

CHAPTER 1

Introduction

Women entrepreneurs in the Commonwealth

Women entrepreneurs around the world are making a difference. They contribute numerous ideas and a great deal of energy and capital resources to their communities, and most generate jobs as well as create additional work for suppliers and other spin-off business linkages. Within the context of the Commonwealth, women's role is particularly significant. The Commonwealth is responsible for 40 per cent of the membership of the World Trade Organization (WTO) and over 20 per cent of all world trade, and boasts 17,000 listed companies whose imports and exports amount to over two trillion US dollars. Women-owned businesses have increased in all regions of the Commonwealth especially in the service sector. More and more women are entering into business across borders, trading regionally and internationally.

In Commonwealth countries such as Australia and Canada, women are responsible for as many as 50 per cent of new businesses start-ups each year (Lever, 2001) and the rate at which women are joining the private sector is rapidly increasing. In Canada, women-owned businesses generate more employment than the top 100 companies in the country. Statistics in developing countries are less easy to come by, but it is clear that women entrepreneurs have also been active across all sectors of the economy. In South-East Asia, for example, women form between 9 and 48 per cent of employers and between 20 and 48 per cent of the self-employed. The types of businesses which Commonwealth businesswomen have established

range from small-scale street vendors to large-scale high-tech aerospace equipment installation services.

Although there are growing numbers of large women-owned companies, the majority of women's enterprises are concentrated at either the micro enterprise or small and medium sized enterprise (SME) level. SMEs are the engine of growth of a country and they play a crucial role in shaping a nation's economic and industrial future. It is important for governments and international policy-makers to recognise that SMEs make a significant contribution to their countries' economies, and that supporting women's businesses is sound business sense and promotes economic development. It can also help meet other development goals such as reducing poverty, improving the health of families and communities, raising literacy and educational levels, and empowering women.

How women do business

Numerous studies have shown that women often use a different approach to business than men do. They still have to deal with all of the same issues as other businesses such as cash flow, access to credit, marketing, strategic planning, staff recruitment and maintenance. However, they tend to add an extra element to the organisation of their businesses from an early stage – and that is the human element. A large number of women-owned businesses integrate strong ethical principles into their management practices. Their businesses aim to make a profit but also seek ways to do so while engaged in fair trading and employment practices. They give back to their communities and their employees and have found unique ways to serve as mentors for other women entrepreneurs. This is the case whether the businesses start at the micro enterprise level or are multi-million dollar enterprises.

This is not to imply that businesses owned by men do not practice business ethics or are not concerned about their employees. Rather it is a matter of the stage of their business development they do this at and the scale. What is significant about women entrepreneurs is that they tend to seek out this type of balance within their businesses at an earlier stage of growth and development. Women are faster to implement benefits for their employees, to develop profit sharing schemes and to introduce working conditions and structures that are family-friendly. They have also demonstrated repeatedly

that it is possible to be ethical, productive and profitable at the same time.

Some of the other common threads in the way women do business that have been shown by research (Muir, 1997; Muir, Angove and Atkinson, 2001) include that they:

- have a strong commitment to their local community, particularly in terms of sourcing and employment
- perceive themselves to be at the centre of their business organisation, with teams and working groups emanating from that central position, rather than developing rigid hierarchical structures in which they are positioned at the top
- have a strong commitment to a vision, which encompasses their private and business lives. This means that they constantly strive to develop sustainable business with manageable growth rather than aiming for immediate high growth and over-trading
- focus on the personal relationship aspects of business contacts, which supports long-term ambitions (which include high turnover and profitability)
- develop contacts through active networking, which they perceive as a rich business resource
- grow their business through a range of relationship alliances that frequently enable more businesses and the self-employed. This results in slower growth, as measured by increased number of employees, of women-run businesses.

These factors are of particular importance when considering the support needed to encourage women into business and to help entrepreneurs grow their businesses. They also impact on the way in which government economic development statistics may view not only female entrepreneurs and their businesses, but also the whole enterprise economy.

WOMEN IN THE PACIFIC

Documentation about Pacific women entrepreneurs challenges global assumptions that production for export is 'superior' to production for the domestic market, or that bigger enterprises are better than smaller. Women participating in the Fiji Women's Department Grameen scheme (WOSED) showed little desire to grow one business or take it to the export stage. Instead, when one enterprise was operating effectively, women passed this on to another family member and embarked on another small enterprise, and so on (Fairbairn-Dunlop 2000). That is, women engaged in multiple economic enterprises (MEA). This lateral pattern of business development reflected women's desire to spread risks, keep options open, and to keep enterprises at a hands-on stage. This strategy also helped maintain family livelihood security through creating economic options for other family members.

Learning from women-owned businesses

In today's world, increased understanding of the balanced way that women do business is an especially important development due to the growing conflict between civil society and the private sector that is confronting meetings of the WTO, the Free Trade Area of the Americas (FTAA), the European Union (EU), the G8 and so on. Women entrepreneurs may hold some of the answers to how to overcome some of this conflict because of two specific skills they have developed. One is finding innovative ways to integrate social and business issues and structures and the other is networking and building cross-sectoral alliances. It is time to look at the strengths of women-owned businesses and learn to apply these operating principles to other spheres.

The APEC Women Leaders Network described in chapter 3 is an example of a cross sectoral collaboration that mounted a successful non-confrontational lobby effort regarding both social and economic gender issues related to the Asia Pacific Economic Cooperation (APEC) forum. It is a unique partnership and advocacy model that has many elements that could be replicated within the Commonwealth and in other multilateral fora. The Virtual Trade Mission (page 65) is an example of a private sector

and civil society collaborative initiative that is also highly successful and has opened up new markets for businesses in the information technology (IT) sector. In both instances, the focus is on doing business in a more effective manner. It is not about a welfare approach to development, but rather about finding innovative ways to move forward in a world where each sector is increasingly dependent upon the other.

Trade agreements made by the World Trade Organization (WTO) have a huge impact on everyone, yet there is a perception that it offers little room for non-private sector voices and concerns. It is critical in the whole process of trade liberalisation and globalisation that the leaders of this process start to think in more inclusive directions and begin to look at effective ways to include these other voices. For some the trade agreements represent tremendous business opportunities; for others the changes these cause will completely undermine their livelihoods. It is the fear that the agreements could potentially contribute to widening some of the inequities between and within countries that has led civil society organisations to protest at each of the important multilateral talks in recent years. To stop the protests and make progress on future talks or negotiations, the WTO needs to look for alternative ways of consulting with these other voices and for considering all of the impacts and issues concerned in a constructive way.

Another contentious issue is that WTO agreements are based on the principle of working to the lowest common denominator. Since it is negotiating at a global scale, frequently the only way its members can obtain agreement on any one issue or sector is precisely to agree on a minimum standard. This means that countries that had developed more socially conscious labour legislation and health and safety standards are seeing their efforts eroded in the interests of obtaining a common agreement. Many of their citizens see this not only as a step backwards but also as extremely detrimental to the environment and the local economy.

Other international and regional approaches to reaching agreements

The WTO's lowest common denominator approach can be contrasted with that taken by the European Union, which essentially focuses on establishing a standard that each member has to achieve in order to participate. In this case, they are operating on the principle of setting the standard

needed and then finding ways to make it possible for each member country to achieve it. Rather than seeking the lowest common denominator, it becomes a question of establishing subsidies or other programme supports and a realistic timetable to allow member countries to achieve the higher standards.

APEC, on the other hand, operates by consensus. This would appear to be similar to the WTO model in that it can only move forward when there is agreement on any one principle or policy. However, because it is a consensus model there must be full agreement on each policy issue before it is adopted by APEC leaders. Since it is not based on a majority vote situation, there are no winners or losers. There has to be considerable negotiation to determine the compromises possible and acceptable to all 21 member economies. Sometimes this means that clauses are watered down to the lowest common denominator. Sometimes it means that progress is very slow. However, often it means that the member economies are able to work out compromises that are acceptable and do move issues forward. APEC also leaves it up to each individual member economy to implement the agreements. This means that there is a certain amount of leeway regarding how each economy implements the policy agreements, allowing them to adapt the implementation within their own political and cultural context. It is not a perfect system and still leaves room for some conflict over interpretation regarding how policies should be implemented, but the flexibility it allows does seem to work overall.

APEC is also somewhat open to receiving inputs from the private and civil society sectors. They have established a Business Advisory Council in which at least one third of the members are supposed to represent SMEs as opposed to solely large companies. They have also established a series of fora that allow for an academic voice and are slowly opening their doors to some civil society input, albeit at times with some reluctance and a certain amount of trepidation.

Levelling the playing field

Women business leaders are positioned to play a unique role in the trade liberalisation process as they have a social conscience without having a purely social agenda. They are also positioned to play a unique and substantial role as the 'bridge' for promoting a global trading system from

which all men and women, boys and girls can benefit (Pheko, 1999). 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 challenges. These include gender 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. That women-owned businesses continue to succeed despite these challenges is a testament to the tenacity, persistence and talent of their owners, as evidenced by both the case studies and success stories seen in this volume. The purpose of these studies is to provide Commonwealth women and men with a series of 'lessons learned' that address key issues affecting women-owned SMEs. They also represent models of best practice that could be replicated in other Commonwealth countries.

Women entrepreneurs are not looking for a handout. They have proven over and over again that they can build their businesses effectively through sheer dint of hard work and persistence. Women-led enterprises tend to be located in small businesses and in sectors that are considered high-risk investments by financial institutions (for example retail, services). Yet women's businesses worldwide have demonstrated a lower rate of business failure than men's businesses and women's rate of repayment of loans is consistently much higher than men's. Together these facts make a sound argument for supporting women entrepreneurs.

There are many things that governments, multilateral organisations and civil society can do to make the situation for women entrepreneurs a little easier, more equitable and more accessible. Their lack of access to finance, markets, training, infrastructure, technology and policy-making needs to be remedied. 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, including banks, that form the support framework for

8 • COMMONWEALTH BUSINESSWOMEN

small business. In addition, although women entrepreneurs are generally aware of the WTO, trade liberalisation and globalisation, they often do not have actual knowledge of how the WTO works. They need to understand this if they are to stay afloat and succeed in an increasingly competitive market place.