WOMEN ENTREPRENEURSHIP DEVELOPMENT; A SOURCE OF SOCIO-ECONOMIC DEVELOPMENT

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ABSTRACT

At present, the scene of women's participation in economic activities in Pakistan is not so encouraging for multiple reasons. Here the role of women in development is being highlighted for the last couple of years and women development issues are being discussed at national level followed by some initiatives taken by the government and the civil society organizations. However, women participation in economic activities is less than a moderate percentage of the population, i.e. less than one percent.

This paper has been written with the objective to provide an insight into the issues of women participation in economic activities and women entrepreneurship in Pakistan to the prospective women entrepreneurs, policy makers, researchers and students of development studies.

Research Methodology:

This paper is based on exploratory qualitative research. It is an outcome of an extensive literature search of women entrepreneurship, issues, initiatives and future pattern of their development in Pakistan.

1. Introduction

National development is an outcome of a balanced and an equitable development of all segments of a society. Women, approximately half of the population, can play immensely important roles in the socio-economic uplift of a country provided their talents are properly harnessed to the national development goals. Along with other options, Women Entrepreneurship is a powerful source of economic development, especially, in Pakistan, where 73% of the women workforce is engaged in agricultural sector. Here, there is ample opportunity for mobilizing women towards the manufacturing and service sectors through women enterprise development[1]. The women enterprise development can meet the two major challenges that Pakistan is facing. These are: i) women empowerment; and ii) sustainable economic growth. Therefore, by supporting and promoting women enterprises with a practical approach, the vast potentials of women entrepreneurship can be channeled to meet the above two challenges. Women enterprise development can strengthen the structural adjustment reforms that are part of the current initiatives of devolving power at the grassroots level in Pakistan. These initiatives are based on the belief that a balanced empowerment of all the segments of society and promoting entrepreneurship at the grassroots level is the key to socio-economic development. By any means, Pakistan can not afford to ignore half of the population in its initiatives for socio-economic development.

[1] UNDP, *Human Development Report 2007, Gender Inequality in Economic Activity (UNDP 2006) 377*

2. Entrepreneurship and Women Enterprises

Entrepreneurship, in practice, is as old as human history. However, J. B. Say coined the word 'entrepreneurship' two hundred years ago to explain the change as normal and indeed as healthy – doing something different rather than better for the economy and society.[2] In our context, doing different and better at the socio-economic front, both are the subject matter of entrepreneurship: different in the sense that innovation and innovative ideas to develop and market the products while better is in the sense that the innovation must impact positively to the society and economy. When we talk about the society, it is classified in various segments: mainly as women, and men, and further made up of children and old people. If we count the working force of a society it is men and women. Women entrepreneurs do not operate in isolation. They work under the same macro, regulatory and institutional framework as their male counterparts in a laissez-faire economy. Despite this fact, the environment in developing countries is not conducive for women engagement in economic activities. Such an environment is made-up of social cultural and religious elements. This aspect of the environment has taken shape over the centuries. Kevin Daly found the developed countries are also undervaluing women economic potentials as there is a combined gap of about 20% between male and female employment rates in America, Japan and Western Europe. According to him, in Sweden, around 30% of females (aged 15- 64) are not in any economic activity.[3]

In South Asia, a gap of 30 to 40 percent between economic participation of men and women is common. According to The United Nations Economic and Social Commission for Asia and the Pacific, this sex discrimination costs the region $42 to 47 billion annually. The poor state of girls' education costs a further $16 billion to 30 billion,[4] And those are just the economic costs besides the prevalent violence against women and inaccessibility of health care to them further creates obstacles in women development. The gender biased system in South Asian region is rigid and deep rooted as it is enforced by the perpetuation of a traditional mindset, established norms and unchallenged belief.[5]

Despite all odds Pakistan like many other South Asian countries, the roles of women in development are being highlighted for the last couple of years and Women Development issues are being discussed at the national level followed by some initiatives taken by the government and the civil society organizations, mostly at legislative and policy levels. Women have got reserved seats in all the three tiers of law making bodies. Seven years ago, the government prepared a Gender & Development plan 2001 to 2011.[6] Women Protection Bills have been passed by the law makers in 2007 and subsequently a policy for medium enterprises has been launched. The focus of this policy is to promote women

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[2] Drucker F. Peter, *Innovation and Entrepreneurship* (Butterworth-Heinemann, 1999) 62

[3] Sachs G, If more women were in paid work, the world could be much richer, Economist, April 2007, 3.

[4] Goheer A, N. (2003). *Women Entrepreneurs in Pakistan: how to improve their bargaining power*, [A report on Women Enterpreneurship on line] Accessed August 10, 2007, Available on http://www.ilo.org/dyn/empent/docs/F760680996/PAKISTAN%20REPORT-Edited-Final.pdf

[5] *Ibid*, p-5

[6] Rahman, Mustaghis, Developing Women Entrepreneurship, EBR, Dawn, Karachi, July 23, 2007,IV.

entrepreneurship, and the neglected sector of economy.[7] However, the impact of these steps is yet to be seen.

2.1. Challenges of Women Empowerment

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

It is important to understand that women development is not an issue of equalizing women with men, as is generally perceived and debated; rather it is a matter of national socio-economic development. The equality or equity of men and women as an academic debate may take time to settle down, but more important is to move with the reality prevailing all around us. Reality on the ground is that approximately half of the Pakistani population (women) is lagging behind the other half in all walks of life: the opportunity of access to education; health; choice of profession; and their rights of expression are slim. Hence, controlled access to the necessities of life to women limits their ability to secure gainful education and employment which results in social alienation of women that finally undermines half of the potential of Pakistani nation. Even from individual's perspectives also discrimination on the basis of sex is counter productive to the individual's personality development. This assumption is based on society's loss of talent, as females are forbidden from many jobs simply on the basis of obscure interpretation of religious commandments and cultural orthodoxy. Human capital theorists argue that such an underutilization of resources is wasteful, irrational, and disadvantageous to a nation's growth and development. Both the 'equal opportunity' advocates and 'human capital's' philosopher's arguments are based on the assumption that when a woman's advancement in a career is based on merit alone, she will be able to excel and advance into the economic and social lives creating a prosperous society.[8]

2.2. Women Economic Activity Scene

The Federal Labour Force Survey mentions in its 2005/2006 report that women employment rate is 20.14% in Pakistan while in rural and urban areas women participation is 23.63 % and 12.53 % respectively of the total labor force of the country.[9] Although researched figures on women owned and operated businesses in Pakistan are not available, a careful estimated percentage of women enterprises are approximately 1 % of the total local/national and multinational enterprises operating in Pakistan. A large number of women entrepreneurs in Pakistan are involved in traditional businesses such as boutiques, parlors, bakeries and a few are in manufacturing, consultancies and service

[7] Khan Mubarak, Z. Business Review, Dawn, Karachi, August 16, 2007, II
[8] Russell, J. E, Rush, M.C., & Herd, A.M, An exploration of women's expectations of effective male and female leadership, *Sex Roles*, (Oxford University Press, 1988) 279
[9] Government of Pakistan, Labour Force Survey Report 2005/2006, Age specific Activity Rates (ASAR) by Sex of Pakistan, (The Federal Bureau of Statistics 2006) 7

provision.[10] The largest number of skilled women labor force is employed in the garments and handicrafts sector. In general, urban women are better placed in terms of access to information than those operating in the rural areas in Pakistan. In Pakistan, information gaps, marketing channels and poor networking are major challenges to the growth of women enterprises. Generally speaking, women are either unaware of modern marketing concepts that could fetch better returns on the same products or remain restrained to the local markets due to a number of cultural problems associated with them. By one reason or the other they remain out of touch from lucrative domestic and international markets. The gaps are multiple such as: terms of business awareness; knowledge of what and where these markets are; and their actual ability of access to those markets. Specifically saying, the hindrances for women in making headway to the business world are that most women operate businesses from their homes, women entrepreneurs are with low levels of education and technical skills, also their finances are controlled by male family members.[11] However, despite many social and technical hurdles in becoming entrepreneur, economic necessity is forcing women to engage in some sort of employment and income generation activities along with their roles at home.

As it is mentioned above, women have only 20.14 % of representation in combined rural-urban labor force. A comparison of this figure with women population, it refers to a segment of the population which is under represented by 26.36 % in its own as women are 47.5% of the total population in Pakistan.[12] Though the representation of women in Pakistan in economic activities is much less in comparison to other semi-industrialized Muslim countries like Turkey 25% [13] and Malaysia 47.3% (UNDP, 2005)[14], it is encouraging to note that more than 45% of the adult women population has made their way into the national economic activities. Despite, this encouraging note, women involvement in non-agricultural sector is only 6.07% of the total employment in Pakistan[15] which is depressing. Even in the agricultural sector, women are involved in the menial work which carries less value and generally taken as non-economic supporting activities.

Cognizant of the importance of women's participation in the overall economic growth, in the last 25 years, the government of Pakistan established a Women Division in 1979 as a part of the Cabinet Division which was upgraded to become the Ministry of Women's Development (MoWD) in 1989. A National Plan of Action was prepared and issued in 1998 by the MoWD, which detailed the strategic objectives of 12 targeted areas and their respective plans. In the year 2000, the government prepared a gender and development plan under the title, "Gender and Development: Ten-Year Perspective Development Plan, 2001-11", which was focused at eradicating poverty by making available micro credit to women for income generating micro projects.[16] This plan was made in the year 2000 but even after the lapse of seven years, women development indicators have hardly changed.

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[10] Rahman Mustaghis, Op.cit.
[11] Group discussion with the selected women entrepreneurs of Karachi conducted by author on March 15, 2008
[12] Wikipedia, The free encyclopedia, Sex Ratio, (Accessed on July 15, 2008)
[13] www.europarl.europa.eu/turkey (Accessed on July 12, 2008)
[14] UNDP, *Report on Malaysia*, 2005, Accessed on July 10, 2008) available at www.un.org.my/index
[15] The Federal Bureau of Statistics, Governemtn of Pakistan, Op.cit.
[16] Women Entrepreneur Information Network, Op.cit.

3. Challenges of Women Entrepreneurship Development

So what is missing in the chain from conceptualization to implementation as the government has a very good plan and resource provision options, for women development and women enterprise development under various schemes, through various rural support programs, banks, local and international funding agencies?

The missing links in the chain are the mechanism of policy implementation and a will to do. The question arises, what practical initiatives have been taken by MoWD, Ministry of Industries and Ministry of Commerce & Trade? Whether, proper information dissemination to the target group has been made about the policies, plans and facilities provided by the various governmental and non-governmental organizations for women enterprise development? What strategies have been outlined to shift women workforce from agricultural employment to the manufacturing sector? It does not mean migration of the women workforce from villages to cities to get jobs in factories. Since, cities are already overpopulated, it simply means, increasing the share of the manufacturing sector in the total GDP by establishing agro-based manufacturing small units focusing on the women workforce in rural areas. This will yield multiple advantages to the economy: increase the employment rate of women in the rural and urban areas; utilize indigenous resources for the production of value added products; minimize the wastage of seasonal agricultural products; stop mass migrations from rural to urban areas and also increase the exports of locally made products.

Besides, a good plan and availability of small loans/micro credit to women, packages of soft skills, supportive environments and networking with business and non-governmental organizations needs to be developed to mobilize women into the manufacturing sector through their own enterprises. The package of soft skills may include the following components:

- Entrepreneurship development
- Enterprise development
- Product designing and development
- Computing/Accounting skills
- Networking skills and
- Marketing skills

The supporting environment includes: identification of the sources of funds, making availability of raw material at subsidized prices, identification of markets locally/internationally; provision of quality controlling systems, and tax holidays on the produce of women enterprises. Finally, the networking with business and non-governmental organizations refer to involve for-profit sector to provide some space in production, supplies, marketing and selling for women enterprises. Similarly, the non-profit organizations can help the emerging women entrepreneurs in building capacities and polishing their natural talents. Non-profit organizations, having focus on women-issues can play crucial roles in counseling and guiding women to get maximum benefits of the government's facilities available for women enterprises development.

A formal/informal type of partnership can also be established among the government, business, and non-profit organizations for the specific women enterprise development. Generally, the working of the three sectors together is known as public private partnership. Public private partnership has been defined by The Canadian Council for Public-Private Partnership as:

"A cooperative venture between the public and private sectors, built on the expertise of each partner, that meets clearly defined public needs through the appropriate allocation of resources, risks and rewards".[17] In this reference a loosely outlined framework of Government-Business-NGOs' Partnership can be formulated to work together for promoting women entrepreneurship in order to achieving their agenda of social development to which each sector claims its commitment.

4. Recommended framework

The three sectors have immense potentialities in their respective fields: The government can provide an enabling environment for women entrepreneurs, business can solve the capacity gaps of marketing and finance related problems of women enterprises while NGOs can implement the policy agenda of government more economically and efficiently at the grass root level.[18] There are a number of NGOs in Pakistan which are involved in developing and supervising small/micro enterprises. Majority of those enterprises are women enterprises. AKRSP, NRSPs, Thardeep, HANDS, SWAFCO, APWA and many others in Pakistan have huge experience of guiding and supporting women in micro enterprise development and management. These NGOs can make their contribution in the capacity building of women entrepreneurs. The framework of working together for women entrepreneurship development and its outcome is being demonstrated by the 'Women Entrepreneurship Development Model' in fig 1.

[17] The Canadian Council of Public Private Partnership (2001), Brunswick Reports, Public Private Partnerships: Guidelines and Protocols, Canada, p-3

[18] Rahman Mustaghis (2005), International Journal of Applied Public Private Partnership, Public private Partnership for Social Development: A south Asian perspective p-4

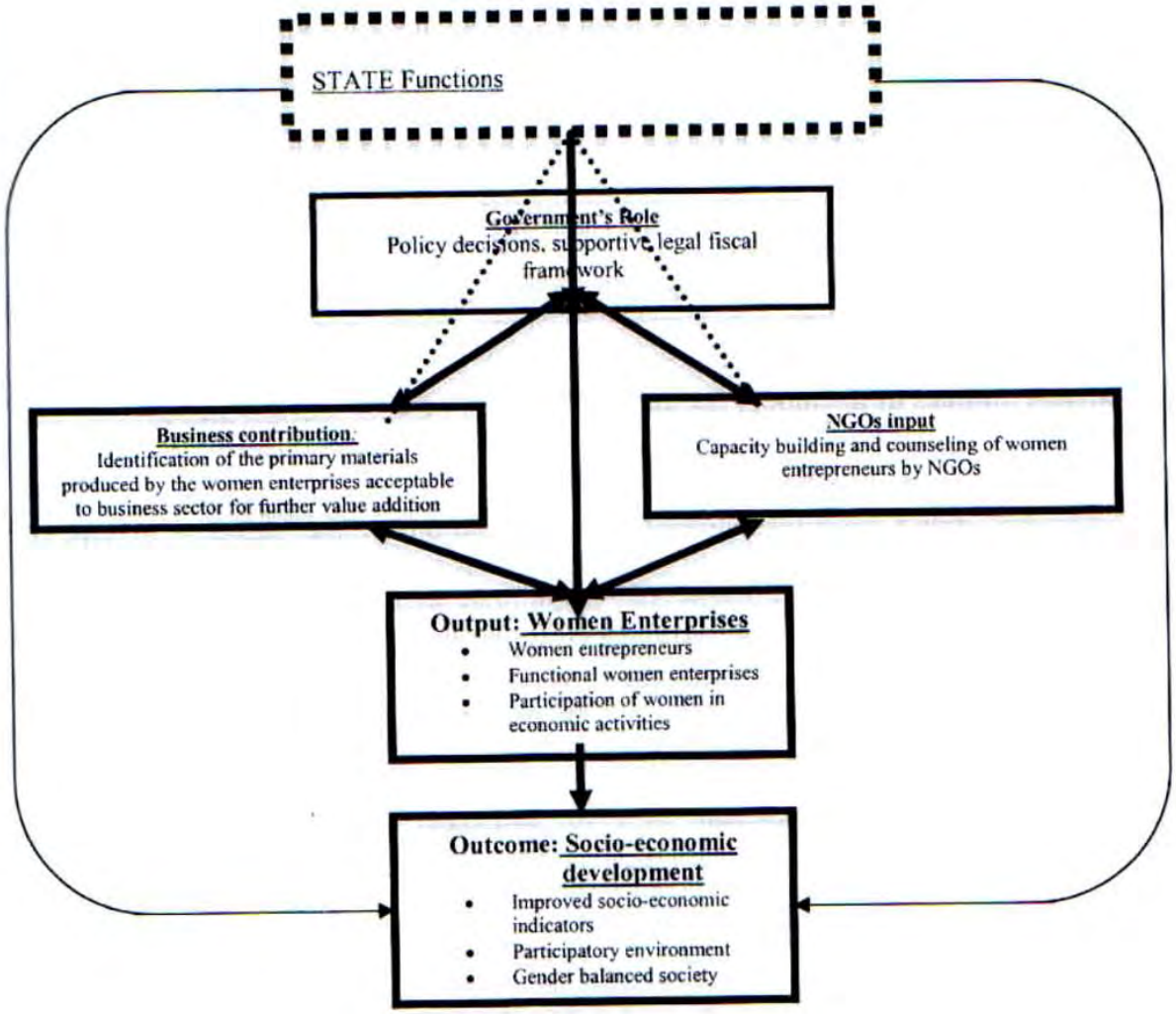


Fig-1

Women Entrepreneurship Development Model

4. 1. Model description

As mentioned above the three sectors have immense potentialities in their respective fields. However, due to isolated vision and weak modus operandi, the social vision of each sector remains unachieved frequently. Therefore, if the three sectors (Government, Business and non profits) want to improve the national socio-economic indicators and

society as a whole, they need to join hands for women entrepreneurship development in Pakistan. The suggested model presents the following broader outlines as follows:

4.1.1. **State Responsibility** - Vision and Enabling Environment
4.1.2. **Government's role** - Policy decisions, supportive legal and fiscal framework
4.1.3. **Business contributions** - Identification of the areas of business intervention in the primary products needed by them and providing some space for the products marketed by women enterprises
4.1.4. **NGOs role** - Capacity building, networking of women support institutions and counseling to women entrepreneurs
4.1.5. **Output** - Women entrepreneurs, functional women enterprises, participation of women in economic activities
4.1.6. **Outcome - Improved socio-economic** indicators, Participatory environment, Gender balanced society

The broader outlines of the model are further discussed below:

4.1.1. State responsibility

In modern era, state's main responsibility is to set and pursue the vision of welfare and prosperity of its citizen. This is only possible by developing and making available the enabling environment for its citizens and institutions to perform well. The degree of success of a state is gauged by the quality of vision set by it and how the convenience has been created for its citizen to participate in the system. In the women enterprise development context, states should set vision of women empowerment through their involvement in economic activities. To get realized this vision, through the process of legislation, state should create an environment where the three sectors may work together for women enterprise development, such as; provision of certain incentives to the business and NGOs for utilizing the primary products made by women enterprises.

4.1.2. Government's role

Since, social development of a society is a prime duty of government in power however, the social sector would have not been developed if the government had not created opportunities for the other two sectors – business and non profit to get involved in realizing the development agenda of government. Given the basic nature of no pricing mechanism in the social sector and for the lack of capability of government's implementing agencies, social services are not provided with optimal efficiency and seen as over spending. This over spending is proved in comparison to the desired results and its cost. The misuse of resources by the government functionaries increases the government's financial burden. One possible strategy to deal with such problems is the involvement of business and non profit sectors in the social development activities. The business sector's involvement implies the mitigation of government's roles in the expanded provision of social services replaced by private sector services. The aim of mitigating the level of government involvement is two fold: one is to restrict the inefficient use of resources; and the other to reduce the government's financial burden. The framework of government involvement with business sector for social development

through entrepreneurship development can be of four forms, depending upon the degree of the three sectors' involvement as follows:

- Provision of subsidy by the government on the products made by women's enterprises
- Loan guarantee for the women enterprise development
- Agro based-basic industries development by government and handing over to women entrepreneurs
- Reduced tax structure on the income through women entrepreneurships

4.1.3. Business contributions

The business sector, which operates to earn profit, can be involved for social development making them clear that a prosperous and gender balanced society can safeguard their business interests. It is suggested in the model that the business sector can help government organizations by sparing financial and technical resources for the development of women enterprises.

In the manufacturing sector, enterprises use various types of materials: raw; semi processed; processed and semi finished. Similarly, in the services sector, chemicals, small tools and other accessories are used in their operations. Each type of these materials is procured from various organizations. Some of these which are less complex and sophisticated can also be identified to be purchased from women enterprises. If the women entrepreneurs are provided with the opportunity to become supplier to those products, they will be motivated and encouraged to participate in entrepreneurship activity.

4.1.4. NGOs role

In this model, NGOs will be responsible for the following areas:

- Networking with community, new and experienced women entrepreneurs
- Designing and outlining the capacity building of potential women entrepreneurs
- Provision of guidance and counseling to the new entrants in the field of entrepreneurship

Many local and international foreign NGOs are working in women empowerment through awareness raising and income generation projects. In these areas, these NGOs are organizing awareness raising sessions and disbursing micro credit to operate micro enterprises to the aspiring women at the grass roots levels. If these NGOs are provided with resources or involved in joint projects with government development agencies, they can be much helpful in developing women as entrepreneurs for medium and small level enterprises. From the experiences, it is proved that NGOs are efficient and effective in the development and managing small projects at the grassroots level.

4.1.5. Output

As a result of the combined effort of the three sectors, the model depicts the increased number of functional women enterprises and women participation in the economic activities.

Outcome

As an outcome of the above joint efforts of the three sectors, there will be an increased number of women enterprises which will become the driving force for the national economic cycle, such as: increased employment, increased gross domestic products, increased national income, increased per capita income, increased purchasing power and finally increased economic activities. The increased women economic activities also will increase the disposable income of women. As we know, women spend more of their income on their households, therefore investing in women and helping them to increase their incomes can be an effective means to improve health, nutrition, hygiene and educational standards for families and for the whole society as a whole. Consequently, the social indicators of Pakistan will improve. Increased women's involvement in economic activities and earning capabilities will further make them empowered. As a result, a just and gender balanced society can be created.

5. Conclusion:

Women are seen as passive recipients of development assistance rather than as active agents in transforming their own economic, social, political and cultural status. There is a need to adopt new approaches instead and seek to integrate gender awareness into mainstream development. Women entrepreneurship development is actually seen as one of the strategies capable of reaching women and involving them in the development efforts. Women have the potential to transform power relations between men and women through women entrepreneurship which will ultimately lead to social development in the society.

Socio-economic development is the prime duty of the state. It means that the state has the responsibility to create an environment with a focus on social development taking into the fold all the segments of society and designing an effective strategy to implement. Pakistan's irony is that the state apparatus has always remained more inclined towards policy making and less towards strategy implementation. Besides, our policy makers seem much impressed by the western philosophy and they look down upon indigenous wisdom. As long as, the policies are made ignoring the socio-cultural realities of the regions and sub regions the hope of improvement in all spheres of life will remain slim. Due to the above reasons, there are ample examples that the best policies made at the top level, when the same are handed over to the people at the grassroot level to implement, bear no fruit because of their disconnect with policy conceptualization and implementation chain.

The other reason which has been identified by researchers about the conditions for social development are the government's policies: these are made in isolation without benefiting the potentials of the business and NGOs. In fact, the development initiatives should be launched with an integrated development approach bearing upon the resources of the three sectors of society. One practical approach of policy formulation could be a loosely knit partnership among the three sectors under the specially developed state

regulations for social development. One of the potential sources of social development could be empowering women through their entrepreneurship development.

Thus Women entrepreneurship plays multiple roles in social development. It accelerates the economic cycle, on the one hand, and women empowerment, gender equity and improved socio-economic indicators on the other hand.