

Executive Summary

Introduction

Businesswomen in the Commonwealth, as elsewhere, contribute numerous ideas and a great deal of energy and capital resources to their communities, and most generate jobs as well as creating additional work for suppliers and other businesses. Women-owned businesses come in all sizes, but the majority are concentrated at either the micro enterprise or small and medium sized enterprise (SME) level. SMEs are key to a country's economic growth and their success can help reduce poverty, improve the health of families and communities, raise literacy and educational levels, and empower women. It is therefore sound policy to support them.

Numerous studies have shown that women often employ a different approach to business than men do. They are faster to implement benefits for their employees, to develop profit sharing schemes, and to introduce working conditions and structures that are family friendly. Women entrepreneurs have found innovative ways to integrate social and business issues and structures while networking and building cross-sectoral alliances. It is important to understand how women do business because this may hold some answers to the growing conflict between civil society and the private sector that is confronting the meetings of international and regional trade organisations.

Trade liberalisation and globalisation represent tremendous business opportunities for some, but for others the changes they cause will completely undermine their livelihoods. The protests at multilateral talks in recent years stem from a fear that the agreements being made could potentially contribute to widening some of the inequities between and

within countries. One way of reducing the conflict would be for the World Trade Organization (WTO) to find room for the non-private sector voice and concerns in its trade deliberations.

The WTO takes a 'lowest common denominator approach' to trade agreements – frequently the only way its members can obtain agreement is to agree on a minimum standard. This can be contrasted with the approach taken by the European Union, which operates on the principle of setting the standard needed and then finding ways to make it possible for each member country to achieve it. The Asia Pacific Economic Co-operation (APEC), on the other hand, operates by consensus. This would appear to be similar to the WTO model, but there must be full agreement on each policy issue before it is adopted by APEC leaders, involving considerable negotiation. APEC is also more open to inputs from the private and civil society sectors, such as the Women Leaders Network (WLN).

Women business leaders are positioned to play a unique role in the trade liberalisation process as they have a social conscience without having a pure social agenda. Expanded trade can stimulate economic growth and open up new business opportunities. At the same time, women will inevitably find themselves having to compete in a market that is becoming increasingly global. It is important to ensure that the policy environment, infrastructure and support mechanism for businesses are accessible to and respond to the needs of SMEs owned by women and men.

It is also time to acknowledge that women and men do not operate on an equal playing field and work to address these inequities. Women-owned businesses face some serious gender-specific challenges. These include discrimination and the fact that many women entrepreneurs have significantly less access than men to some of the key resources required to grow their businesses. Yet women entrepreneurs have shown that they can build their businesses effectively and, although they tend to be located in small businesses and in sectors that are considered high-risk investments by financial institutions, they have demonstrated a lower rate of business failure than men's businesses. Women's rate of repayment of loans is also much higher than that of men.

Governments, multilateral organisations and civil society can make the situation for women entrepreneurs easier, more equitable and more accessible

by helping women obtain access to finance, markets, training, infrastructure, technology and policy-making. Women must be able to take legal responsibility for property and loans, and enter into contractual agreements in their own right with a range of bodies that form the support framework for small business, including banks. They also need to understand how the WTO works if they are to succeed in an increasingly competitive global market place.

Globalisation, Trade and Women-owned SMEs

Globalisation is transforming national economies worldwide, forcing both developing and developed countries to undergo a restructuring process. There is an increasing reliance on trade liberalisation, less government spending, and government adjustment to the fiscal demands of international capital markets and international financial institutions. In some developing countries, these institutions are imposing economic reform in the form of structural adjustment programmes (SAPs) which usually involve export production/promotion; privatisation and deregulation; devaluation; and a reduction in the size of the public sector.

Trade liberalisation means the opening up of markets and the elimination of trade barriers. This, together with investment and financial liberalisation, is touted as being good for both developed and developing countries. However, as well as creating opportunities for many, it is also having some negative impacts, particularly on women. In order to accurately assess the impacts of economic liberalisation, it is important to consider key aspects of gender relations, such as women's unpaid reproductive work and their limited access to resources in the household and the wider market economy.

Although trade liberalisation has increased women's access to paid employment, many of these jobs in developing countries are in state-promoted export processing zones (EPZs) or involve outsourcing and an increase in home-based work. This leaves women increasingly vulnerable to capital flight risk and labour abuses. Also, in certain sectors and in particular countries, women have been displaced from employment. In agriculture, there has been a focus on incentives to large-scale businesses involved in the export of cash crops. Women, on the other hand, are predominantly small farmers who generally produce food for domestic

consumption and are not well equipped to cope with the negative effects or take advantage of the positive effects of trade liberalisation.

At the same time, the economic reforms called for by trade liberalisation involve cuts in public services such as health and education. This has a disproportionate effect on women because of their employment in the public sector and due to their primary responsibility for household and community management.

Understanding the Rules of the Global Trading System

The three main institutions that govern the modern global system of economics and trade are the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO). The IMF's focus is chiefly on macroeconomic performance, and on macroeconomic and financial sector policies, while the World Bank is concerned mainly with longer-term development and poverty reduction issues. However, the lending policies of both institutions have been heavily criticised for many years for worsening poverty in developing countries and increasing their dependency on the wealthier nations. The structural adjustment programmes (SAPs) that they impose require less spending on social services and development while debt repayment is made the priority. This has had a negative impact on the poor, particularly women, and there is limited evidence about SAPs' effectiveness in the long run. The World Bank in the past also funded large-scale national projects based purely on economic criteria without regard to the social and environmental consequences. It has now become more sensitive in its project funding.

The WTO encompasses the General Agreement on Trade and Tariffs (GATT) and several other multilateral agreements that cover all aspects of trade of all member countries. The WTO has come under increasing criticism from civil society in recent years. There are concerns about its lack of transparency, the influence of transnational companies (TNCs) and the fact that non-governmental organisations (NGOs) have no access to its deliberations. It is also feared that globalisation and trade liberalisation will increase already existing inequalities between women and men, rich and poor and rural and urban, and that the WTO's adoption of minimum standards is eroding progressive national labour legislation and health and safety standards.

The GATT covers all aspects of trade in merchandise and goods of all member countries and was recently expanded to cover 'non-tariff barriers to trade', including food safety laws, product standards, investment policy and other domestic laws that affect trade. The General Agreement on Trade in Services (GATS) applies the general rules of 'trade in goods' to 'trade in services'. While goods are tangible and visible, services are intangible and invisible (for example, educational or cultural services). Services is the fastest growing sector in international trade, and water, education and health will potentially be the most lucrative if governments are obliged to privatise them. This has significant gender implications since women are the main users of water and health care due to their domestic roles. Research around the world has also shown that girls and women gain most from the public provision of education and their access tends to be reduced where fees are imposed.

Another key agreement is the Trade Related Aspects of Intellectual Property Rights (TRIPS), which requires all countries to recognise and protect patents, trademarks, etc. Many argue that the TRIPS agreement favours the interests of developed countries as over 90 per cent of patents are held there, increasingly by TNCs. Fundamental gender issues related to intellectual property rights include access to seeds for food production/food security, medicines, land, the use of natural and genetic resources, and recognition of and compensation for traditional knowledge.

Investment matters are covered by the Trade Related Investment Measures (TRIMS) and Foreign Direct Investment (FDI) agreements. They will particularly affect the many women SMEs which are involved in supplying inputs or ancillary services to TNCs by removing the requirements of local content. TNCs will thus be free to source inputs from any low-cost competitor and suppliers in some countries will risk losing out to countries with lower wage rates. It will also no longer be possible to require companies to conduct technology transfer.

Agriculture falls under the Agreement on Agriculture, which requires countries to make changes both to border measures to control imports and to subsidies that governments grant to support the prices of agricultural products and assure a reasonable income to farmers. This will affect small-scale women farmers in particular since they will be unable to compete with cheap, heavily subsidised products from the North. It also has implications

for food security. An Agreement on Textiles and Clothing (ATC) was initially seen as beneficial to developing countries since the quotas on their exports to developed countries were supposed to be phased out by 2005. However, there have been a variety of complaints about its implementation. Also, any comparative advantages will increasingly depend not just on cheap labour but on a workforce that is both relatively cheap and technologically skilled.

An optional Agreement on Government Procurement, which WTO members are not required to join, requires government purchases to be made through a tendering process in which foreign suppliers have an opportunity to participate. This has significant implications for women-owned enterprises and SMEs as it restricts the ability of governments to award contracts on social, environmental or broad economic grounds.

Challenges Faced by Women-owned SMEs

Women entrepreneurs face particular challenges. They often lack information about how to get a loan, lack the necessary collateral to obtain one, and/or face discriminatory laws or practices related to finance and credit. Another challenge is a lack of knowledge about how to participate in the market place, particularly about what is internationally acceptable. The high cost of developing new business contacts and relationships in a new country or market can also be a major deterrent for women attempting to export. In addition, women are usually less educated than men, making them less well equipped to manage a business. When business training is available, they may not be able to take advantage of it because it is held at a time when they are looking after their family and/or the content and method of delivery may not be appropriate.

Owners of SMEs may also be hampered in their business by a lack of reliable transportation system to get their goods to market. They also need a predictable trade support infrastructure, which would include a knowledgeable bureaucracy and supportive government mechanisms. Women often have few or no contacts in the bureaucracy, and there may be a bias against women's businesses. They have little representation on policy-making bodies, partly because they tend not to belong to or reach leadership positions in mainstream business organizations.

Women have limited access to the new information and communications technologies (ICTs) that are driving the current phase of globalisation and economic liberalisation. Women everywhere have less access to technical education and training than men. Older women and women with low levels of education and literacy are particularly disadvantaged, and the dominant use of English as the medium of communication also hampers many women's participation.

Another challenge is that women's involvement in business can be invisible. Most countries do not collect statistics on the sex composition of business owners or operators. It has been argued that there are problems with such statistics because many businesses have multiple owners and operators, some of whom might be men and some women. However, without such statistics, policy makers, bankers and others tend to assume either that all businesses are owned and/or operated by men or that businesses owned and/or operated by women are no different from those of men. Yet there are numerous differences between them which suggest different needs. In order to make good policy it is essential to make women's businesses visible in terms of numbers, share of businesses and distinct characteristics.

Comparative studies have also shown that women's businesses tend to operate in different sub-sectors than men's, being more likely to be found in the service sector and less likely to be in manufacturing. They are also likely to be concentrated in sub-sectors that are either associated with women's traditional roles or require minimal inputs of capital and technology. This is problematic because these sectors or sub-sectors tend to receive little attention from policy makers who, when they do consider SMEs, are more likely to associate SMEs with manufacturing.

In addition to their statistical invisibility, women's businesses tend to be organisationally invisible: that is, they are not well represented in industry, trade or business associations. One reason for this is the difficulty of finding sufficient time to attend meetings as well as manage their families. A characteristic that clearly distinguishes most businesswomen from businessmen is their responsibility for family welfare and household work as well as the business. This invisible 'double burden' often interferes directly or indirectly with the conduct of business for women in ways that do not apply to the majority of men. Business associations rarely schedule meet-

ings with this in mind, and few business conferences or trade fairs provide childcare in order to facilitate the participation of businesswomen. This means that their different needs do not feed into policy making through the lobbying and other activities of these organisations. Also, few government programmes consider the impact of women's household roles on their access to training or other kinds of support.

A major consequence of these various forms of invisibility of women's businesses is that their specific characteristics and needs are not reflected in policy formulation or other key areas of decision making that affect businesses, and few women are invited to join trade missions or delegations.

Gender-sensitive Policy Responses

Policy responses are needed to enable businesswomen can compete on an equal footing with businessmen, and for national economies to tap the enormous potential of women entrepreneurs, business owners and business operators. There is growing awareness that gender inequality is inefficient, not only slowing growth but also having social and political costs. State intervention in the market is therefore necessary to ensure that both efficiency and equity objectives are met and to fulfil governments' commitments made in international mandates.

Trade policy changes the relative costs and prices of imported and locally produced goods and, in some cases, services. These changes affect consumption and investment as well as the competitive position of local and foreign producers. Due to their smaller size and concentration in the service sector, women's businesses are more likely to serve the domestic market and be in areas affected by foreign competition. Cheap imports and the opening of multinational supermarket chains can seriously damage women-operated businesses.

In other areas, women are often unable to take advantage of new export opportunities because of their lack of access to resources, including information. Although government agencies may aim to provide such information, most do not recognise the specific needs of women's businesses or businesswomen. Programmes need to target the sub-sectors where women are concentrated and be delivered in ways that are sensitive to the gender roles, capacity and access of women and men. The timing and location of

service delivery and training courses have to take into account potential access problems for women with family responsibilities.

In many countries, businesswomen and women's businesses are very poorly represented in trade missions and trade fairs and exhibitions. Specialised women-only trade missions and a quota of women in all trade missions for industries or products in which women-owned businesses operate should both be considered. A better representation of women among the staff in trade and commerce departments and those tasked with supporting in overseas missions would help to encourage businesswomen to travel and explore business opportunities in export markets.

Case Studies on Key Issues Affecting Women-owned SMEs

Case studies from all over the Commonwealth look at how selected women's businesses and organisations have addressed some of the key issues that women entrepreneurs have identified as challenges. Although the studies have been divided into sections – access to finance, access to markets, access to information and training, access to policy-making, access to technology and equity issues – the issues are clearly interlinked.

The case study on access to finance focuses on how traditional micro-credit schemes in Ghana have evolved into a hybrid lending institution that combines some of the protections of the formal financial institutions with the more informal aspects of the traditional community-based schemes. Since women usually have less access to credit, they have set up their own means of saving and borrowing money in many countries. In Ghana, the Susu scheme of very small but regular contributions makes it possible for women to accrue capital to invest in their businesses. However, such schemes generally do not look at strategic ways to help support the growth of micro-enterprises into small or medium-size businesses. This case study shows the importance for women of having access to a range of credit services, so that they can choose the credit vehicle that most suits their needs and stage of business development.

The case studies on access to markets look at the Women's Trade Centre (WTC) established by the Self-Employed Women's Association (SEWA) in Gujarat, India, and the Talking Beads Academy in South Africa. Women's traditional craft skills are often undervalued, with sewing and handicraft work

being poorly paid. The key challenges for handicraft workers is the marketing of their products, knowing what designs to create for a foreign market, being able to meet large orders and distributing their orders in a timely fashion. The means and ability to overcome these issues are often beyond the capacity of the small-scale craft worker. The WTC therefore helps rural women involved in producing traditional crafts or collecting and processing natural resources to increase their output and profits by linking directly with national, regional and global markets. The case study examines the kinds of mentoring initiatives available for running grassroots micro enterprises to help them develop and grow their micro-operations to the SME level.

In a similar vein, Talking Beads takes on the job of design research, product marketing and distribution for handicraft workers making beadcraft. It combines both for-profit and non-profit activities and works with poor rural women, making it eligible to receive funds that assist with costs such as training. Participants can potentially earn more than they would doing the equivalent work elsewhere, and also gain an opportunity to learn about goal setting and how to establish and run their own businesses with the money that they are saving.

The next three case studies focus on the issue of access to technology. The new information and communication technologies (ICTs) are totally changing the way the world communicates – and does business. The first study examines the establishment of a telecentre in a rural community in Australia and documents the role of women in its management and establishment. It illustrates how businesswomen in the Commonwealth can take advantage of the rapid changes in the telecommunications industry to do business from even the most isolated rural areas. The second study is an analysis of a virtual trade mission (VTM) in India. The high cost of developing new business contacts and relationships in a new country or market is a big deterrent and obstacle for many small women-owned businesses. A VTM makes it possible to cut these costs. When this technology is combined with the development of an innovative partnership between the private and public sectors and community organizations, it opens doors for women entrepreneurs to new markets. Starfish Oils Limited, the focus of the third study, shows how a small woman-owned firm has used technology to grow the business in a way that would not have been possible without access to telecommunications technology.

A critical theme in all three studies is that ICTs are just tools and made a difference in each case because of the development of local partnerships and organisational structures. In order to ensure women's access to the Internet, they need skills training to be able to take advantage of these new technologies. The high cost of purchasing the hardware and software required also tends to affect women entrepreneurs more than men because they usually have less access to credit. These are all challenges that can be overcome by governments, financial institutions and civil society organisations. What is needed is the political will that recognises that these issues are of key importance to economic growth and sustainable development.

Businesswomen are often marginalised in the business community and therefore unable to easily access much of the information they need on how to enter the export market. The case study that addresses this issue describes how the Uganda Investment Authority (UIA) has started to reach out to diverse networks of businesswomen, and serve a business community that ranges from micro-enterprise street seller to companies that are listed on the public stock exchange. It provides information and training with a focus on building networks to promote business linkages and development for Ugandan women entrepreneurs, including at the international level. In order for women entrepreneurs to grow their businesses, they need access to a wide range of business development support, including information, training and advice that demonstrates an understanding of the gender constraints that women often have to overcome when setting up and running an enterprise.

The Women Leaders Network (WLN), the focus of the case study on access to policy-making, is working at the international policy level to ensure that future trade policy initiatives take gender issues into account. The study describes a unique partnership of women leaders from the private and public sectors, civil society groups and academe. For the work of the WLN to be successful, it relies on local networks of women's leaders and organisations to carry out its lobby campaign at the Asia-Pacific Economic Cooperation (APEC) forum. Networking is one way in which women have overcome the disadvantages they face individually in terms of their access to policy-makers and limited representation in policy-making bodies. It enables them to share information and increases their ability to have an effective input into the formulation of policy.

The last two case studies address two different private sector initiatives – The Body Shop and Expressions International – that demonstrate how businesswomen are combining business and social issues in their business practices. The Body Shop is a high profile example, while Expressions International is less well known but has placed an equal emphasis on equity within the workplace, making changes in the sphere over which it has the most control: its own employees and client relations. More and more, consumers are demanding not just good prices and quality, but also fair trade and employment practices before they will buy a particular product or service. The companies looked at here show that 'core labour standards' are not a commercial or economic threat; rather, it pays to treat people well.

Success Stories

Women entrepreneurs from around the Commonwealth run successful businesses, whether they own a small local bread-making company, a confectionary business that is entering the export market, or an aerospace company providing service to airlines and aerospace maintenance companies throughout an entire region. Usually, they start small, often borrowing capital from friends and family because they are unable to obtain loans from banks. Over time, they establish good working relationships with bankers and suppliers, and sometimes their hard work and obvious success contribute to an attitudinal change in these lenders, who develop a more positive approach towards women entrepreneurs.

Many of the businesswomen featured here cite the importance of treating everyone with respect. They listen to their employees with an open mind and learn from them, acknowledging the importance of each individual, and encouraging them to believe in themselves and to realise the company's goals. As one woman put it: High quality service can only be delivered by high quality staff, and people work best if they believe that a high value is placed on their professional development and personal welfare. The majority of these women entrepreneurs provide regular training for their staff, building a team of dedicated and motivated employees. Often they keep the same staff for many years. They also take the time to understand their customers' needs, making every effort to meet them and taking customer feedback very seriously. They believe in quality products and meeting deadlines. They also view networking as an important way of doing business.

Successful businesswomen think of obstacles less as problems than as opportunities to learn, and negative social and cultural attitudes do not hold them back. They have been able to overcome gender bias (as well as race and age discrimination in some cases) to achieve their dreams. In doing so, they stress strong will, hard work, honesty, integrity and family co-operation as key, as well as having the confidence and determination to succeed. They agree that entrepreneurship should not only be about making money, but also about applying one's skills and experience and striving to achieve one's personal best in any situation. These women are passionate about their vision and inspire those around them to embrace it too.

Commonwealth and International Mandates

Governments have agreed to a number of Commonwealth and international mandates of particular relevance to women in business. Strategic objectives of the Commonwealth Plan of Action on Gender and Development and its Update include that Commonwealth governments will take vigorous action to implement gender-sensitive macro-economic policies and strategies. Recommended components of national action plans include to: conduct gender policy appraisal and impact assessment on macro-economic policies ; to provide women with access to land, tools, food security, credit and basic social welfare facilities; and to support and protect women working in the informal sector of the economy.

The Programme of Action (PoA) of the World Summit for Social Development (Copenhagen, 1995) states that social progress will not be realized simply through the free interaction of market forces. Policies are therefore necessary to correct market failures, to complement market mechanisms, to maintain social stability and to create a national and international economic environment that promotes sustainable growth on a global scale. This requires a renewed and massive political will at the national and international levels to invest in people and their well-being. The PoA stresses that gender equality and equity and the full participation of women in all economic, social and political activities are essential.

The Beijing Declaration and Platform for Action (PFA), unanimously adopted by governments at the United Nations Fourth World Conference on Women in 1995, provides a blueprint for action to enhance the social,

economic and political empowerment of women. Two of the 12 Critical Areas of Concern of particular relevance to the issue of globalisation, trade and women-owned SMEs are Women and Poverty (section A) and Women and the Economy (section F). In the Beijing Declaration, governments state their determination to promote women's economic independence, including employment, and address the structural causes of poverty through changes in economic structures and ensuring equal access for all women, including those in rural areas, to productive resources, opportunities and public services. This included women's equal access to economic resources, including land, credit, science and technology, vocational training, information, communication and markets. Five years after Beijing, governments met in New York at a Special Session of the General Assembly popularly known as Beijing +5 and adopted the 'Further Actions and Initiatives to Implement the Beijing Declaration and the Platform for Action (PFA)' in which they reaffirmed their commitment to the goals and objectives of the PFA and to the implementation of the 12 Critical Areas of Concern.

The Sixth Meeting of Commonwealth Ministers Responsible for Women's Affairs (WAMM) meeting in 2000 (New Delhi, India) noted that globalisation, trade liberalisation and increasing competition have transformed the social, economic and political landscape of the Commonwealth. Whilst recognising the positive aspects of globalisation for many countries and particular sections of society, they expressed serious concern over some of the negative effects, particularly on women and children. Ministers agreed that special attention needs to be given to women in the informal sector through a range of measures, and that the technical, managerial and entrepreneurial capacity of women needs to be enhanced. They also recommended that governments utilise gender analysis in the negotiation of liberalisation processes and, where appropriate, establish and strengthen social safety nets and protect the basic needs of women such as food security, education, and access to capital and markets.