations. Women need to organize into effective pressure groups to improve their networking and lobbying. They should strengthen their links with different private and public sectors and try to influence policy measures that may affect their interest.

5. Propose policy recommendations on the elimination of restrictions to credit. Financial services should consider the possibility of a special division for micro enterprises and for women and of more flexible schedules. Also, since loans and financial resources are usually guaranteed by properties, it is important to suggest that some of the family possessions (i.e. the house) should be owned by the woman.

6. Emphasize the importance of women as managers of economic resources. It should be emphasized that women are used to handling matters such as saving and managing the family budget and other financial resources...

7. Women's association and private organizations should perfect and extend their programs to provide training in cash and credit management, confidence-building and technical skills that enable women to move beyond survival and play dynamic roles in local and global economies.

8. Computer companies and advisors should become involved with women's organizations to establish training and updating programs in computers, e-mail and the Internet.

9. Create awareness of the capacity of women in authority and leadership positions. Establish new

programs and further existing programs for the support of women leadership and for the motivation and promotion of creative and non subordinate attitudes: initiative, trust, dedication, innovation, etc.

10. Suggest the limitation of paperwork, excessive regulations and other bureaucratic hurdles usually required in some countries to create a new business. Many women - as well as men - who want to create their own company often become discouraged when they realize the many obstacles that they have to face before starting business. In the case of women these barriers usually become greater due to their simultaneous social and family responsibilities and attitudes of mistrust that they usually find among business circles and public officials.
11. Have services available to help women make the transition from micro to small and medium sized business: fast, timely access to credit and savings services; non financial business and technical services; specialization in management functions; innovation in technology; a wider range of more complex differentiated products; and more complex market patterns and marketing channels
12. Help small and medium enterprise be competitive in the global market. In developing countries, these firms need access to know-how and market links to increase competitiveness. Women (and men) entrepreneurs in small and medium size companies should evaluate the possibilities of collaborating with other business owners in order to increase their possibilities to export globally.
13. Create role models for entrepreneurial and executive woman. Journals and other publications of business organizations, banks and public offices should include pictures and references to the work of women as entrepreneurs or manager of traditional and non traditional industries. Books on entrepreneurship, administration, and management for the different levels of study should also include these references. Textbooks for primary school and high school students should have models of women leaders and women in economic decision-making positions. Individual cases as well as those of states, nations and countries with the largest proportion of women as entrepreneurs, could also serve as role models.
14. In the case of family business, the role of many "invisible women" should be acknowledged. Women should understand that ownership should be in the name of the woman, when she is the one who works in and direct the company. "Hereditary rights" should also be reviewed in order to increase the possibility that women become successors of a family business firm <sup>64</sup>.
15. Private sector bodies and the different worldwide organizations, should strive to include women entrepreneurs in leadership positions. Women entrepreneurs should take a more active role in groups

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<sup>64</sup> Grabinsky, **Mujeres y sus empresas**, Del Verbo Emprender, 1993

negotiating trade agreements such as NAFTA, MERCOUR, the European Community and APEC.

## **METHODOLOGICAL SUMMARY**

The data on which this study was based were obtained from different sources:

1) National statistics were consulted. This information was based on the author's personal interpretation after consulting the material published by the National Institute of Geography and Statistics (Instituto Nacional de Geografía y Estadística - INEGI), particularly the 1997 National Employment Survey (Encuesta Nacional de Empleo), which comprised the most updated information available in the country at the time the present study got underway.

Since a large proportion of business is conducted in urban areas, this study focuses on information obtained from these cities.

This data comprises the basis of the first part of our study, the General Survey, and the tables are based on this information as well.

2) Data was obtained in a study the author conducted in collaboration with the National Foundation for Women Business Owners, sponsored by IBM published with the title of "Women Business Owners in Mexico. An emerging economic force"

The research work was carried out in the first quarter of 1998, applying 600 questionnaires to men and women entrepreneurs in the Mexico City metropolitan area, in which the subject group was comprised of 300 men and 300 women to obtain a sufficiently extensive and detailed perspective.

These sources were used to complement the drafting of the first part of the study (General Survey) and some sections of the second part (Women Entrepreneurship).

Despite the fact that the data from INEGI and the data in our survey were obtained from different sized groups and distinct sources, these two sets of data were considered to be comparable, since we found very similar trends in both. The percentage of women business owners, above all the total number of women among business owners, coincides at 14% of all the entrepreneurs in both samples.

3) A survey taken by the author in October 1998 that was expressly planned to obtain the information required for the present study. This poll was applied to 100 women entrepreneurs specifically to obtain the data on the socio cultural background, previous experience, management style and other important points contained in the second part of this study, entitled Women Entrepreneurship.

The data used in the second part of this study were obtained by combining two separate questionnaires: the January-March and the October polls. This was done because of the need to develop questionnaires that capture information not previously sought, the objective of which was to develop the present report for the APEC.

Despite the methodological risk implied in incorporating data obtained from surveys from different universes and dates of application, the problems were considered to be minimized since the two samples show strong points of coincidence: both were taken the same year and all the women business owners are from the Mexico City metropolitan area. Moreover, the interviews had many common features. The socio-demographic characteristics of the women interviewed are very similar, as are the features of their businesses, shown in similar percentages in the respective lines of business, size and time the companies had been in operation, etc.

4) Documents, bulletins and periodicals issued by the different women's associations were consulted, the directors were interviewed and the author attended meetings and congresses held by the various organizations. Information was obtained on their main programs, which served as the basis for drafting the "best policies" section of this report.

The author wishes to express her thanks to the sociology students Roberto Garda, Alicia Juarez and Rocio Noguez, who collaborated with the research by developing several statistical tables and applying questionnaires especially designed for this study.

**WOMEN ENTREPRENEURS IN SMEs  
IN THE PHILIPPINES**

**Authored By**

**Sonia Tiong-Aguino**

**Institute for Small Scale Industries**

**University of the Philippines**



## EXECUTIVE SUMMARY

The **Study on Women Entrepreneurs in SMEs in the APEC Region** aims to draw a profile of women entrepreneurs in the Philippines as it examines the status, problems, and needs of those in the small and medium enterprise sector. The project made use of secondary data from two major sources, the Department of Labor and Employment (DOLE) and the National Statistics Office (NSO). There are no data available from the Department of Trade and Industry (DTI) where gender ownership is denoted. For the study to reflect a realistic state of women's entrepreneurship, a survey was conducted as a source of primary data, and in particular, data on their needs and present problems.

The Asia Pacific Economic Cooperation (APEC) recognizes the Small and Medium Enterprise sector (SME) as an engine for growth, and therefore provides this sector with support programs which will enable it to sustain its viability as globalization becomes an economic reality. The Philippines has put into place programs for the development and growth of SMEs through the Magna Carta of Small Enterprises, also known as Republic Act (RA) 6977 which was later amended by RA 8289.

As of 1995, DOLE and NSO recorded that 99% or 95,736 of the total number of manufacturing establishments (96,703) were from the SME sector, with 98% considered small and 0.9% considered as medium in size. SMEs generate about 51.6% of the total employment and their value added contribution is estimated at 26.5%. They constitute about 61% of the country's exporting firms.

Disaggregation of gender figures is now being considered by data sources. However, for this study, the figures were extrapolated. From data on employment status, the number of females considered as self-employed and employers are 3,472 or only 3% of the total. These were assumed to be the duly registered-owned companies. However, such assumptions cannot be accepted as accurate because a large number of enterprises are listed under the name of the male spouse. This was the practice before the Family Code Law was passed in 1987. Moreover, it can also be concluded that a large number of enterprises are operating under the single proprietorship type of ownership, as the majority of SMEs are.

The industry sectors where women entrepreneurs are engaged are as follows: food processing (including livestock, and agricultural products processing), garment making, jewelry making, shoes and bag manufacturing, handicraft, and weaving. Service enterprises popular among women entrepreneurs are the retail and professional services. Operating dormitories, inns, pre-schools and catering are some of the evolving business ventures.

Generally, the women entrepreneurs have a higher educational level than their male counterparts. They ventured into business primarily to augment their family's coffers and many of them went through a crisis in life which made them stronger.

A survey was conducted among women entrepreneurs from Metro Manila, Bulacan, Pampanga, Ilocos Norte, Cebu, Bacolod, Davao and Zamboanga City, practically covering the major islands in the Philippines. From a sample size of 200 SMEs, only 139 responded. Sixty two percent (62%) of them are in manufacturing, 36% are in wholesale/retail businesses, and 2% are from the service industry. Seventy percent (70%) are sole proprietors and the rest head their own corporations. Most of the women entrepreneurs (73%) have been operating their business for more than five years. Eighty-eight percent (88%) employ anywhere from five to 99 workers while 12% employ more than 100 workers. Sixty three percent (63%) of the respondents have reached the college level of education. Sixty-five percent (65%) of the respondents began their business with capital from their own resources - either in the form of savings or inheritance. Where initial investments were borrowed, these were mostly from relatives and not from formal sources.

In terms of performance in 1997, 76 (55%) of the women entrepreneurs surveyed registered an average annual sales ranging from P50,000 to P1.5 million (US\$1,300-US\$38,461), while 39% registered an annual sales of up to P15 million (US\$ US\$384,615). Only 6% hit the P60 million (US\$1.5M) mark.

The study confirms some of the problems faced by women entrepreneurs. These are as follows: the effect of the financial crises on business and its ability to survive, the narrow perception of competition, the lack of access to business training and technology, the lack of credibility, the difficulty in finding a niche in the export markets, the difficulty in motivating workers and maintaining quality, and the difficulty in balancing the demands of business and family.

Based on the findings of the study, recommendations and suggestions for a desirable direction in promoting the activities of women in SME are as follows:

- Activate and improve efforts for the matching of businesses between urban and rural areas among the APEC economies;
- Provide more focused research and product development activities;
- Establish common service facilities;
- Continue skills and practical management training, which can be encouraged through exchange, factory visits, demonstrations, pilot programs, and placements;
- Provide better access to funding agencies which support women entrepreneurs;
- Strengthen a relevant national women's Center and women's business organizations; and

- Support the complementation of GO-NGO efforts to sustain operations of the SMEs.

## **I. Introduction**

### **1. Background of the study**

Filipino women are known to be more empowered than most of their counterparts in other cultures and societies. This perception is not without basis. Today's Filipino women are no longer regarded as second to the males. Gone are the days when the Filipino woman is expected to stay at home, bear children, look after the needs of her family and perform household chores. With the Filipino women enjoying the same equal opportunities to education as their male counterparts, the Filipino women of today are able to pursue rewarding careers, exploit their talents to the fullest, gain recognition in their chosen fields, and render their own contributions to society.

The empowered image of the Filipino woman, however, is flawed when one examines her position at the workplace. It is a fact that Filipino women account for a higher percentage of the unemployed. If employed, they constitute the majority of the labor force in workplaces where working conditions are poor. When compared to their male counterparts, Filipino women receive significantly lower pay and are the first to be laid off. Moreover, Filipino women are presented with limited opportunities for growth in corporations, factories, and other workplaces.

In government, they are underrepresented in the legislative, executive, and judicial branches and in other decision-making bodies. In the bureaucracy, as in the corporate world, women executives tend to be stuck at the middle management level. Despite the various laws on equal rights and opportunities which are in place, the gap between legislation and compliance remains.

With the discrimination that Filipino women experience in politics and in the workplace, entrepreneurship poses an especially good option for those who see the need to augment their family income. But although female entrepreneurs are in control of their businesses, they remain bound by society's gender-related biases. As the female entrepreneur takes on her roles as wife and mother, her share of domestic and reproductive responsibilities limits her from engaging fully in economic activities. Furthermore, the lack of access to resources, lack of credibility, implicit policy biases, and her innate reluctance to grow in business complicates the entrepreneur's predicament.

### **2. Objectives**

This research study was conducted to:

- draw a profile of women entrepreneurs in the Philippines;
- determine the problems and the needs of women entrepreneurs; and
- formulate recommendations that will lead to programs and policies that will enhance and strengthen women entrepreneurs in SMEs.

### **3. Scope**

This study was based on primary and secondary data. Primary data was gathered from a survey conducted in the three major geographical divisions of the country namely: Luzon (Bulacan, Ilocos Norte, Metro Manila, Pampanga,), Visayas (Bacolod and Cebu) and Mindanao (Davao and Zamboanga). Survey respondents are from the following industries: agriculture; mining; manufacturing; construction; wholesale and retail; restaurant and hotels; transport, storage and communication; finance and insurance; and public, personal, and social services sectors. The survey focuses on women entrepreneurs' profile, business performance, problems, and the programs utilized by them.

Comparative statistics on women and men in various sectors were obtained through secondary sources: the National Statistics Office and the Department of Labor and Employment. In addition, this study presents the results and findings of two studies undertaken by the Small Enterprises Research and Development Foundation and the Asian Institute of Management.

### **4. SMEs defined**

The Small and Medium Enterprise Development Council (SMEDC) defines a small and medium enterprise as, "any business activity or enterprise, whether engaged in industry, agribusiness or services and regardless of whether they are single proprietorship, partnership, corporation or cooperative whose asset size corresponds to the following set amounts:

Small      P1.5 million to P15 million  
(US\$ 38,461.5 - 384,615)

Medium     Above P15 million to P60 million  
(Above US\$384,615 to 1,538,461.5)"

(Note: Foreign currency conversion as of December 1998 is at P39.00 to \$1.00)

In terms of employment size, the UP-Institute for Small Scale Industries defines:

### Employment Size

Small 10 - 99 employees

Medium 100 - 199 employees

These two definitions were used in this study (DTI, 1996:3).

## **5. Methodology**

The study makes use of a combination of primary and secondary data. The primary data is based on a random sampling of women entrepreneurs in SMEs in Luzon, Visayas and Mindanao. Major regions included in the survey were Region I (Laoag, Ilocos Norte), Region III (Pampanga and Bulacan), National Capital Region (Metro Manila), Region VI (Bacolod), Region VII (Cebu), Region XI (Zamboanga) and Region XI (Davao). Due to project limitations, only 200 women entrepreneurs were selected as target respondents. A complete census of women entrepreneurs in small and medium enterprises was ruled out due to the considerable logistical problems involved. So, in order to have a feel for the status and plight of women entrepreneurs, a random survey was conducted in the major growth areas of the country. Although the NSO does the annual survey of establishments, there are no aggregated data profiling women entrepreneurs. Some of the regions were chosen based on their proximity to Metro Manila. Here, the availability of services in terms of power, utilities, transport facilities, and ready sites allow small investors to quickly start business operations, and are therefore more successful in attracting SME start-ups. Moreover, these regions are considered growth corridors and are therefore expected to have a higher level of entrepreneurial culture. Of the 200 women entrepreneurs contacted, only 139 responded to the self-administered questionnaire. The 200 respondents were drawn from the directories of the:

- Bureau of Small and Medium Business Development;
- Department of Trade and Industry Regional Offices in Cebu and Zamboanga;
- Association of Negros Producers; and the
- Philippine Chamber of Commerce and Industry

Secondary data were gathered from statistics available from the National Statistics Office (NSO), Bureau of Labor and Employment Statistics (BLES), and from various research studies on women entrepreneurs conducted by the UP-Institute for Small Scale Industries (UPISSI) and the Small Enterprises Research and Development Foundation (SERDEF). Selected papers from the APEC Ministerial Meeting on Women provided another source of data.

Altogether, the secondary data yielded useful information on:

- the employment participation of women in the different industry sectors;
- constraints and problems; and

- policies and programs.

## **6. Limitation of the Study**

The survey was implemented at a later time than was desirable. Preparatory work started in 1 October 1998 while survey proper was conducted from 15 October to 15 December 1998. Of the 200 respondents tapped for the survey, only 139 responded. A higher turnout could have been realized but, as the last quarter of the year is considered a time of peak business activity, the rest of the respondents begged off.

## **7. Organization of the Study**

This report is divided into three parts:

- Part I, contains the general survey on 139 Philippine women entrepreneurs.
- Part II, examines women entrepreneurs' socio-cultural background, potential, motivations and decision-making practices. It also looks into the characteristics of women entrepreneurs in terms of organization and structure, management style, training needs, business networks, and informal support mechanisms and equity ethics.
- Part III presents policies on marketing, technology, training, and financing. The study concludes with a set of suggestions and policy recommendations on how to improve and strengthen the status of Philippine women entrepreneurs in the small and medium sector.

## **II. General Survey on Women Entrepreneurs**

### **1. Profile of SMEs**

In 1995, DOLE and NSO recorded 494,974 business establishments operating in the Philippines. Of this number, 96,703 were in manufacturing. The total number of SMEs account for 95,736 (99%) of the total manufacturing establishments, with 98.1% considered to be small firms. SMEs employed about 51.6% of the country's labor force, 3.2% higher than the large enterprises' employment rate.

Although SMEs outnumbered large firms by a 9:1 ratio, the bulk of the revenue earnings and value-added output were contributed by the large enterprises. SMEs account for only 28% of the total revenues of P1,019 million (US\$26 million), and 26.5% of the total value-added in the production of P408 million (US\$ 10.5 million).

The dominant sectors in manufacturing where small enterprises were most likely to be found include food (40,465 or 46%), wearing apparel (14,135 or 16%), furniture (5,719 or 6%), other non-metallic mineral products (2,812 or 3%), and wood and cork products (2,376 or 2.66%).

In terms of geographical spread, of the total existing SMEs in manufacturing in 1993, 81.7% were located outside of Metro Manila. The favored countryside locations were in Regions I, III, IV, VI and IX. SMEs preferred these regions because of a more developed infrastructure, including power, utilities, and communication facilities that allow for a quick start-up of factory operations.

SMEs also contribute to the country's effort to promote exports. They constitute 61% of the exporting firms in the country. However, because most of these firms are small exporters with yearly average exports of US\$100,000, SMEs share of the country's total exports is a mere 1.1%.

Most SMEs face various challenges in the areas of human resources development, technology, research and development, and access to financing to name a few. Strategies and efforts in SME development are centered around concerns such as the following: identifying the priority sectors; promoting linkages among small and large firms; strengthening technology and R&D initiatives; human resources development; and improving access to financing. The success of these programs depends to a large extent on a sound partnership between the government and the private sector. The government, for its part, has several agencies working together to ensure the harmony and complementarity of the undertakings.

## **2. National Perspective: General Employment Profile**

Statistics from NSO and DOLE-BLES show that as of April, 1998, there were 27.8 million individuals in the Philippine labor force, of which 10.2 million (36%) were females. Female workers lag behind their male counterparts at a ratio of 2:3. Female labor participation is 51.5%.<sup>1</sup>

**By industry.** As shown in Table 1, there are more women than men in the wholesale and retail trade sector (2.8 million or 64%), and in the community, personal and social services sector (3.1 million or 55%). A total of 1.2 million (43%) women are in the manufacturing sector, and 275,000 (42%) women are in the finance, insurance and real estate sector. There are about 2.6 million (25%) women in agriculture. The number of males exceed the number of females in the labor force in the following sectors: construction (1.66 million or 98%); transport, storage and communication (1.7 million or 95%); agriculture (7.8 million or 75%); and manufacturing (1.69 million or 57%).

1. Female labor participation rate is defined as the ratio of female workers to total female population

**By occupation.** More females than males are employed in the following fields: sales (2.8 million or 67%), professional (998,000 or 64%), clerical (735,000 or 58%), and services (1.7 million or 57%). There are fewer women than men in agriculture (2.6 million or 25%). Males dominate the employment statistics in forestry work and fishing (7.7 million or 75%), and production, transport and communication services (5.6 million or 82%), but are outnumbered by women in the professional, technical and related work sector (573,000 or 37%).

**By class of worker.** Among wage and salary workers, women comprise 4.8 million (35%) of the total. Of this number, 3.8 million (79%) are employed by private establishments, and about one million (21%) are employed by government and government corporations. As own account workers, 237,000 (28%) of the women are employers\* and 3.2 million (34%) are self-employed.\* There are 1.96 million (53%) females classified as unpaid family workers.

Table 1. Male and female labor force by industry, occupation and employment status  
(in thousands)

Industry categories	Male	Female	Total	% Female
Agriculture, forestry and fishery	7,813	2,621	10,434	25
Mining and quarry	116	13	129	10
Manufacturing	1,696	1,265	2,961	43
Electricity, gas and water	128	17	145	12
Construction	1,668	34	1,702	2
Wholesale and retail	1,579	2,860	4,439	64
Transport, storage and communication	1,759	100	1,859	5
Finance, insurance, real estate and business services	385	275	660	42
Community, personal and social services and others	2,531	3,106	5,637	55

Occupation categories

Professional, technician and related workers	573	998	1,571	64
Administrative and managerial workers	394	201	595	34
Clerical and related workers	533	735	1,268	58
Sales workers	1,367	2,814	4,181	67



Service workers	1,299	1,710	3,009	57
Agricultural, forestry workers and fishermen	7,708	2,607	10,315	25
Production, transportation, equipment operators and laborers	5,633	1,216	6,849	18
Occupation, N.E.C.*	30	16	46	35

#### Employment status categories

##### Own account workers

Employer	607	237	844	28
Self-employed	6,264	3,235	9,499	34
Unpaid family workers	1,770	1,961	3,731	53

##### Paid workers\*

##### Wage and salary

Private establishment/family operated activity	7,776	3,818	11,594	33
Government and government corporation	1,123	1,042	2,165	48

Source: *Table 6.* Employed persons by class of worker, by sex, and major occupation group. April 1998. (NSO, DOLE-BLES).

*Table 7.* Employed persons by class of workers, by sex, and major industry groups. April 1998.

*Table 11.* Wage and salary and own account workers by nature of employment, by sex and major occupation group.

\*Note:

1. **Own account workers** are the self-employed and employers. **Self-employed** is a person working for profit or fee in own business, farm, profession or trade without any paid employees. **Employer** is a person working in his/her own business, farm, profession or trade who has one or more regular paid employees including paid family members.

2. **N.E.C** - stands for not elsewhere classified

3. **Again**, there are no disaggregated figures classifying male and female employers according to firm size.

**Education.** Comparatively more women reach and complete college or university (see Table 2). There are 2.1 million (36%) women who graduated from elementary school, 1.9 million (35%) women who finished high school, and some 1.7 million (56%) women who completed their college and postgraduate education. Please note that there are no statistics classifying male and female employers by age and education.

Table 2. Male and female employees by highest grade completed education (in thousands)

Education	Male	Female	Total	%Femae
Primary school (0 - 12 years)	3,736	2,127	5,863	36
Secondary school (13 - 16 years)	3,781	1,995	5,776	35
Graduate and higher (postgrad:masters/PhD)	1,359	1,752	3,111	56

Source: *Table 4.* Employed persons by highest grade completed, by sex. April 1998 (NSO, DOLE BLES).

Note: In the Philippines, elementary or primary education is 7 years for private schools and 6 years for public schools; 4 years of high school and 4 to 7 years of college or university education.

### 3. Female Employers

**By industry.** Table 3 shows that female employers in the community, personal, and social services sector comprise 76,000 or 67% of the total, and in the wholesale and retail trade sector comprise 85,000 or 49% of the total. In male-dominated fields, women employers account for 8,000 or 15% of the total in transport and communications, and 1,000 or 6% of the total in construction.

Table 3. Male and female employers by industry (in thousands)

Industry categories	Male	Female	Total	% Female
Agriculture, forestry and fishery	343	77	420	18
Mining and quarrying	2	-	2	-
Manufacturing	58	23	81	28
Electricity, gas and water	1	-	1	-
Construction	15	1	16	6
Wholesale and retail	88	85	173	49
Transport, storage and communication	47	8	55	15
Financing, insurance, real estate and business services	18	7	25	28
Community, personal and social services	38	76	114	67
Industry, NEC	3	-	3	-

Source: *Table 7.* Wage and salary and own account workers, by sex and by major industry group. April 1998 (NSO, DOLE-BLES).

### 4. Survey Results

#### 4.1 Women entrepreneurs and their business

The survey respondents in the wholesale and retail trade business sell general merchandise and grocery items. In the manufacturing sector, their products include gifts, toys, houseware items, food processing, garments, and furniture making. Other women have ventured into the printing, restaurant, and travel businesses. Very few women entrepreneurs can be found in the mining industry sector. These figures confirm the observation that women engage in "feminine businesses" or "family-oriented" ventures which can provide their basic needs at home. When asked why they went into business, 25 respondents from Mindanao stated that they wanted to augment their family's income. This was the same reason given by 15 respondents from Luzon and 19 respondents from Visayas.

**By industry.** Table 4 shows that of the 139 women entrepreneurs surveyed for this study, 62 (45%) are in manufacturing, 36 (26%) are in wholesale and retail trade, and 14 (10%) are in

community, personal, and social services. Nine (6%) are engaged in restaurant and hotel operations, and another nine (6%) are in finance, insurance, real estate, agriculture, and mining. On a regional basis, there are more Mindanao women (47%) in the retail sector, while more Visayan women (39%) are into handicrafts.

**By number of employees.** The majority of the women employers in the wholesale and retail sector employ between 5 and 19 workers. The critical mass of those in the manufacturing sector employ between 11 and 20 workers. This is indicative of the span of control and sphere of command that many women entrepreneurs impose on themselves. Should the businesses grow, the women entrepreneurs typically take a back seat and relinquish the top positions to their husbands.

**By type of ownership.** Doing business as a single proprietorship is common among the respondents. Of the 139 survey respondents, 98 (71%) are sole proprietors, six (4%) are in partnerships, and 35 (25%) have formed corporations. In the manufacturing sector, there are 40 (65%) women sole proprietors, and 20 (32%) who head their own corporations. For the retail and wholesale sector, there are 27 (75%) women sole proprietors, and seven (19%) are heads of their own corporations. The 11 (78%) sole proprietors in the community, personal, and social services sector are owners of service firms rendering accounting, auditing, computer, and janitorial services. Regionwise, there are more Luzon women entrepreneurs (19) who organized their own corporations, compared to respondents from Mindanao (6) and Visayas (9).

Table 4. Profile of women surveyed by industry and number of employees Number of employees

Industry categories Total	Less than 5	5-19	20-49	50-99	100+	
Agriculture, forestry and fishery	1	-	-	2	3	
Mining	1	1			2	
Manufacturing	9	22	17	6	8	62
Electricity, gas and water	-	-	-	-		-
Construction	1	4	-	-	-	5
Wholesale and retail	17	12	5	1	1	36
Restaurant and hotels	2	5	2	-	-	9
Transport, storage and communication	-	2	-	1	1	4
Finance, insurance, real estate & business services	2	1	-	-	1	4
Community, personal and social services, etc.	7	3	2	-	2	14

Total	39	50	27	10	13	139
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Table 5. Profile of women surveyed by type of business ownership Type of Business

Industry categories	Sole Proprietor	Partnership	Corporation	Total
Agriculture, forestry and fishery	1		2	3
Mining	2			2
Manufacturing	40	2	20	62
Electricity, gas and water	-		-	
Construction	5		-	5
Wholesale and retail	27	2	7	36
Restaurant and hotels	6	2	1	9
Transport, storage and communication	2		2	4
Finance, insurance, real estate, & business services	4		-	4
Community, personal and social services, etc.	11		3	14
Total	98	6	35	139

**By number of years in business.** From Table 5, there are 101 (73%) respondents who have been in business for more than five years. Twenty women (14%) have been in business for three to five years. Twelve (9%) respondents have been in business for one to two years, and six (4%) respondents have been in business for less than a year. The majority of the women entrepreneurs in the manufacturing and wholesale and retail sectors have been in business for more than five years.

Of the women entrepreneurs surveyed, 57 of those who have been in business for more than five years have up to 19 employees, and 25 of the respondents have between 2- and 49 employees. Only 16 women entrepreneurs have more than 100 employees.

Regarding business ownership, women who have been in business for more than five years are most

likely to be sole proprietors (73), while 27 women are operating as corporations. There are 15 women sole proprietors who have been in business between three and five years.

Table 6. Profile of women surveyed by number of years in business, industry, number of employees and business type

Duration of Business					
Industry categories	Less than 1	1 – 2	3 – 5	5 +	Total
Agriculture, forestry and fishery		1		2	3
Mining			1	1	2
Manufacturing	1	3	5	53	62
Electricity, gas and water					
Construction				5	5
Wholesale and retail	3	2	10	21	36
Restaurant and hotels	1	3	1	4	9
Transport, storage and communication		1	1	2	4
Finance, insurance, real estate and business services		1	1	2	4
Community, personal and social services,etc.	1	1	1	11	14
Total	6	12	20	101	139
Duration of Business					
Number of employees	Less than 1	1 - 2	3 - 5	5 +	Total
Less than 5	4	3	10	24	41
5 – 19	2	5	8	33	48
20 – 49		2	1	25	28
50 – 99		1	1	3	5
100 +		1		16	17
Total	6	12	20	101	139
Business type					
Single Proprietorship	3	7	15	73	98
Partnership	1	2	2	1	6
Corporation	2	3	3	27	35
Total	6	12	20	101	139

**By age and education.** In terms of age, 56 (40%) of the women entrepreneurs surveyed are

between 26 and 40 years of age, 47 (34%) are between 41 and 50 years of age, and 33 (24%) of the respondents are over 50 years old. About 37 (79%) of those in the 41-50 age bracket own businesses that have been in operation for more than five years. Regionally, there are more Mindanao women entrepreneurs in the 41-50 age bracket. In contrast, there are more women entrepreneurs in Visayas belonging to the 31-35 age bracket. There are more Luzon women entrepreneurs (15) in the 46-50 age bracket than there are Mindanao women (12) or Visayas women (2).

Table 7. Profile of women surveyed by number of years in business, age and education

Duration of business

Age	Less than 1	1 - 2	3 - 5	5 +	Total%	
Less than 25		2	1	3	2	
26 – 30	1	2	4	3	10	7
31 - 35	2	4	5	13	24	17
36 – 40	1		5	16	22	16
41 – 45	1	2	2	16	21	15
46 – 50	3	2	21	26	19	
51 – 55	1	1		13	15	11
56 – 60				7	7	5
60 +				11	11	8
Total	6	12	20	101	139	100
Education						
Primary school				2	2	1
Secondary school		1	1	11	13	10
Vocational	1			2	3	2
College/University (some years)	2	8	12	60	82	59
University graduate	1	3	6	15	25	18
Postgraduate (masters, doctorate)	2		1	11	14	10
Total	6	12	20	101	139	100

All of the 139 respondents had some formal schooling. The majority (59%) had completed some years of college. Twenty-five (18%) women are college graduates, and 14 (10%) women have masters degrees. The 60 (73%) college-educated respondents have been in business for more than five years. There's more women who have masters degrees in Luzon (8) than in Mindanao (5) and the Visayas (1).

**By sales performance** In terms of annual sales, Table 8 shows that 75 (54%) of the women entrepreneurs surveyed registered an annual sales volume of between US\$1,300 to 38,461. Fifty-four (39%) of the women had annual sales of up to US\$384,615, and eight (6%) were at the US\$1.5 million mark. The 68% of the women entrepreneurs who registered sales up to US\$384,615 have been in business for more than five years and belong to the manufacturing sector. In terms of annual sales, there are more women entrepreneurs (35) in Mindanao who realized sales of US\$1,300 - 38,461. There are more Luzon women (19) who are in the US\$38,461 - 384,615 annual sales grouping.

Table 8. Profile of women surveyed by number of years in business and annual sales performance

Total Annual Sales (in US\$)	Less Than 1	1 - 2	3 - 5	5 +	Total
1,300 - 38,461	2	7	16	50	75
38,462 - 384,615	2	3	4	45	54
384,615 - 1.538 M		2		6	8
No response	2				2
Total	6	12	20	101	139
In each industry					
Annual sales (in US\$)					
Agriculture, forestry and fishery					
1,300 - 38,461				1	1
38,462 - 384,615				1	1
384,616 - 1.538 M		1			1
Mining					
1,300 - 38,461				1	1
38,462 - 384,615		1			1
Manufacturing					
1,300 - 38,461		2	4	25	31
38,462 - 384,615	1	1	1	24	27

384,616 - 1.538 M				4	4
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Con't of Table 8.

Construction	Less Than	1 -	3 -	5 +	Total
1,300 - 38,461				2	2
38,462 - 384,615				3	3
Wholesale and retail					
1,300 - 38,461	2	1	7	10	20
38,462 - 384,615		1	3	9	13
384,616 - 1.538 M				2	2
No response	1				1
Restaurant and hotels					
1,300 - 38,461		2	1	2	5
38,462 - 384,615		1		2	3
No response	1				1
Transport, storage and communication					
1,300 - 38,461		1	1		2
384,616 - 1.538 M				2	2
Finance, insurance, real estate and business services					
1,300 - 38,461				1	1
38,462 - 384,615			1	1	2
384,616 - 1.538 M		1			1
Community, personal and social services, etc.					
1,300 - 38,4	1	8	10		
38,461 - 384,615	1			3	4



Total	6	12	20	101	139
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### **III. Women's Entrepreneurship**

#### **1. Women entrepreneurs in the Philippines**

Statistics from the National Statistics Office (NSO) show that 44.7% of working women are engaged in small-scale entrepreneurial ventures. These women usually operate their businesses with members of their families and with very low levels of technology (Ibon 1997, SERDEF, 1997:8). They work for 16 hours a day, dividing the work between work at home and work in the business. They are the sidewalk vendors, small food shop/stall operators, dressmakers, and handicraft producers in cottage industries and in retail trade. But the overwhelming majority is made up of the operators of sari-sari<sup>2</sup> stores which proliferate in every Philippine community.

It is estimated that only about 30% of these entrepreneurs earn above the poverty threshold<sup>3</sup> (Ibon 1997; SERDEF, 1997:9).

Among the women who have graduated to sustainable businesses, the majority are in traditionally "female" businesses, such as gifts, toys, housewares, food processing, herbal medicine, garment manufacturing, jewelry, and handicraft production. They are also in food service businesses as restaurant owners and/or caterers. In the wholesale trade sector, women tend to be engaged in the retailing of processed meat products, dry goods, feeds, and other grocery items. In retail trade, they concentrate on ready to wear (RTW) clothing, home decors, and textiles.

Handicraft producers, like those who founded the Philippine Chamber of Handicraft Industries, have been successful in penetrating export markets and bringing in foreign exchange for the country. The Association of Negros Producers, organized by women in the upper echelon of the Negros society, is comprised largely of women entrepreneurs who have parlayed their capital resources and creativity into producing handicrafts that have been very successful in the export markets. They tend to remain micro in size and informal in style, as they tend to lack managerial and technical skills (Ibon, 1997). Only six per cent have prospered to become employers and full-fledged entrepreneurs.

Many Filipino women have found a niche in entrepreneurship. In fact, the more successful women entrepreneurs in the Philippines manage their own businesses. However, much of their success is predicated on a middle-income family background. Most of these women have access to capital

resources through personal savings, family funds, bank loans, or participation from friends. They also have access to business and management training through formal education.

## **2. Socio-cultural background of women entrepreneurs**

The results and findings of two studies provide more insight into women entrepreneurs. The first work, entitled, "Women in Business: A Casebook" by the Small Enterprises Research and Development Foundation (1991) looks at the personal background of successful women entrepreneurs in small and medium businesses in Metro Manila and in nearby provinces. Of the 15 entrepreneurs featured, 10 were the eldest members of families having more than two children. Most of them were exposed to and participated in the businesses either of their immediate families or those of close relatives. In terms of family discipline, there is an almost even distribution between the liberal and the authoritarian parental upbringing.

All of the 15 case subjects had formal schooling. Of the 15 women entrepreneurs, 13 were college graduates. Most of the case subjects had non-formal training in addition to their formal education. The majority had jobs before starting their own businesses, and some continued to work during the initial stage of developing their business. This employment provided business ideas and important information and networks for the businesses they later started up. In many instances, it also allowed the accumulation of capital for their future businesses.

At the time of the study, most of the women case subjects had been engaged in their current business for more than 10 years. Not all of the women succeeded in their first entrepreneurial attempt, which confirms that successful business persons often have had businesses prior to the present one.

The second study entitled, "Women in Southeast Asia" by Victoria Licuanan of the Asian Institute of Management (1992), is a survey of 106 successful Filipino women entrepreneurs. The profile of Filipino women surveyed in this study was that they were married with three children. They were backed by a domestic support system, such as having household help. The respondents were most likely to be sole proprietors and heads of their own corporations, and were seldom into partnerships. They considered having a happy family life as a reward for having a successful business. Filipino women entrepreneurs surveyed for this study identified hard work, perseverance, and determination as vital reasons for their successes in business. Other success factors they identified were personal values, natural talent, intellectual capabilities, and good interpersonal relations.

## **3. Motivations**

Motivations for going into business vary. Of the 139 women respondents surveyed for our study, 59 (42%) wanted to augment their family income. About 53 (38%) seized an opportunity they saw in the business environment. There were 47 (34%) women who preferred to be "their own boss," and 30 (22%) wanted to be financially independent. Nine of the respondents claim that their reasons for going into business were as follows: providing employment to rural workers, inheriting the firm, wanting to revive a vanishing craft, and/or proving their capability in starting and managing their own business.

Table 9. Reasons why women surveyed went into business

Reason	Total	%
Augment family income	59	42
See opportunity in the environment	53	38
Want to be my own boss	47	34
Want income for myself in spite of well-earning husband	30	22
Inherited the firm	13	9
Could not find employment	2	1
Others	9	7

#### 4. Characteristics of women entrepreneurs

##### 4.1 Organization and structure

The businesses of the majority (68%) of the women entrepreneurs surveyed are formally organized. Most of the women are heads of their own businesses. For the others, the prevailing reason for not being able to formally organize their businesses was the fact that they do not know what structure to take. This is especially true for those who employ family members and those with less than 5 employees. As expected, the sole proprietors tend to have a flat organizational structure. The corporations have a steeper structure which is an indication of delineated functions.

##### 4.2 Female workers

The majority of the women entrepreneurs surveyed, or 103 (74%) respondents, employ workers on a

full-time basis, while 36 (26%) respondents employ workers on a part-time basis, and 26 (19%) respondents employ seasonal workers. Of the 103 respondents employing full-time workers, 39 claim that 81% - 100% of their labor force is female.

Table 10. Status of employment of women workers Percentage of women workers

Status of employment	20% & below	21-40%	41-60%	61-80%	81%-100%	Total	%
Full time	21	14	17	12	39	103	74
Part time	7	4	4	4	17	36	26
Seasonal	6	2	4	4	10	26	19

#### 4.3 Skills of workers

Skills which current employees have include the following: hollow block making (construction); wood carving, upholstery, carpentry, and design (furniture); manual jewelry making; high speed sewing, silk screening, embroidery (garments); and casting, molding, sculpturing, computer aided design, handloom weaving, blacksmith, handicraft making (gifts, toys, and housewares). There is a growing trend in the service sector to look for workers who are computer trained.

Respondents also identified skills that are lacking. These include the following: finishing, product designing, computer aided design (furniture); high speed sewing (garments); model maker, wax carver, computer aided design (gifts, toys, and housewares); and manual processing of herbal plants (herbal medicine). Employers in wholesale and retail trade are in need of the following type of skills: selling, marketing, promotional, customer relations, and financial management (general merchandising). Women entrepreneurs in the service sectors require skills such as the following: waitering, food preparation, baking (for hotel and restaurants); cashiering, architect, engineers, masonry, driver, stone slicing, and quarrying.

#### 4.4 Management style

Regardless of nationality and gender, entrepreneurs exhibit certain personal characteristics and competencies. However, women are viewed as being less entrepreneurial than men, largely because of gender stereotypes. For example, typically, "feminine" characteristics such as sympathy for the unfortunate, the service ideal, and a people-oriented rather than task-oriented style of management are considered to be deterrents to business success. On the other hand, the stereotyped image of men as being self-confident, aggressive, competitive, independent, and task- rather than people-oriented is seen as being associated with entrepreneurial success.

Since many women are not after the trappings of power and success when they enter into business, it is common to see a woman turn over to her husband the top position of the company which she

worked hard to establish. She is often happy being relegated to the position of treasurer or vice-president once the business has taken off and stabilized, but remains as a partner in decision-making. Possibly, this makes for a more effective leadership style (Szanton 1997; SERDEF, 1997:11).

Of the 139 surveyed respondents in our study, the majority (118 or 85%) make the major decisions in their businesses, especially those decisions that involve large investments. About 119 (86%) are involved in the day-to-day operations of the business. Very few of these women had relegated responsibilities to their general manager or department heads.

Other observations among women entrepreneurs in the Philippines are:

- Women are more patient in handling business problems. They pay more attention to the nitty-gritty of operations.
- Women are more personal when it comes to dealing with customers. They are tactful and careful with words.
- Feminine charm has its place with clients, suppliers, and bankers who tend to be more patient, friendly, open, and accommodating when dealing with women.
- Women tend to handle finances more carefully than men, observe better budgetary controls than men, and are considered to be conscious of their financial obligations with banks/sources of credits.
- Women entrepreneurs have better ways and are subtler than men in their approaches to information gathering. They are good in networking, and are able to get assistance and cut through bureaucratic red tape with grace.
- Women from the upper income levels of the society enjoy more flexibility. If their business fails, they still have their husband's (or at times, their immediate family's) income to fall back on.

#### 4.5 Training needs

Most respondents identify financial management as the kind of training which they need most. In particular, they wish to gain more knowledge on simple bookkeeping, financial management, and sources of credit. For marketing, respondents are especially interested in the rudiments of exporting, customer relations, and euro currency. In production, respondents (particularly those in manufacturing) would like to know more about product design and development, total quality

management, and technology management. Very few women signified an interest in ISO. This is an indication that awareness of quality standards for products and the environment is low. With regards to organizational aspects, training programs that focus on human resources development and industrial relations are very popular topics about which the women entrepreneurs would like to be trained. Other training programs that to which the women entrepreneurs would like to be exposed are those on self-motivation, importation, and cost cutting measures.

#### 4.6 Business networks and informal support mechanisms

About 88 (63%) of the respondents have been attending meetings, workshops, fora, symposia, and seminars concerning their industry. Seventy (50%) of them are active in attending and participating in trade fairs, exhibitions, and selling missions both locally and overseas. Some 54 (39%) are members of industry associations.

Table 11. Business networks and mechanisms used by women entrepreneurs surveyed

Mechanisms	Total	%
Attendance in meetings/workshops/symposia/conference	88	63
Participation in trade exhibits/fairs	70	50
Membership in industry association/s	54	39

The majority of the women entrepreneurs (59%) availed themselves of support programs from both government and private institutions for assistance in marketing, training, financing, and support for machinery and equipment. Respondents (43) tended to seek financial support (mostly working capital) more from the private sector, while for training they tended to prefer government programs. In marketing, government programs are mostly subsidies to participate in trade fairs and exhibits, referrals, and market linkages. Training programs from both the private and government sectors which were utilized by the respondents include the following: product design and development, packaging, total quality management, livelihood, enterprise development, bookkeeping, financial and business management.

Table 12. Support facilities availed by survey respondent from both government and private institutions

Type of Support	Private	Government	Total
Marketing	14	19	33

Technology (support machinery)	5	6	11
Training	34	38	72
Finance	43	24	67

## 5. Problems facing women entrepreneurs

In the past, entrepreneurship was traditionally regarded as a purely male domain. Women were confined to performing domestic roles. Consequently, many of today's women are not equipped with the necessary business, managerial, and technical skills needed in starting and managing a business.

More specifically, the respondents experienced the following problems:

### 5.1 Marketing

- Women entrepreneurs consider the following areas as challenges:
  - Ability to compete and to expand their markets;
  - Effective ways to deal with customers;
  - Producing and providing quality goods and services to Filipino consumers; and
  - Stiff competition within the industry.
- Many Filipino women are reluctant to grow in business, preferring the ease and simplicity of a business operation which employs a few workers, produces one or two products, and serves a limited market. Already burdened with manifold responsibilities, they are afraid of the demands of growth. Thus, when growth is imminent they often involve their husbands and male family members.
- Women tend to have a narrow view regarding competition as being local rather than global. They do business with this parochial mindset even as the rest of the world has become more globalized in terms of marketing, product design, and business operations. Compounding this narrow view is the woman entrepreneur's reluctance to grow in business.

### 5.2 Training and management

- Lack of credibility. The respondents opined that they have to prove their competence in business management. They find it relatively harder to be accepted in leadership and management roles. The respondents would like to be accepted and to be successful in their respective industries, not because of "feminine charms," but because they are equally capable and

skillful in managing their businesses.

- Lack of access to business training and technology. Most entrepreneurs in the small business sector, regardless of gender, lack access to information, technology, technical training, markets, and financial credit terms. These problems tend to be magnified when the entrepreneur is a woman. Some of the respondents stated that it has been difficult for them to assume the role of technical people.
- Another concern of these women entrepreneurs is time management and the stresses that go with running the day-to-day operations of a business.
- Sustaining business operations and making their business more stable against the backdrop of the financial crisis is another concern identified by the respondents.

### 5.3 Finance

In finance, their concerns include:

- Increasing sales and decreasing costs;
- Securing additional capital for expansion purposes;
- Having enough cash in order to sustain operations;
- The increasing prices of inputs (such as raw materials) brought about by the financial crisis; and
- Gaining easy access to credit sources, such as those enjoyed by male entrepreneurs.

### 5.4 Other constraints

The respondents identified other concerns that affect them, and included in these are family issues (such as multiple responsibilities, balancing work and family obligations, family support), subtle discrimination by male entrepreneurs, and gender issues (such as coping with "advances" or harassment made by male clients and suppliers).

## **IV. Policies**

### **1. Legal and Policy Framework**

Article II, Section 14 of the 1987 Philippine Constitution recognizes the "role of women in nation building" and ensures "the fundamental equality before the law of women and men." Furthermore, Article XIII, Section 14 provides that "the State shall protect working women by providing safe and



healthful working conditions, taking into account their maternal functions, their welfare, and enable them to realize their full potential in the service of the nation." (Nolledo 1992; SERDEF, 1997:15).

The Family Code passed in 1987 was enacted to recognize a wife's right to engage in business, to take out loans, and to travel out of the country without permission from her husband.

**Republic Act 7882** This is an act providing assistance to women. The government has recognized the special role of women in entrepreneurial activities, especially those women engaged in manufacturing, processing, services, and trading businesses. The law has mandated government financial institutions, such as the Land Bank of the Philippines and the Development Bank of the Philippines, to provide financial assistance to:

- Non-governmental organizations (NGOs) engaged in developing women's enterprises to a limit of P2 million (US\$51,282), provided that the NGO has an operating track record of a year;
- Existing women enterprises to the extent of P50,000 (US\$1,282); and
- Potential women entrepreneurs with sufficient training up to a limit of P25,000 (US\$ 641). (World Bank, 1998:199.)

**Government initiatives** Recognizing the need to address women's issues, the House of Representatives created the Committee on Women, with sub-committees on domestic working women, migrant women workers, and disadvantaged and marginalized women. In the same manner, the Senate has established the Committee on Youth, Women and Family Relations to handle gender issues.

Within the two legislative bodies are measures which are in various stages of being formulated and enacted, and which are designed to expand women's freedom. The areas covered by these bills are the establishment of women's resource and development centers in cities and provinces; the empowerment, and giving of benefits and privileges to sole parents and their children; and the magna carta for women ([www.philwomen.net](http://www.philwomen.net), 1999).

The Department of Labor and Employment (DOLE) has been mandated to develop incentives, bonus schemes and other programs for female employees.

The Labor Code provides safeguards to prohibit women workers from being discharged due to pregnancy, and to ensure that women workers are not prevented from enjoying benefits because of their gender.

Despite these initiatives, a gap between legislation and compliance remains. Many enterprises still discriminate against women workers. Some banks still require women to present the concurring signature of their husbands when applying for credit, in spite of adequate collateral/securities.

Implicit biases still exist against women who avail themselves of financial and other packages of assistance for business development.

In 1975, the government created the National Commission on the Role of Filipino Women (NCRFW) to be the primary policy making and coordinating body for all women's development programs in the areas of social, economic, political, and cultural development at the national, regional and international levels. Today, a Senate bill is being proposed to restructure NCRFW into a National Commission on Women, and to make the Commission more effective and relevant to the changing role, status, and needs of women.

A Philippine Development Plan for Women for 1989 - 1992 was prepared to supplement the Medium-term Philippine Development Plan and to ensure the mainstreaming of women in development. The Philippine Plan for Gender-Responsive Development (PPGRD) for 1995 - 2025 spells out policies, strategies, programs, and mechanisms to ensure women's participation in the economic and social sectors, including industry, trade, agriculture, and education. It also covers such issues as violence against women, migration, prostitution, media, and arts and culture. The NCRFW was tasked to monitor the implementation of these plans. There is no industry association/chamber exclusively for women. The following organizations do continuous advocacy work for advancing the cause of women:

- **Women's Business Council of the Philippines**

The Women's Business Council of the Philippines was registered with the Securities and Exchange Commission in August 25, 1997. Originally organized to affiliate with the Asia Pacific Economic Cooperation (APEC), its objectives are to enhance women's access to finance; generate benchmark data on women in business; provide for entrepreneurship development, policy advocacy, networking, and business matching; and membership expansion. The Council is recognized as a focal point of the WBC of APEC. Its projects include:

- Women's Business Center;
- Entrepreneurship development training;
- Policy advocacy; and
- International participation and commitments.

- **Philippine Federation of Business and Professional Women (PFBPW)**

Established 54 years ago, this group is composed of 48 dedicated and dynamic women leaders, each excelling in her field, and at the same time deeply involved in civic works for both NGO and government sectors. Now with 51 chapters nationwide, the Federation's main mission is to

integrate women into the mainstream towards peace, equality, and development. In particular, it aims to provide equal opportunities for women, push for gender balance and governance, and work towards the full integration of women in all aspects of development.

- **Business and Professional Women Association of the Philippines (BPWAP)**

In 1946, BPWAP became a charter member of the National Council of Women. Its general objectives are to promote and protect the interest of business and professional women through their concerted action; to promote friendship, cooperation, and understanding between business and professional women of all countries; and to enhance global exposure in information, technology, and training.

## **2. Development Programs and Projects**

Small- and medium- scale enterprise development is a priority of the government. Several programs are currently available to all small entrepreneurs, regardless of gender. Among the government organizations (GOs) which directly or indirectly address the needs of small and medium enterprises for market assistance, technology development, training, and credit are the following:

- The **Department of Trade and Industry (DTI)** is the lead agency in industry and trade promotion. It has a wide range of programs and services, including market encounter programs, subcontractor and contractor exchange programs, trade fairs and missions, market matchings, trade opportunity publications, financial schemes, and productivity and quality improvement programs. The DTI, through *the Small and Medium Enterprise Development Council (SMEDC)*, links with private industry and local governmental units in setting up small enterprise development centers in every province in the country. These centers serve as one-stop shops for small businesses where technical assistance and information can be obtained. ***Tulong sa Tao Para sa Kababaihan*** (assistance to women) is a program under the Department of Trade and Industry. As of December 1997, it has reportedly contributed to the generation of 124,837 jobs nationwide (Nicolas, 1998).
- The **Department of Science and Technology (DOST)** promotes R&D, technology acquisition, and technology transfer activities for the modernization of small and medium enterprises through its various R&D institutions. Through its *Technology Assistance Promotion Institute (TAPI)*, DOST is able to provide consulting services and training to small and medium entrepreneurs engaged in metal working, wood-working, food processing, textiles, and other such activities.

- The **Technology and Livelihood Resource Center (TLRC)** offers a wide range of skills training and credit assistance to SMEs, as well as information packages on popular and low-cost business technologies.
- The **Department of Labor and Employment (DOLE)** through the *Technical Education and Skills Development Authority (TESDA)* develops skilled manpower to meet the labor requirements of local industries. TESDA has a *Women in Non-Traditional Trades (WINT)* project which trains women in skills in non-traditional industries and in male-dominated fields.
- The *National Vocational Training and Development Center for Women* under the TESDA was inaugurated in April of 1998. It offers technology-based skills training to women workers and women entrepreneurs in agro-processing, automotives, crafts, gifts, housewares, electronics, ceramics, fashion garments and jewelry, hotel and restaurant management, and welding. It also has research ties with the University of the Philippines College of Social Work and Community Development and Ateneo de Manila. Among the research studies to be undertaken are the following:
  - Analysis of the National Policies and Legal Framework on the Economic Empowerment of Filipino Women;
  - A resource book on the Economic Empowerment of Filipino Women;
  - Gender Analysis of the TESDA Technical Vocational Education and Training (TVET) Program; and
  - A Situational Analysis of Economic Activities Undertaken by Women in Urban Low-Income Communities in Metro Manila.
- The **Department of Social Welfare and Development (DSWD)** promotes the livelihood and income-generating projects for microenterprises, especially from the poor sectors of society, including marginalized women.
- The **University of the Philippines - Institute for Small-Scale Industries (UP ISSI)** conducts entrepreneurship development programs to create new entrepreneurs and improve the competence of existing ones. Each year, the UP ISSI conducts a program on designing and implementing entrepreneurship programs for women.

Non-government organizations (NGOs) such as foundations, people's organizations, industry chambers, civic associations, and the academe have also fostered programs in support of small enterprise development, including the following:

- **Philippine Business for Social Progress (PBSP)** is an organization supported by annual contributions from large corporations. PBSP promotes the livelihood and income generating programs in many depressed and rural areas. With the Asian Development Bank, it also implements the Small and Medium Enterprise Credit project which encourages rural financial institutions to increase their loan portfolio for small businesses.
- **Small Enterprises Research and Development Foundation, Inc. (SERDEF)**, which was established in 1976, contributes to the private sector thrust in the national effort to stimulate the growth of the country's small and medium enterprises through training, research, and consulting. SERDEF is UP ISSI's partner in the many of the development programs it undertakes for SMEs, including research studies and training programs for women. The partnership of SERDEF - ISSI organized and initially operated the APEC Center for Technology Exchange and Training for SMEs (ACTETSME).

### **3. Suggestions and policy recommendations**

The problems identified by women entrepreneurs cannot be left unresolved. The following policy recommendations and suggested projects are thus presented:

#### 3.1 Marketing

1. Activate and improve business matching efforts between/among those from urban and rural areas, among the APEC economies, and among the women's chambers of commerce.
2. Facilitate participation in fairs and selling expeditions.

#### 3.2 Production/technology

3. Focus research and development activities on product design, process technology, productivity, total packaging practiced, and the use of alternative raw materials.
4. Establish common service facilities.

#### 3.3 Training

5. Provide continuous training to ensure that advances in technology are passed on to entrepreneurs, thus ensuring the growth of small and medium enterprises. Related training can be organized on the following topics: product development, quality control, design, technology adaptation/acquisition, and computer aided design (CAD).
6. Offer practical management courses on self-development, gender sensing, entrepreneurship, and motivational programs, so women can vie for the top decision making positions in their business sector.

7. Support and encourage training and expositions through exchange, factory visits, demonstrations, pilot programs, workshops, and placement services, in coordination with prospective employers.

#### 3.4 Financial

8. Provide better access to funding agencies which support the income-generating projects and other activities of women entrepreneurs.

#### 3.5 Information

9. Strengthen the national center (which may be represented by the NCRFW in the case of the Philippines) to engage in the following activities:

- Consolidate gender-inclusive data bases, programs, and projects on women;
- Conduct economic studies and develop business matching systems;
- Establish and maintain a directory of businesses owned and operated by women, and promote the directory through a national organization;
- Connect with the Internet and actively update the directory for "Let's Do Business with Women" and its icon on the homepage of the APEC Center for Technology Exchange and Training for Small and Medium Enterprises. (ACTETSME homepage is: <http://www.actetsme.org>); and
- Develop profiles of successful women entrepreneurs, including profiles of women in non-traditional trades, to serve as role models.

10. Strengthen business groups to help catalyze the dissemination of information on a regular basis in the following areas:

- Government rules, regulations, taxation;
- Training programs to be offered in the locale;
- Business trends on a sectoral basis;
- Fairs, exhibits, exposition and others; and
- Business matching.

#### 3.6 Networking

11. Strengthen ties between the governmental agencies which are undertaking gender-specific projects, in order to strengthen the government's efforts in incorporating gender-responsiveness in its programs. Activities in the trade and industry sector should be closely coordinated with activities in other agencies offering entrepreneurial development and livelihood programs, such as the DTI, DOLE, DOST, TLRC, DSWD and UP ISSI.
12. Strengthen GO-NGO complementation to ensure that development of micro-, small-, and medium-sized enterprises is sustained and further encouraged. NGOs should continue to serve as conduits for financial and technical resources for small and medium enterprises.

13. Forge alliances and institutionalize the grouping of women in business. For example, the Women's Business Council of the Philippines may be organized as a force for advocacy and collective action.

**Annex**

**Survey of Women Entrepreneurs in Small and Medium Enterprises in the APEC Region**

**Instruction:** Kindly tick the appropriate box that best described your answer. All responses will be treated in strict confidentiality.

**Profile of the Entrepreneur**

Name:

\_\_\_\_\_

**(Pangalan)**

Business

Name:

\_\_\_\_\_

**(Pangalan ng negosyo)**

Business

Address: \_\_\_\_\_

—

**(Lugar na kinatatayuan ng negosyo)**

\_\_\_\_\_

Telephone Nos. \_\_\_\_\_ Fax No. \_\_\_\_\_

E-mail: \_\_\_\_\_ **(Telepono)**

\_\_\_\_\_

1. In what year was your business established? 19\_\_\_\_

**(Anong taon sinimulan ang inyong negosyo)**

2. What is the type of ownership of your business when you first started?

\_\_\_\_\_

**(Ano ang uri ng pagmamayari ang inyong negosyo ng kayo ay magsimula?)**

At present: **(Sa kasulukuyan kayo ba ay may kahati sa pag-aari ng inyong negosyo?)**

Filipino-owned 2.1 Is your business family owned? Yes No  
 Foreign-owned/controlled Country \_\_\_\_\_  
 \_\_\_\_\_%  
 Joint venture w/ foreign firm Country \_\_\_\_\_  
 \_\_\_\_\_%

3. Which industry group do you belong? **(Ano ang kategorya ng inyong negosyo?)**

Agriculture, forestry and fishery	Wholesale and retail
Mining	Restaurant and hotels
Manufacturing	Transport, storage and communication
Electricity, gas and water	Finance, insurance, real estate and business services
Construction	Public, personal and social services and others

4. Please list the products you produce or sell or services you render. **(Ilista ang mga produkto o serbisyo ninyo)**

5. What is the legal set-up of your business? **(Ano ang legal na anyo ng inyong negosyo?)**

Single proprietorship/personal business Corporation Partnership Cooperative  
 Others (please specify) \_\_\_\_\_

6. How much is your asset size (excluding land)? P 1.5 M - P 15 M P15M - 60 M  
**(Magkano na ang halaga ng inyong negosyo hindi kasama ang lupang kinatatayuan nito?)**

7. Who makes the decision for your major investments? **(Sino ang nagdidisisyon kapag may malaking pagpupumuhanan sa negosyo ninyo?)**

Owner/manager Original owners Board of Directors  
 Management Parent firm Others (pls. Specify) \_\_\_\_\_

7.1 Who makes the day-to-day management decisions? **(Sino ang nagdidisisyon sa pang-araw - araw**

**na pamamalakad ng inyong negosyo?)**

Owner/manager General manager  
 Chief executive officer Chief financial officer, comptroller  
 Others(pleasespecify)



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8. What is your average annual sales for the last two years? (**Ano ang inyong naging pangtaunan na benta ?**)

P50,000 - P 1.5 M    P 1.5 M - P 15 M    P15M - 60 M

9. How many people do you employ? (**Ilan ang inyong mga tauhan, ilan ang mga kababaihan?**)

_____	Full time	_____ %	Female
_____	Part-time	_____ %	Female
_____	Seasonal	_____ %	Female
_____	TOTAL	_____ %	Female

9.1 Skills of employees (**Anu-ano ang mga kaalaman ng inyong mga tauhan sa ngayon; anu-ano pa ang uri ng kaalaman ang kailangan ninyo para sa inyong negosyo?**)

Type of skills needed (e.g. computer aided design)    Type of skills presently employed (e.g. manual design)

9.2 Do you hire or avail of the services of any of the following: (**Kayo ba ay umuupa ng mga sumusunod propesyonal**)

CPA/external auditor	Product designer	Production consultant/engineer
Labor consultant	Others (pls. Specify)	

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10. Your age (**Ang inyong edad?**)

Less than 25	26 - 30	31 - 35	36 - 40	41-45
46 - 50	51 - 55	56 - 60	60 +	

11. Highest educational attainment (**Ano ang pinakamataas na antas ng pag-aaral na inyong**

naabot)

Primary school	Secondary school	Vocational College/University (some years)
Masters	PhD	Others (pls. Specify)

12. Number of years in business? (**Mag-iilang taon na ang inyong negosyo?**)

Less than 1    1 - 2    3 - 5    5 +

### Women entrepreneurship

13. What made you go into business? (**Anu-ano ang mga kadahilanan at kayo ay nagnegosyo?**)

Augment family income    Inherited the firm    Wanted income for myself    inspite of well-earning husband  
Want to be my own boss    Could not find employment  
Others(pls.Specify)

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14. Where did you get your initial capital? (**Kanino kayo kumuha o humiram ng paunang kapital?**)

Own savings    Parents/relatives    Friends    Financial institutions (pls. specify e.g. bank)

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15. What were some of the problems you encountered in starting your business?(**Anu-ano ang naging suliranin ninyo ng kayo ay nagsisimula sa inyong negosyo?**)

Lack of capital    Lack of skilled worker/s    Lack of business training & technology  
Lack of market    Lack of credibility    Lack of information  
Other (pls. Specify) \_\_\_\_\_

16. What sort of topics are you interested in and that you think will help your business? (**Anu-anong paksa ang sa palagay ninyo ay makakatulong sa inyong negosyo?**)

Marketing	Exporting	Customer relations	Demand analysis
Production	Product design/dev't	Total quality management	Environmental management
Organization	Human resource dev't	Labor union	Employee-employer

relations

Finance	Simple bookkeeping	Financial management	Sources of credits
ISO 9000	ISO 14000	Trade	facilitation

Production/technical mngt

Others	(pls.	Specify)
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**17. What type of business networks and informal support mechanisms do you have? (Anu-ano uri ng network mayroon kayo at anu-ano mga pagpupulong tungkol sa inyong negosyo ang inyong nasamahan na?)**

Attendance in trade fairs/exhibits	Symposia	Government purchasing
Membership in industry association	Conference	
Meetings/workshops		
Others (pls. Specify)	_____	

17.1 Please indicate the title and place of any of the above that you have attended for the last 2 years.

<b>Title of the conference/workshops/gatherings,etc</b>	<b>Place</b>
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**18. Do you avail of support facilities from both private and government institutions?**

Yes                       No

**(Kayo ba ay gumagamit ng serbisyo na ipinagkakaloob ng pribado at ng pamahalaan para sa mga maliliit na negosyante?)**

If yes, are they in terms of:

Private

Financing(pls. Specifye.g working capital)

\_\_\_\_\_

Training (pls. specify e.g product design)

\_\_\_\_\_

Marketing (pls. specify)

\_\_\_\_\_

Support machineries

Government

Financing (pls. specify e.g working capital)

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Training (pls. specify e.g product design)

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Marketing (pls. specify)

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Supportmachineries(pls.specify)

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**19. If you were to suggest to improve the current situation of women entrepreneurs in the SME sector what would these be?**

**(Ano sa palagay ninyo ang dapat pang gawin upang mapaganda ang kinalalagyan ng mga babaeng negosyante?)**

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**20. What do you think are your greatest challenges as a woman entrepreneur? (Ano sa palagay ninyo ang pinakamalaking hamon bilang isang babaeng negosyante?)**

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**21. What strategies would you adopt to meet these challenges? (Ano ang stratehiya ang dapat ninyong gawin upang malampasan ang mga hamon na ito?)**

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**22. Please draw your organizational structure. (Iguhit ang straktura pang-organisasyon ng inyong negosyo.)**

**Note: You may tick more than one box in Questions 12 to 19. These are multiple response questions**

**WOMEN ENTREPRENEURS IN SMEs  
IN THE UNITED STATES**

**Authored by**

**Julie R. Weeks, Director of Research  
The National Foundation for Women Business Owners**

## EXECUTIVE SUMMARY

In recent years, there has been an increasing amount of information available about women business owners and their enterprises. Recent estimates of the size and growth in women's entrepreneurship have shown that, as of 1999, there are 9.1 million women-owned businesses in the United States, employing 27.5 million workers and generating \$3.6 trillion in revenues. Between 1987 and 1999, the number of women-owned firms increased by 103%, employment rose by 320%, and revenues increased 436%.

Over the past decade, women-owned enterprises have started in every industry. Although two-thirds of women-owned businesses are located in the services (51%) or retail trade (18%) sectors, the fastest growing industries for women's entrepreneurship are in "non-traditional" industries such as construction, wholesale trade, transportation and agribusiness.

Key issues facing new and growing women-owned enterprises include access to capital, access to information, and access to networks. In the United States, there are a number of programs and policies designed to assist women entrepreneurs with these issues:

- In the area of access to capital, the past several years have seen a marked improvement — both for women-owned start-up companies and for established women-owned firms. There are more loan programs specifically marketed to women business owners, and there is an increased share of women business owners who now have bank credit.
- There are a number of very successful business education and training programs for new and nascent women business owners in the US, both in the public sector and in the private sector. The program that has grown the most in recent years is the Women's Business Center Program of the US Small Business Administration. There are now nearly 80 such centers around the country, providing training and counseling for women who are thinking of starting or have just started a business.
- One of the cornerstones of the infrastructure supporting the growth and development of women-owned businesses in the US is a strong network of women's associations. Such organizations help women business owners by providing networking opportunities, fora for learning and sharing ideas, opportunities for doing business, a voice in public policy debates, and visibility for women's

entrepreneurship generally. There are literally hundreds of professional women's associations in the US that contain some share of women entrepreneurs as members. There are several nationally recognized organizations whose primary focus is on women's business ownership.

Research has shown that the leadership and management styles of women business owners differ from men in several respects. Women business owners appear to offer a more collaborative model of decision-making and leadership. Their emphasis on both intuitive and logical thinking leads to an emphasis on both facts and values when making business decisions. Women business owners also take more time when making decisions, and seek more input and ideas from others. These characteristics can have a significant impact on program design and delivery, and on the success of efforts in the areas of access to capital, access to information, and access to networks. Loan programs designed specifically for women business owners, training and education programs offered for women business owners by other women, and women business owner associations have grown in popularity in the United States in part because they have recognized and incorporated these unique characteristics.



## **I. General Information about Women Business Owners and Their Enterprises**

There has been increasing interest in women's entrepreneurship in the United States in recent years, as well as an increase in information available about women business owners and their enterprises. There are two major sources of data and information about women-owned firms in the United States. First, the Bureau of the Census (an agency within the US Department of Commerce), conducts a census of women-owned firms every five years, in years ending in "2" and "7." Data are typically published three to four years after the census year. Thus, the most recent data on women-owned businesses from the Census Bureau is 1992.<sup>65</sup>

Second, the National Foundation for Women Business Owners (NFWBO), a private non-profit research institute, publishes a mixture of statistical estimates on the number and growth of women-owned enterprises between census years, as well as a wealth of original survey research among women and men business owners on a regular basis.<sup>66</sup>

Herewith is a summary of the current state of knowledge about the number and growth of women-owned enterprises in the United States, and about the women who own these enterprises.

### **1. Women-Owned Businesses in the United States**

In May 1999, the National Foundation for Women Business Owners (NFWBO) published a report estimating the number and growth of women-owned firms, based on published data from the Census Bureau. They compared women-owned firms with all US firms, and provided estimates within major industry group, as well as in the top 50 metropolitan areas. Those estimates, along with the 1987 and 1992 Census data upon which they were based, are summarized in the tables below. As of 1999, the NFWBO estimates that there are 9.1 million women-owned firms in the US, representing 38% of all businesses. Women-owned firms are estimated to employ 27.5 million people and generate \$3.6 trillion in sales.<sup>67</sup>

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<sup>65</sup> A partial census of women-owned enterprises was begun 1972. In the 1982 and 1987 censuses more industries were included in the census. Only with the 1992 census, however, was there a complete accounting of all women-owned businesses, which included "C" corporations, typically the largest and most established form of business in the United States. (There are 4 major legal forms of business organization in the United States: sole proprietorships, partnerships, "subchapter S" corporations, and "C" corporations.)

<sup>66</sup> See the Bibliography for a listing of NFWBO reports.

<sup>67</sup> National Foundation for Women Business Owners, 1999 Facts on Women-Owned Businesses: Trends in the U.S. and the 50 States, May 1999.

Between 1987 and 1999, the number of women-owned enterprises has doubled (up 103%), employment has increased four-fold (up 320%), and revenues have more than quintupled (up 436%). Just in the last seven years, from 1992 to 1999, the number of women-owned firms has grown by 42%, employment has doubled (up 108%) and sales have increased by 132%.

Just over half (51%) of women-owned firms in the US are in the service sector, and another 18% are in retail trade. Growth in the number, sales and revenues of women-owned businesses has been strong over the past decade in all industries, but has actually been greatest in so-called “non-traditional” industries, such as construction, wholesale trade, transportation and agribusiness.

Women-Owned Firms in the United States: 1987-1999					
	1987 <sup>1</sup>	1992 <sup>2</sup>	1996 <sup>3</sup>	1999 <sup>3</sup>	%Change, 1992-99
<b>Total US</b>					
Number of Firms	4,476,616	6,406,715	7,951,000	9,108,900	42.2
Employment	6,559,213	13,217,066	18,543,000	27,523,200	108.2
Sales (\$000)	681,440,025	1,574,090,448	2,288,211,000	3,655,283,600	132.2
<b>Industry</b>					
<b>Agriculture</b>					
Number of Firms	51,471	88,532	118,000	140,400	58.6
Employment	37,871	106,671	162,000	287,100	169.1
Sales (\$000)	\$3,142,675	\$8,109,567	\$12,083,000	\$20,477,400	152.5
<b>Mining</b>					
Number of Firms	29,002	40,841	50,000	57,400	40.6
Employment	26,293	67,012	100,000	167,700	150.2
Sales (\$000)	\$3,427,939	\$12,240,629	\$19,291,000	\$38,809,300	217.1
<b>Construction</b>					
Number of Firms	119,687	233,128	324,000	391,900	68.1
Employment	362,138	746,591	1,054,000	1,584,100	112.2
Sales (\$000)	\$39,805,405	\$90,147,198	\$130,421,000	\$206,142,300	128.7
<b>Manufacturing</b>					
Number of Firms	118,332	191,863	251,000	294,800	53.7
Employment	1,044,755	2,306,397	3,316,000	5,169,500	124.1
Sales (\$000)	124,554,898	\$365,173,381	\$557,668,000	\$1,011,287,500	176.9
<b>TCPU<sup>4</sup></b>					
Number of Firms	94,020	166,926	225,000	269,000	61.1
Employment	345,948	943,274	1,421,000	2,480,000	162.9
Sales (\$000)	\$42,484,415	\$100,312,077	\$146,574,000	\$236,907,200	136.2
<b>Wholesale Trade</b>					
Number of Firms	113,756	213,059	293,000	352,100	65.3
Employment	513,635	1,055,021	1,488,000	2,231,800	111.5
Sales (\$000)	\$104,298,424	\$304,204,870	\$464,130,000	\$839,361,000	175.9

Women-Owned Firms in the United States: 1987-1999					
	1987 <sup>1</sup>	1992 <sup>2</sup>	1996 <sup>3</sup>	1999 <sup>3</sup>	%Change, 1992-99
Retail Trade					
Number of Firms	882,425	1,207,966	1,468,000	1,663,700	37.7
Employment	1,756,319	2,979,122	3,957,000	5,347,900	79.5
Sales (\$000)	149,651,297	\$273,053,643	\$371,776,000	\$522,860,800	91.5
FIRE <sup>5</sup>					
Number of Firms	484,615	667,932	815,000	924,600	38.4
Employment	355,474	962,150	1,447,000	2,516,100	161.5
Sales (\$000)	\$71,298,670	\$206,891,735	\$315,366,000	\$568,782,900	174.9
Services					
Number of Firms	2,377,162	3,308,965	4,054,000	4,613,500	39.4
Employment	1,881,266	3,972,773	5,646,000	8,594,900	116.3
Sales (\$000)	\$95,362,262	\$203,983,463	\$290,880,000	\$445,878,200	118.6
SOURCE: US Bureau of the Census and the National Foundation for Women Business Owners					
<sup>1</sup> Estimate of 1987 totals including C corporations, using 1992 ratios.					
<sup>2</sup> Bureau of the Census.					
<sup>3</sup> NFWBO estimate using 1987-1992 Census growth rates.					
<sup>4</sup> Transportation, communications, public utilities.					
<sup>5</sup> Finance, insurance, real estate.					

Most women-owned firms in the United States, similar to all firms, are small. According to data from the Census Bureau, 84% of all women-owned firms generate less than \$100,000 in sales, and 80% have no paid employees in addition to the business owner. Less than 3% of women-owned firms in the US generate over \$1 million in revenues, and only 0.2% have more than 100 employees.

Number of Women-Owned Firms by Employment and Sales: 1992 (including C corporations)		
Sales	Number of Firms	Percent Share
Less than \$5,000	2,326,656	36.3
\$5,000 to \$9,999	978,513	15.3
\$10,000 to \$24,999	1,082,297	16.9
\$25,000 to \$49,999	573,733	9.0
\$50,000 to \$99,999	440,788	6.9
\$100,000 to \$249,999	441,485	6.9
\$250,000 to \$499,999	235,607	3.7
\$500,000 to \$999,999	161,946	2.5
\$1,000,000+	165,692	2.6
Total	6,406,715	100.1
Employment	Number of Firms	Percent Share
No paid employees	5,162,261	80.6
0 on March 15*	169,516	2.7
1 to 4	613,831	9.6
5 to 9	234,538	3.7
10 to 19	124,644	2.0
20 to 49	71,820	1.1
50 to 99	16,901	0.3

100+	13,205	0.2
Total	6,406,715	100.2
Source: Unpublished data from the US Bureau of the Census, 1992 Census of Women-Owned Businesses		
* No employment on March 15, but had employees at other points during the year.		

As mentioned earlier, there are four legal forms of organization for businesses in the US.<sup>68</sup> As can be seen in the table below, although most women-owned businesses (as well as all businesses) in the US are proprietorships, corporations account for most of the employment and revenues. Thus, it was a major step forward that the 1992 Census of Women-Owned Business Enterprises included C corporations for the first time.

Form of Organization	Number of Firms	% Share	Employment	% Share	Revenues (\$1,000)	% Share
Sole proprietorships	5,078,077	79.3	1,023,793	7.7	121,882,793	7.7
Partnerships	243,651	3.8	799,113	6.0	88,296,497	5.6
Subchapter S corporations	567,155	8.8	4,429,123	33.5	432,305,061	27.5
C corporations	517,832	8.1	6,965,037	52.7	931,606,000	59.2
TOTAL	6,406,715	100.0	13,217,066	100.1	1,574,090,351	100.0
Source: US Bureau of the Census, 1992 Economic Census of Women-Owned Businesses, January 1996.						

## 2. Women Business Owners in the United States

The women who own and operate businesses in the United States are similar to other women in the labor force in several respects: they are similar in age, most are married, and most have children. They differ from other working women in that they have higher levels of education.

Women business owners are also similar to all business owners with respect to personal demographic characteristics, although women business owners are somewhat less likely than their male counterparts to be married.

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<sup>68</sup> Most firms are sole proprietorships. These firms are typically owned by one person, and business revenues are listed on personal income tax forms. A business may also be a partnership or one of two forms of corporations: subchapter S and C. The most important difference between the two types of corporations are that subchapter S corporations are limited in the number of shareholders, and there is a closer link between corporate income and personal income.

Personal Characteristics of Women Business Owners Compared to All Business Owners and Adult Women			
	Women Business Owners	All Business Owners	All Women, 18+
Age <sup>1</sup>			
Under 25	3	2	13
25 to 34	15	14	13
35 to 44	27	27	23
45 to 54	22	23	17
55 to 64	18	18	12
65 and older	10	10	15
Not reported	7	3	7
Education <sup>2</sup>			
Less than high school	8	9	20
High school or equivalent	22	23	37
Technical/vocational school	7	7	--
Some college	18	16	19
Associates' degree	5	4	7
Bachelor's degree	21	20	13
Master's degree or higher	12	15	5
Not reported	7	6	--
Marital Status <sup>1</sup>			
Never married	9	9	19
Married	64	70	59
Divorced/Separated	12	9	10
Widowed	5	3	11
Not reported	11	10	--
Source: US Bureau of the Census, Characteristics of Business Owners Survey, September 1997, and various Current Population Surveys.			
<sup>1</sup> Business owners: as of December 31, 1992; adult women: 1994 for age, 1995 for marital status.			
<sup>2</sup> Business owners: as of the start of the business; adult women: as of 1993.			

One in eight women-owned businesses in the United States (13%) is owned by a woman of color, and the growth of these minority women-owned firms exceeds that of all women-owned firms. As one can see in the table below, the increase in the number of these minority women-owned firms, as well as growth in employment and sales, has been strong over the past decade.

Growth in Number, Employment, Revenues of Minority Women-Owned Businesses in the United States, 1987-1996				
	1987 <sup>1</sup>	1992 <sup>2</sup>	1996 <sup>3</sup>	% Change, 1987-1996
Asian/American Indian/Alaska Native				
Number of Firms	128,600	227,700	305,700	137.7
Employment	187,700	520,700	787,200	319.5
Sales (\$000)	\$17,973,100	\$60,890,400	\$95,224,200	429.8
Black				
Number of Firms	172,200	301,600	405,200	135.3

Employment	154,200	213,800	261,400	69.5
Sales (\$000)	\$15,999,800	\$20,848,700	\$24,727,800	54.6
Hispanic				
Number of Firms	125,100	268,000	382,400	205.6
Employment	114,400	423,700	671,200	486.9
Sales (\$000)	\$10,604,600	\$42,090,400	\$67,279,000	534.4
All Minority				
Women-owned				
Firms <sup>4</sup>				
Number of Firms	422,500	780,500	1,067,000	152.6
Employment	450,400	1,141,500	1,694,300	276.2
Sales (\$000)	\$44,082,800	\$121,928,300	\$184,204,600	317.9
All Women-				
owned Firms				
Number of Firms	4,476,616	6,406,715	7,951,000	77.6
Employment	6,559,213	13,217,066	18,543,000	182.7
Sales (\$000)	\$681,440,025	\$1,574,090,448	\$2,288,211,000	235.8
SOURCE: The National Foundation for Women Business Owners, using information published by the US Bureau of the Census.				
<sup>1</sup> Estimate of 1987 totals including C corporations, using 1992 ratios.				
<sup>2</sup> Estimate of 1992 totals including C corporations, using Bureau of the Census data.				
<sup>3</sup> NFWBO estimate using 1987-1992 Census growth rates.				
<sup>4</sup> Numbers are not additive of individual minority groups due to women of mixed racial heritage.				

## II. Women Entrepreneurs in the United States

### 1. Business Start-ups

In a period during which large enterprises are shedding employment, as they have been throughout the world for the past five to ten years, small and medium-sized enterprises (SMEs) have played an increasingly important role in economic growth and job creation. Concurrent with this trend, women-owned businesses have been expanding at rates that exceed that of their male counterparts. In the US, over the past decade (from 1987 to 1999), women have been starting firms at about 1-1/2 times the rate of all firms (103% among women-owned firms compared to 62% nationwide). In Canada, women-owned firms are also growing at twice the national average (20% compared to 9% from 1991 to 1994).<sup>69</sup>

Women-owned firms are also providing employment for millions of workers. In the United States, women-owned firms employed 27.5 million people as of 1999 — approximately one out of every four company workers in the US is employed in a woman-owned firm. Between 1987 and 1999,

<sup>69</sup> Sources: National Foundation for Women Business Owners (US) and Bank of Montreal Institute for Small Business (Canada).

employment in US women-owned firms increased by 320%.<sup>70</sup> In Canada, women-owned firms employed 1.7 million Canadians in 1994, more than the 100 largest firms in Canada. Employment in women-owned firms in Canada has increased at four times the national average from 1991 to 1994 (13% compared to 3%).<sup>71</sup>

In the United States, most women-owned businesses (similar to all firms) are started by the owner. Fully 70% of women-owned firms in 1992 were founded by the owner, as were 69% of all US firms.<sup>72</sup>

In a recent national survey, women business owners were queried in some detail about their motivations for starting their own businesses. For most women, the motivation to become an entrepreneur came from within and was viewed as a positive move. Entrepreneurship was largely the fulfillment of the desire to be their own boss, to make things better for themselves and their families, and to do for themselves what they had been doing for others.<sup>73</sup>

There were other motivations, too — external forces that push women toward an entrepreneurial course of action. Primary among them were the need for greater flexibility in their work environment, the desire for a greater challenge than they were getting in their former career, and the so-called “glass ceiling,” whereby they saw others advancing and realized that they had advanced as far as they were going to in their former career.<sup>74</sup> These external motivations were seen in the study to be playing an increasing role among the owners of newer businesses.

## **2. Characteristics of Women’s Entrepreneurship**

There is much that can be learned from women-owned businesses. The number of these firms is growing at a rate faster than many national economies, and several studies have shown that their

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<sup>70</sup> National Foundation for Women Business Owners, 1999 Facts on Women-Owned Businesses: Trends in the U.S. and the 50 States, 1997.

<sup>71</sup> Bank of Montreal Institute for Small Business, Myths & Realities, 1996.

<sup>72</sup> US Bureau of the Census, 1992 Economic Census: Characteristics of Business Owners, 1997.

<sup>73</sup> National Foundation for Women Business Owners and Catalyst, Paths to Entrepreneurship: New Directions for Women in Business, 1998; also, NFWBO, Women Business Owners of Color: Challenges and Accomplishments, 1998.

<sup>74</sup> Ibid.

survival rates match or surpass those of all firms.<sup>75</sup> Interestingly, it also appears that the organizational structures of women-owned firms and the management styles of women business owners are distinct in several important ways — and that these differences have a significant impact on the growth of these businesses and the treatment of employees. If these two phenomena are related, and if the economic restructuring and technological change that is now occurring throughout the world have also contributed to the success of women-owned businesses, then learning more about the unique qualities of women-owned firms may have applications in a broader economic context.

## 2.1 Management Styles

Research has shown that women lead in ways that are different from men in several respects.<sup>76</sup> First of all, women offer a more collaborative model of leadership, as opposed to a “command and control” style that is more likely to be favored by men. Women business owners are also found to make business decisions in a more collaborative and deliberative way, seeking the advice and opinions of those inside and outside the company. This may result in a longer decision-making process. Third, and perhaps most important, the motivations of women business owners appears to be different in several distinct and important ways.

Women entrepreneurs are more likely than their male counterparts to emphasize intuitive thinking as compared to logical thinking, and are more evenly balanced between these two modes of thinking. In a 1994 study conducted by the National Foundation for Women Business Owners (NFWBO),<sup>77</sup> it was found that 71% of men entrepreneurs as a group emphasized logical thinking, while 53% of women entrepreneurs emphasized intuitive thinking. An intuitive thinking style emphasizes sensitivity, values and relationships, while a logical thinking style emphasizes problem-solving, facts and structure. Women also appeared more readily able to draw upon both styles of thinking compared to men.

In addition, women entrepreneurs are more reflective when making business decisions. Again, in the NFWBO study, two-thirds (66%) of women entrepreneurs were found to be internally-directed decision-makers, as opposed to 56% of men. Thus, women are seen to be more likely to spend more time thinking through decisions, weighing options and reflecting upon outcomes than men.

Women are more likely than men to cite personal fulfillment, control and independence as reasons for

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<sup>75</sup> See NFWBO, Women-Owned Businesses: Breaking the Boundaries, 1995.

<sup>76</sup> Rosener, J., “Ways Women Lead”; Helgesen, S., The Female Advantage: Women’s Ways of Leadership; NFWBO, Styles of Success: The Thinking and Management Styles of Women and Men Entrepreneurs; O’Connor, J. and Humphreys, E., “Entrepreneurial Women.”

<sup>77</sup> NFWBO, Styles of Success: The Thinking and Management Styles of Women and Men Entrepreneurs, 1994.



business ownership. And, when asked to define success, women pointed to having control over their own destiny, giving something back to their communities, and the satisfaction derived from the relationships established as a business owner — with employees, with customers and suppliers, and with fellow business owners. For men business owners, success is frequently defined in terms of accomplishment, achieving goals or completing tasks.<sup>78</sup>

## 2.2 Organization and Structure

The differences in leadership styles of women and men have been found to have consequences in the organization and growth of women-owned businesses. First of all, it appears as though women-led firms are organized in a less hierarchical fashion than are men-owned firms, with fewer layers of management. Women business owners also appear to differ from their male counterparts in the areas of employee benefits and community volunteerism. Comparative research has shown that women business owners in the US are more likely than all firms to offer their employees benefits such as tuition reimbursement and flex-time, while at the same time offering the same level of basic benefits as health insurance and paid vacation. Women-owned firms are also more likely, at an earlier stage in their business' growth, to offer profit-sharing to their employees.<sup>79</sup> In addition, women business owners are more likely than men business owners to volunteer in their communities.<sup>80</sup>

While these different styles of leadership and business management do appear to have some effect on the growth of individual firms, collectively women-owned firms have been growing in number at a rate greater than the economy at large, and staying in business.

It is, however, hard to find quantitative information at the microeconomic level on business growth by gender. A study published in the US in 1992<sup>81</sup> found that, when the growth rates of women-owned firms and all firms were compared, women-owned firms were found in fewer numbers among high growth businesses, but they were also less likely to demonstrate declining growth. Women-owned firms were thus found to fit a more “slow and steady wins the race” pattern of business growth. Other discussions of this pattern of growth, which has been seen and remarked upon in many other countries, appears to be anecdotal in nature.

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<sup>78</sup> See Styles of Success, op. cit.

<sup>79</sup> NFWBO, Employee Benefits Offered by Women-Owned Businesses: A Framework for Compassion (1994).

<sup>80</sup> NFWBO, Giving Something Back: Volunteerism Among Women Business Owners in the US (1996).

<sup>81</sup> NFWBO, Women-Owned Businesses: The New Economic Force (1992).

Studies have also shown that women-owned firms, once in business, are just as likely as the average firm to remain in business. In the US, 72% of the women-owned firms in business in 1991 were in business three years later, compared to 66% of all firms. In Canada, over the same 3-year period, 76% of the women-led firms survived compared to 78% of all firms in Canada.<sup>82</sup>

It can then be said that, while the ways women business owners manage and lead their business may in some ways be different from men, the end result is the same — personal fulfillment, income generation, job creation, and economic growth for the community at large.

### 2.3 Business Education and Training

Both because of the increasing number of women looking to enter the ranks of entrepreneurship, and because training programs consisting of women training and mentoring other women have proven to be among the most effective, a number of special programs for nascent women business owners have been developed in the United States. In addition, providing training and assistance to nascent and extant women business owners has been the basis for the development of several associations of women entrepreneurs.

Some of the most well-known and successful women's training and mentoring programs include:

- The US Small Business Administration's Demonstration Program (recently renamed the Women's Business Center Program), funded a total of 79 Women's Business Centers throughout the US between 1989 and 1999. Forty-four (44) are currently receiving funding; 35 have "graduated."<sup>83</sup> The current budget for the program is \$8 million.. These Centers provide business development training to women interested in starting businesses. There is also an online women's business center at [www.onlinewbc.org](http://www.onlinewbc.org);
- The US Small Business Administration's Women's Network for Entrepreneurial Training (WNET) program. This program is a mentoring matchmaker program, which pairs up new women business owners with more experienced women entrepreneurs, who commit to a year-long advisory relationship;
- The Women's Business Development Center in Chicago is the premier women's business assistance center in the US They offer counseling on many issues, and offer training and

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<sup>82</sup> NFWBO, Bank of Montreal Institute for Small Business, op. cit.

<sup>83</sup> Centers receive SBA funding for 5 years, after which they must be self-sustaining.

- assistance to new and growing women-owned firms, as well as procurement certification and access to capital;
- AWED (American Women's Economic Development Corporation) offers technical training and assistance to women starting businesses, and has offices on both the east and west coasts of the US;
  - AIOHO (An Income of Her Own) is a unique program offering entrepreneurial encouragement to teenage girls, via a business plan competition and an annual "summer camp" to learn entrepreneurial skills;
  - Other local entrepreneurial training seminars, such as those offered by chapters of the National Association of Women Business Owners, most notably the New Jersey chapter's EXCEL program, which consists of women business training and mentoring women with a combination of classroom exercises and real-life experience.

What features do these successful programs have in common? First, the programs are largely comprised of women helping women. Since women learn better in a more collaborative setting, and benefit from the example of accomplished women business owners sharing real-life experiences, such programs appear to be more successful than courses offered to mixed groups of men and women. Secondly, the most successful programs offer ongoing support, with follow-up training and regular contact, as opposed to a program of fixed duration (typically 2 to 4 weeks). Third, the most successful programs are localized, with local teachers and content, and subject matter that fits specific situations in the community.

Finally, the most successful training and mentoring programs are funded through public-private partnerships, with part of the support coming from the Federal and State level, but with local control of content and program design, as well as local funding. In the US, local funding often comes from corporations, financial institutions and foundations.

What is very important to note with respect to mentoring and training programs for women business owners is that the factors that make them unique from training programs for all business owners is not in **what** is communicated and taught, but in **how** the training and mentoring programs are designed. While the subject matter — business planning, financial plans and cash flow reports, marketing, market research, etc. — is by and large the same as most other business training, the method of information delivery for programs designed for and by women appears to be more collaborative, ongoing, and nurturing.

## 2.4 Business Networks and Support Mechanisms

There has been a strong network of professional women's organizations in the US for many years. A number of these organizations have expanded their focus in recent years to embrace the share of their members who are entrepreneurial women. There is one leading organization in the US whose membership and focus are solely on women business owners: the **National Association of Women Business Owners** (NAWBO). NAWBO was founded in 1975 and has 7,000 members in over 70 chapters across the country. They are recognized as a leading voice for women business owners in public policy circles, and are active in their local communities as well.

Other leading professional women's organizations that play a role in the entrepreneurial women's arena include:

**American Business Women's Association:** Founded in 1949, it has 80,000 members across the country. Its mission is to bring together women from diverse professions to network, and attain greater fulfillment through education and leadership. One category of membership, "The Company Connection," is designed for women business owners.

**Business and Professional Women/USA:** Business and Professional Women/USA was founded in 1919 and has 70,000 members in the US. It is a member of an international network of Business and Professional Women's organizations. BPW/USA has a strong public policy focus on issues affecting professional women, and offers scholarships for women entering into business and entrepreneurial studies.

**National Association for Female Executives:** Founded in 1972, NAFE boasts 150,000 members. The organization provides discounts on products and services and offers conferences and satellite seminars. It was purchased recently by McDonald Communications, publishers of Working Woman magazine.

**Women Incorporated:** Membership in Women Incorporated, founded in 1995, is open to business and professional women, including entrepreneurs. The organization is dedicated to improving the environment for women, and provides access to financial products through its National Financial Network, information and networking via conferences, and discounts on products and services. It has 30,000 members.

Although these organizations are the largest and most visible, there are over 2,000 professional women's associations, both national and local in scope, that represent women in different industries or backgrounds.<sup>84</sup>

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<sup>84</sup> A listing and description of the most prominent of these associations may be found in The Business Women's Network Directory.

In addition to these private sector organizations, there are public sector and public-private sector partnership organizations that provide support for women's entrepreneurship. Those whose primary focus is on entrepreneurial development and training are noted in the previous section of this report. There are three leading organizations that are a significant presence beyond the domain of education and training, and provide broader support in the realms of finance, access to markets, and public policy: the US Small Business Administration's Office of Women's Business Ownership, the National Women's Business Council, and the National Association of Women's Business Advocates.

As noted earlier, the **Office of Women's Business Ownership** (OWBO) is the only office in the Federal government dedicated to supporting women's entrepreneurship. In addition to the training programs outlined in the previous section, the OWBO supports the development of women's business ownership through loan guarantee programs (outlined in the next section) and is a vital link in the communication network of women's business organizations nationwide.

The **National Women's Business Council** (NWBC) is a policy-focused organization whose members include both individual women business owners and representatives of women's associations. It was formed by an act of Congress to serve in an advisory capacity on legislative and regulatory issues affecting women business owners. Its areas of focus have been in access to capital, access to government procurement markets<sup>85</sup>, increasing awareness of the economic contributions of women, and serving as an agent for networking and communication among women business owner groups. The group recently held its second Economic Summit, at which the issues of leadership development, entrepreneurial training, financing and procurement issues were the main focus. The group submits regular policy-focused reports to Congress.

The **National Association of Women's Business Advocates** (NAWBA) is an organization of state government officials who are advocates for women's business ownership. More than 20 US states have members in NAWBA, as does the Province of British Columbia in Canada and the country of Australia — two other APEC member countries. NAWBA was formed in 1987 to aid in the coordination of state government programs for women's entrepreneurship, and serves an important role in sharing best practices, fostering greater awareness of the economic role of women-owned businesses, and serving as a liaison between local women business owner groups and national organizations.

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published by The Business Women's Network. The 1998-1999 edition was recently published. This edition also lists international women's organizations, including several in the APEC region.

<sup>85</sup> This term refers to opening up business opportunities for women-owned firms in selling goods and services to government agencies.

## 2.5 Financing

Capital is the lifeblood of all businesses, and financing is an important source of capital for businesses at all stages of growth. Research has shown that there is differential access to capital for women business owners, and that their financing needs and behaviors are different in several respects from their male counterparts. So, too, the financial needs of women, and men, entrepreneurs change with their businesses' growth, such that issues of start-up and "mezzanine" financing are separate and distinct. It is also clear that there is much current activity internationally with respect to financing for women entrepreneurs, especially at the micro-lending level. In many cases, US programs are using models developed elsewhere.

### 2.5.A Start-up Financing and Micro-lending

Most women — and men — business owners in the United States start their businesses with little or no capital, and a low percentage of borrowed capital. One third of both women- and men-owned firms in 1992 started with less than \$5,000 in capital, and between 1/4 and 1/3 started with no capital investment at all. Among those who did use capital to start their businesses, few borrowed from outside sources (see table below).

Amount and Sources of Start-up Capital and Borrowed Capital Among Women-Owned and All Firms, 1992		
	Women-Owned Firms	All Firms
Capital Needed by Owner to Start/Acquire Business		
None	30	25
Less than \$5,000	34	32
\$5,000 to \$9,999	8	10
\$10,000 to \$24,999	9	11
\$25,000 to \$49,999	5	6
\$50,000 to 99,999	4	5
\$100,000 to \$249,999	3	3
\$250,000 to \$999,999	1	1
\$1,000,000 or more	*	1
Not reported	7	7
Percent of Capital Borrowed by Owner		
None	42	44
Less than 10%	2	3
10% to 24%	2	2
25% to 49%	2	3
50% to 74%	4	4
75% to 99%	4	5
100%	5	6
Not reported	8	7
Not applicable	30	25
Sources of Borrowed Capital		

Amount and Sources of Start-up Capital and Borrowed Capital Among Women-Owned and All Firms, 1992		
	Women-Owned Firms	All Firms
Personal loan using home mortgage/equity line of credit	4	4
Personal credit card	3	3
Personal loan from spouse	1	1
Personal loan from family	5	5
Other personal loan	5	6
Not reported	13	14
Not applicable	72	69
Sources of Non-Borrowed Capital		
None: 100% borrowed capital	5	6
Owner's personal physical assets	16	17
Proceeds from sale of personal assets	2	2
Personal/family savings	33	37
Other source	4	4
Not reported	10	10
Not applicable	30	25

Source: US Bureau of the Census, 1992 Economic Census, Characteristics of Business Owners Survey, 1997.

According to a recent report published by Women's World Banking, over 500 million of the world's economically active poor people own and operate their own businesses, yet fewer than 2% have access to formal financial services.<sup>86</sup> Such access is critical for sustaining the growth of these micro-enterprises, lifting these entrepreneurs out of poverty, and increasing the growth of their respective economies.

Research conducted among low income women and low income women entrepreneurs about their needs and challenges, conducted by Women's World Banking, found that access to capital was a critical concern, as was lack of information and guidance about financial matters and management issues in general.<sup>87</sup>

Access has been improving, however, as microlending programs have been starting throughout the world. In the US, there are a number of microlending and start-up financing programs that have been successful. Among them: the South Shore Bank in Chicago, the Women's Self-Employment Project, also in Chicago, Women's World Banking programs, the Good Faith Fund operating in Arkansas, the and the North Carolina Rural Economic Development Center.

Two non-governmental organizations have been leaders in this arena in the United States: the

<sup>86</sup> Women's World Banking, "The Missing Links: Financial Systems That Work for the Majority" (1995).

<sup>87</sup> Women's World Banking, "Innovative Banking for Microbusiness," December 1995, pp. 10-14.

Association for Enterprise Opportunity (AEO) and the Corporation for Enterprise Development (CFED). These organizations, among others, have collectively lent and/or leveraged millions of dollars to nascent women-owned enterprises.<sup>88</sup>

Two government programs geared toward micro-lending also deserve mention: the US Small Business Administration's Women's Prequalification Loan Program, and their "Low-Doc"<sup>89</sup> Loan Program. The Women's Prequalification Loan Program was piloted in 16 sites across the US in 1994. Since that time, they have backed loans to over 500 women for a total of over \$59 million USD. The "Low-Doc" program is open to all SMEs, but fully 29% of the loans granted through that program have been to women SMEs. The Low-Doc program reduces the paperwork needed for an SBA-guaranteed loan.

From a review of these successful micro-lending programs, one can assess that they have the following characteristics in common:

- An ongoing local presence: When loan decisions and ongoing contact exist at the local level, then questions can be answered and payment strategies can be implemented with greater ease, and default rates frequently remain low. Programs that build in ongoing contact, rather than lend money and leave the entrepreneur on her own, have greater success in terms of loan repayment and business growth;
- Horizontal linkages among enterprises: Whether called peer networks, lending pools, or any other term, increasing contact at the local level among borrowers enhances micro-lending program success. Peer pressure in terms of loan payback is one result of forming such linkages, as are joint business marketing opportunities, cost sharing of supplies and materials (much like is the case in business incubators), and peer support for ideas and feedback;
- Vertical linkages: including regular contact for the entrepreneur with lending organizations for feedback and guidance, contact with other organizations for training and technical/management assistance, regular contact by the lending institutions with funding sources all account for greater program success. Direct lending by governments and financial institutions are often not as successful as leveraged funding through local NGOs (non-governmental institutions). These organizations are frequently more "in tune" with local needs.

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<sup>88</sup> Various materials from the American Bar Association's Commission on Homelessness and Poverty, including newsletters and newspaper articles.

<sup>89</sup> "Low-Doc" stands for low documentation, referring to the short, 2-page loan application form.



There are several clear policy implications one can derive from the current state of affairs with respect to women SMEs and start-up financing and microlending. The first is the need for multilateral involvement. Governments cannot be expected to provide both funding and delivery mechanisms; yet they play a key role both within their own borders and via their membership in multi-national organizations such as APEC.

#### 2.5.B Financing for Business Growth: Mezzanine Financing Issues

Much of the focus in the area of business financing has been on start-up financing and micro-lending. Although this is an area of critical concern — since the successful launching and growth of new businesses is key for the growth and development of any economy — encouraging the growth of existing businesses is equally important. The issues of finance for micro-enterprise development and for existing businesses, while related in many respects, show several clear distinctions, including: optimal mechanisms for delivery; existing challenges from the viewpoint of women entrepreneurs; current activities within the financial community; and degree of involvement needed by governments.

In North America, while the current state of affairs appears to be somewhat similar with respect to micro-enterprise development, it is most assuredly different as regards financing for existing businesses, or “mezzanine” financing. As recently as 1993, established women business owners in the United States were more likely than the average business owner to report difficulties in dealing with their financial institutions, were nearly three times as likely to use credit cards for short-term financing, and were more likely to use more than one source for their financing needs.<sup>90</sup> A 1996 study shows those circumstances to have changed significantly over the previous four years, and a recently released update shows continued improvement.<sup>91</sup> Established women business owners in the US are now equally satisfied as men business owners with the amount of capital they have for their business’ growth — fully 3/4 say they have adequate capital for business growth. The use of credit cards by women business owners dropped in half between 1992 and 1996, to a level similar to men, and their use of business earnings for business growth has increased. Currently, 52% of established women-owned businesses (and 59% of men-owned firms) have bank credit available to them.

Loan programs targeting women business owners are springing up throughout the United States. The best known are these:

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<sup>90</sup> NFWBO, “Financing the Business: A Report on Financial Issues From the 1992 Biennial Membership Survey of Women Business Owners,” (1993).

<sup>91</sup> NFWBO, “Capital, Credit and Financing: Comparing Women and Men Business Owners’ Sources and Uses of Capital,” (1996), and NFWBO, “Capital, Credit and Financing: An Update,” (1998).

- a \$1 billion loan program announced in 1996 by Wells Fargo Bank was so successful — the full amount was lent in the first year of a planned 3-year program — that Wells Fargo announced in 1997 that they would extend the program to loan \$10 billion to women business owners over the next 10 years;
- an alliance between Bank One and Women Incorporated to offer a preferred loan program for women-owned businesses;
- partnerships between Barnett Bank in Florida (recently merged with Citibank) and Comerica Bank in Michigan to partner with local women business owner associations to increase lending to women business owners.

One characteristic that these programs share is the fact that these institutions are acknowledging that women business owners should be taken seriously. In many cases, the changes seen within financial institutions are more attitudinal than programmatic, but are having a profoundly positive impact for women business owners.

### **III. Policies and Practices Supporting Women Entrepreneurs in the United states**

The programs that exist in the United States to foster the growth of women's entrepreneurship are largely focused on these four important areas: financing; training and technical assistance; networks and association development; and statistical information. They have been discussed in some detail in the previous chapter of this report; key programs and initiatives are summarized here.

In the area of financing, there has been much progress in recent years both in the public and private sectors. Numerous programs exist at national, regional and local levels to promote access to capital for women-owned businesses. The most notable of these are: 1) The Small Business Administration's Women's Prequalification Loan Program, which assists women business owners in preparing to seek bank financing and, in essence, guarantees the acceptance of the loan application; and 2) Wells Fargo Bank's \$10 billion loan fund for women business owners. These two programs have not only paved the way for easier access to capital for women business owners, they have raised the level of awareness among women business owners, the financial community, and others about the importance of access to capital for women. This has paved the way for a number of other outreach efforts by the financial community, and a greater willingness on the part of women business owners to seek outside financing for their business' growth.

In the area of training and technical assistance, the Small Business Administration's Women's Business Center program is a model effort, and one that should be replicated throughout APEC countries. It provides the information that women need to start and grow their businesses in a way that is reflective of women's learning styles, and also provides a support network and ongoing counseling. Although the

SBA is the catalyst for the program and offers seed funding, ongoing activities of each Women's Business Center are supported by a combination of public and private sector funds.

Women business owner associations and networks have also played a significant role in the growth of women's entrepreneurship. Whether they are national or local in scope, concentrated in a particular industry or other specialty, or whether they are comprised solely or partly of women entrepreneurs, such associations play a vital role in providing women with:

- networking opportunities,
- forums for sharing ideas and experiences,
- formal education or training,
- access to product or service discounts,
- a voice in public policy debates, and
- visibility, both individually and collectively.

Fostering the development and growth of women's associations is a critical element in weaving the fabric of programs and policies that support women's entrepreneurship.

Finally, basic statistical information about women business owners and their enterprises is an important element in gaining a greater awareness of the economic contributions of women-owned enterprises and garnering increased focus on the unique characteristics and challenges of women business owners. It was only after solid information was made available about the size and growth of the women business sector that public policy leaders, corporate and financial decision-makers, and non-governmental support organizations truly started paying attention to the needs of women business owners and offering programs and services to assist them. Solid, factual information about women-owned enterprises and women business owners is the foundation upon which many of the programs outlined above were built.

One should not assume from the description of programs and services available to new and existing women business owners in the United States that there are no barriers to the growth and development of women's entrepreneurship. While many of the structural barriers have been and are being addressed, there are societal constraints as well. In fact, in a study published in 1994,<sup>92</sup> women business owners reported that their greatest challenge in being a woman business owner was being taken seriously. Although women business owners most certainly need access to information, financing and networks,

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<sup>92</sup> National Foundation for Women Business Owners, Credibility, Creativity, and Independence: The Greatest Challenges and Biggest Rewards of Business Ownership Among Women, 1994.

they also need to be treated fairly and justly by colleagues, vendors, suppliers and other members of the business community at large. One can pass laws, promulgate policies and institute programs, but changing attitudes and beliefs is a much longer process.

#### **IV. Conclusions**

As the world economy moves into the 21<sup>st</sup> Century, it is clear that small and medium-sized enterprises (SMEs) will play an increasingly vital role in job creation, economic growth, and in the adoption and promulgation of new technologies. Women-owned businesses will play an integral role as well. Where data exists, it shows that women are growing faster in numbers and in economic contributions than the economy at large. Women are also bringing new styles of business leadership and management to the fore, illustrating by example that there is more than one way to lead and grow a business. Women-owned businesses are doing this despite several hurdles: access to capital, access to information and technical assistance, access to markets, access to technology, and not being taken seriously.

How can these unique barriers be removed and the playing field be leveled for women SMEs? Previous chapters have outlined some of the current programs and best practices that exist for women entrepreneurs in the United States, especially in the areas of financing, education and training, and associations. These programs are vital for the continued growth and development of women-owned businesses.

Though these initiatives and programs are necessary for the growth of women-owned firms, they are not sufficient. There must also be an overarching recognition of the strength and economic power of women-owned businesses. For this to happen, there are three efforts that are vital:

1) **Official government statistics on the number and growth of women-owned businesses.**

Without valid statistical evidence of the number and economic contributions of women-owned businesses, public policy makers, corporate decision-makers, and the general public will not take women-owned businesses — and women business owners — seriously. In the United States, it was only after statistical evidence was presented on the growth of women-owned businesses, starting with the quinquennial censuses in 1982, that leaders in the public and private sectors started to pay attention to this new phenomenon. Data collection efforts on women-owned enterprises, both small and large, are vital, and should be a part of official business censuses.

Research on women-owned firms conducted in the private sector is also important, since government statistics are often not published frequently enough, nor do government statistical efforts typically query women business owners on their opinions, motivations or challenges.

Academic researchers and research institutes can fill the gap, but only if funding is secured for their efforts. In the US, information and statistics published by the National Foundation for Women Business Owners has been vital in elevating public awareness of women-owned businesses, and acceptance of their growing economic contributions. Their research efforts are expanding internationally.

- 2) **An office at the Federal government level with responsibility for coordinating and funding programs for women-owned enterprises.** There is only one government office in the US with the programmatic responsibility for women SMEs — the Office of Women’s Business Ownership (OWBO) in the US Small Business Administration. The OWBO has responsibility for two key programs: the Women’s Business Center program, which funds women’s business development centers throughout the US; and the Women’s Network for Entrepreneurial Training (WNET) program, a mentoring program for women who have just started in business. The OWBO also works closely with the Bureau of the Census and the National Women’s Business Council (NWBC), a public-private partnership also concerned with helping to advance the cause of women’s entrepreneurship. Both the OWBO and the NWBC are critical in promoting the needs and concerns of women-owned businesses in the public policy arena.
  
- 3) **Awareness-raising activities that increase public knowledge of the strength and diversity of women-owned businesses.** Recognizing and celebrating the accomplishments of women business owners, especially leading women, raises public awareness about all women-owned businesses. There are two types of programs of note in the US that have accomplished a great deal in this area, and should be considered elsewhere. The first are several recognition programs and events that celebrate the accomplishments of leading women entrepreneurs. This year saw the fifth annual publication of the leading women business owners in the US. In years past, 50 women were profiled in a leading women’s business publication; in 1998 the list was expanded to 500.<sup>93</sup> Such a publication draws attention to the fact that women are leading major enterprises, that they are major employers, and that they are leading a diverse array of businesses.<sup>94</sup>

Another program of some interest, which occurs annually in the US, is Small Business Week. Organized by the US Small Business Administration each spring, Small Business Week celebrates

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<sup>93</sup> Working Woman magazine.

<sup>94</sup> There is a similar program in Canada each year, the Leading Women Entrepreneurs of Canada. These women, too, are highlighted in a leading business publication (Canadian Business) and recognized for the diversity of their accomplishments.

the accomplishments of small businesses, honors several categories of small business owners and advocates — including women business owners — and provides business owners the opportunity to meet with policy makers in Washington, DC. Businesses throughout the country are nominated for consideration as Small Businessperson of the Year; there are finalists from every state. Also honored each year are Small Business Advocate of the Year, Women in Business Advocate of the Year, Minority Advocate of the Year, Veteran Advocate of the Year, Small Business Exporter of the Year, and Young Entrepreneur of the Year. Award winners are honored in their home states and in Washington, D.C. during Small Business Week. This program serves to highlight the accomplishments of small and medium enterprises in general, and women-owned businesses in particular.

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## **Small & Medium Business Administration (SMBA)**

The Small and Medium Business Administration is a central government agency that is in charge of SME issue. SMBA was established 1996 and organized with 1 officer, 4 bureaus and 21 divisions to develop small and medium enterprise policy and regulate the related efforts of members of the SME sector.

SMBA develops and implements SME policy, analyzes industry trends and helps aid restructuring reforms and assists small businesses. SMBA also is responsible for supporting finance, credit, human resources, information services, marketing and distribution and helps with the development, cooperation and guidance of technology for the SME sector. Nowadays, SMBA develops assistance programs promoting of start-up and venture businesses.

The SMBA has 11 regional offices which are entrusted with the mission to improve cooperation between local government offices and related local SME organizations and to execute supportive policies for local small and medium businesses.

Address : SMBA, 920, Doosan-Dong, Seo-Gu, Taejon-City,  
Republic of Korea, 302-701  
Tel : 82-42-481-4366, Fax : 82-42-472-3269  
Website : <http://www.smba.go.kr>

### **Contact Points**

#### **Mr. Chung-Sik Yim**

Director, International Cooperation Division, SMBA  
Tel : 82-42-481-4363, Fax : 82-42-472-3269  
E-mail : [yics1449@digital.smba.go.kr](mailto:yics1449@digital.smba.go.kr)

#### **Prof. Bang-Jee Chun**

Professor, Industrial & Organizational Psychology, Hoseo University  
Tel : 82-418-540-5255, Fax : 82-418-532-4224  
E-mail : [chunbj@dogsuri.hoseo.ac.kr](mailto:chunbj@dogsuri.hoseo.ac.kr)