

Women's Economic Empowerment Through Entrepreneurship: A Direct Investigation Of The Results Of Policy Reforms

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ECES, Cairo, December 2, 2019



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1. Economic and Social Relevance of SMEs

SMEs and entrepreneurship are essential drivers of economic and social well-being

- SMEs represent about 90% of all businesses worldwide, generate about 50 % of employment, total between 60% to 70% of value added and help economies to adapt to change such as globalisation, digitalisation, and innovation of all kinds.
- SMEs with high turnover and adaptability play a major role in removing regional and sector imbalances in the economy: they are a source of innovation and new products.
- Easy entry and exit of SMEs make economies more flexible and more competitive: it stimulates the reallocation of factors of production from less profitable to more profitable ventures.
- Self employment is the only source of income for many people.
- SMEs tend to employ poor and low-income workers and are sometimes the only source of employment in poor regions and rural areas

According to World Bank estimates, 600 million jobs will be needed by 2030 to absorb the growing global workforce, which makes SME development a high priority for many governments around the world.

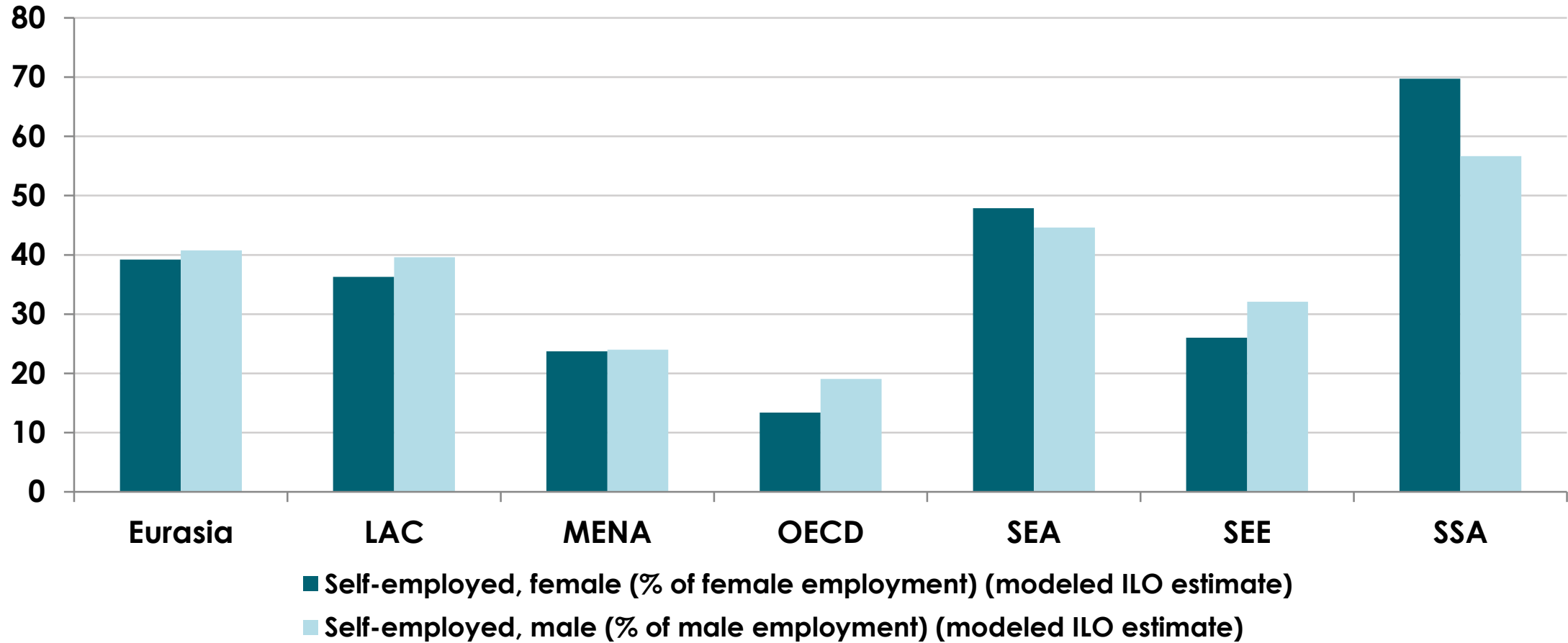
SMEs support competitive and efficient markets & poverty reduction

Estimated number of formal SMEs worldwide (in millions; 2010)

Region	No of SMEs	Percentage of total SMEs worldwide	Total formal SMEs (millions)
East Asia	170-205	44-46	11-14
Latin America	47-57	10-12	3-4
Sub-Saharan Africa	36-44	8-10	3-5
Central Asia and Eastern Europe	18-22	3-5	2-4
South Asia	75-90	16-20	2-3
Middle East and North Africa	19-23	4-6	1-3
Total emerging countries	365-445	80-95	25-30
High-income OECD countries	56-67	12-14	11-14
Total all	420-510	100	36-44

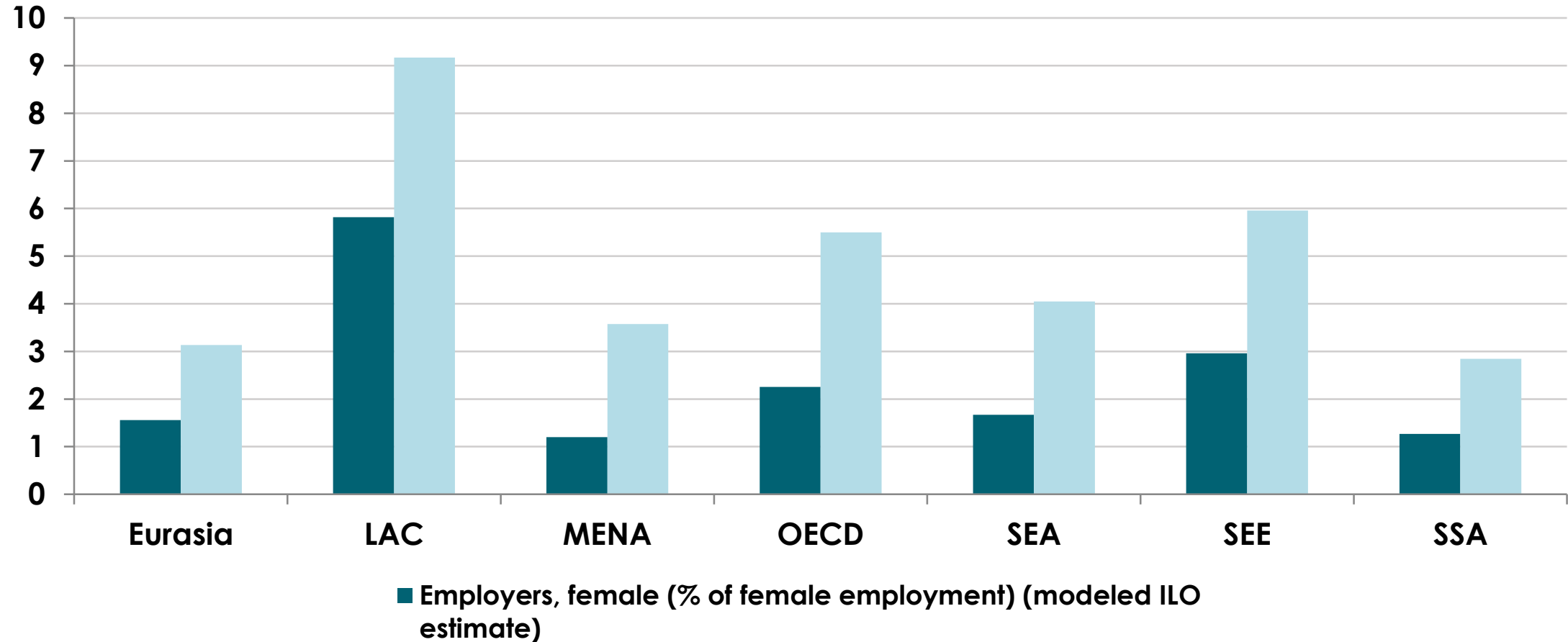
Source: IFC, *Scaling-up SME access to financial services in the developing world, 2010*

Self-employment by region and gender (in %)



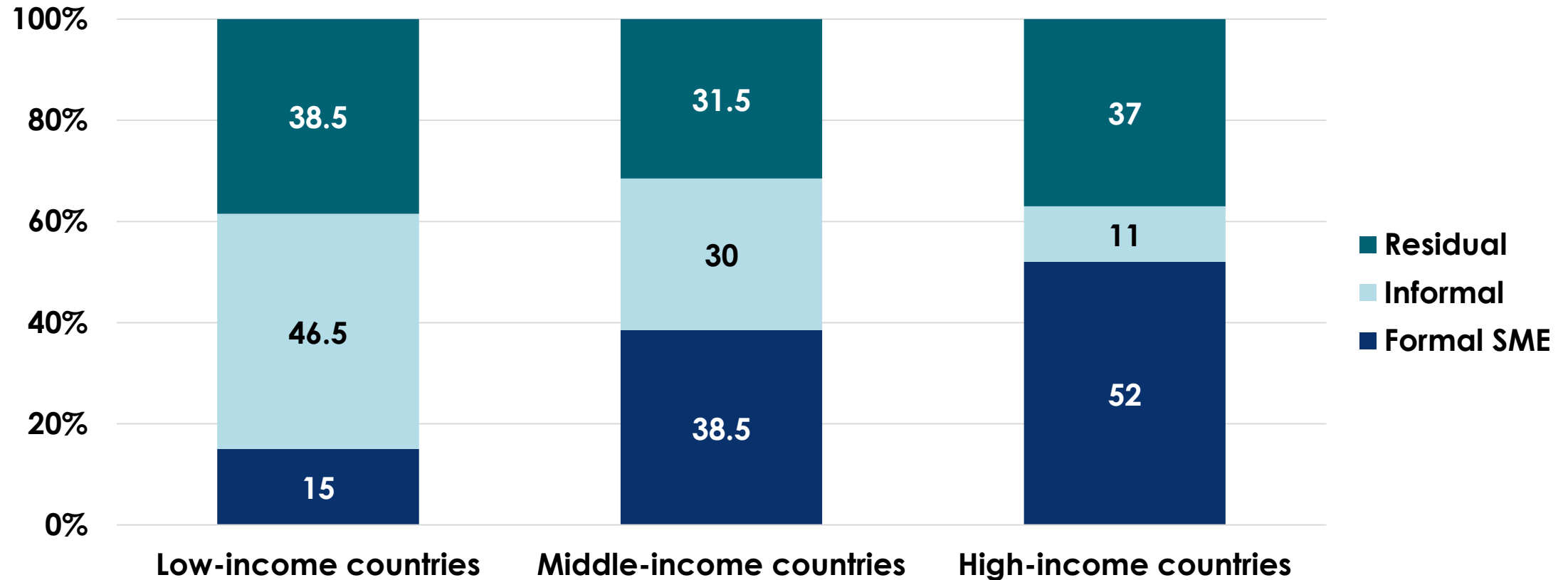
Source: International Labour Organization, ILOSTAT database. Data retrieved in November 2017

Employers by region and gender (in %)



Source: International Labour Organization, ILOSTAT database. Data retrieved in November 2017

SME share of GDP by country income groups is stable over time (2003 data)



Source : Ayyagari, M., Beck, T. And Demirguc-Kunt: Small and medium enterprises across the globe: A new database, World Bank Policy Research Working Paper 3127, Washington DC

2. SME Definition

The EU SME Definition

based on:

- Number of employees
- Annual turnover
- Total assets
- A combination of the above

Categorisation of the European Commission

Enterprise category	Headcount	Annual turnover	or	Annual balance sheet total
Medium sized	Less than 250	Less than or equal to €50 million	or	Less than or equal to € 43 million
Small	Less than 50	Less than or equal to €10 million	or	Less than or equal to € 10 million
Micro	Less than 10	Less than or equal to €2 million	or	Less than or equal to € 2 million

Absence, or lack, of harmonised definition in emerging countries

ILO Definition of SMEs

- The business has been in existence for at least a year;
- Employs at least one person in addition to the owner – this can be a direct or indirect employment;
- Is formal or on the way of formalization;
- Has reached its break-even point;
- Seeks to establish decent working conditions within it.

3. Approach to the project

Entrepreneurship result-oriented research

- The driver of the project was to start from successful entrepreneurs
- To analyze the measures (governmental, association, donor) that led to their success
- Further to an in-depth and time-consuming research 20 women entrepreneurs were found
- A questionnaire was sent and the entrepreneurs interviewed from June to September 2019
- The questionnaire covers 15 policies areas that can influence company development.

Countries and sectors – women interviewed

COUNTRIES	SECTORS
France	Communications and Technology
France	Consultancy
India	Online marketing platform
Indonesia	Cooperatives that develop retail activities
Ireland	Development and sale of mobile applications
Japan	Export company and brand marketing
Lebanon	Julery
Malaysia (4)	Peer to Peer Financing
Mexico	Marketing and Communications

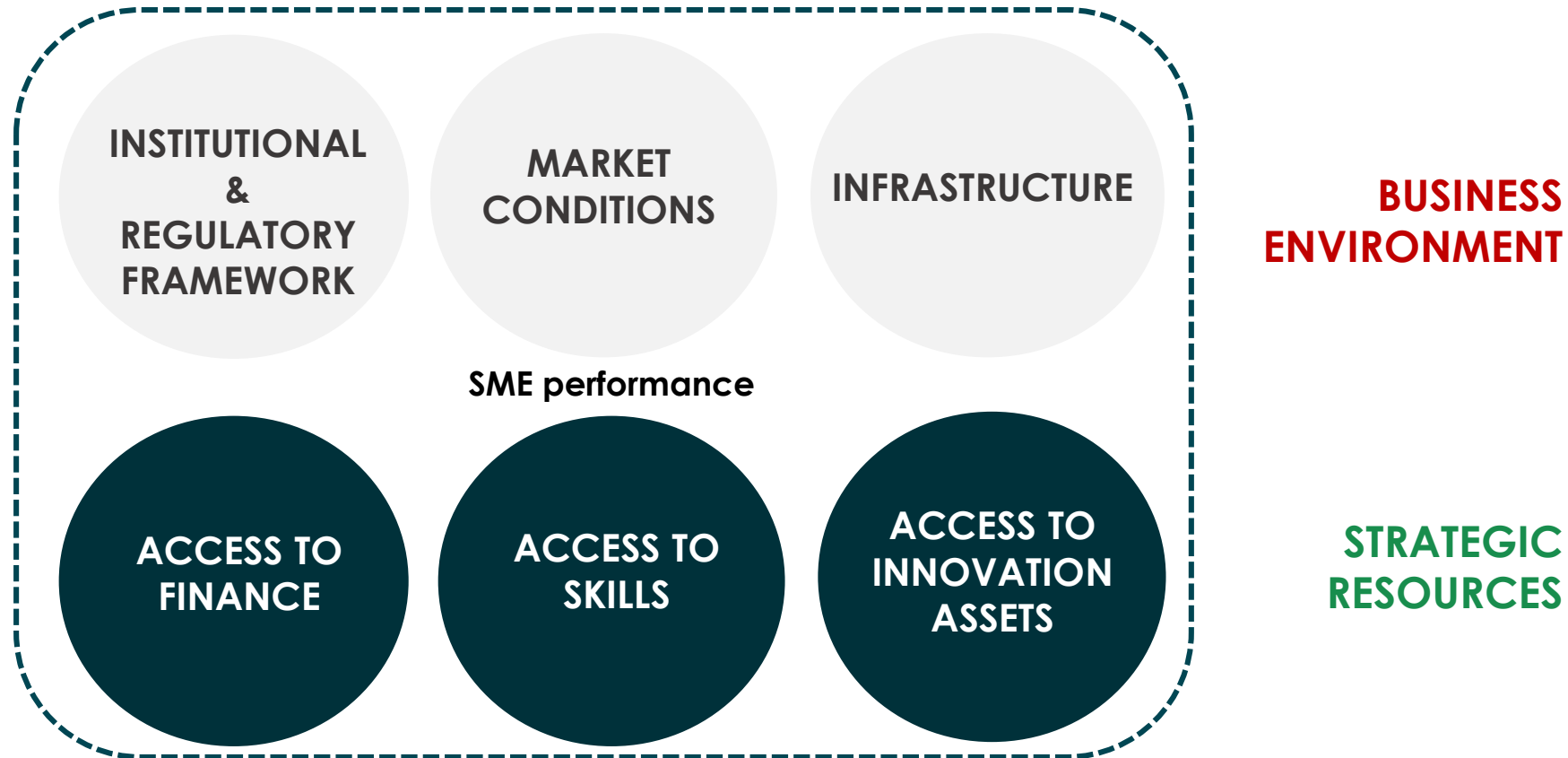
Countries and sectors – women interviewed

COUNTRIES	SECTORS
Mexico	Real estate
Morocco	Import-Export for agro-business
Philippines	Handicraft, agriculture, restaurant
The Netherlands	Executive coaching
Tunisia	Plastic extrusion products
Turkey	Insurance broker and insurance services
Zambia	Agro-processing
Zambia	Manufacturing of clothing products

4. Results

SME Business Conditions and Policy Responses: A new OECD framework

SME and Entrepreneurship Policy Governance



Source : The 2019 OECD SME & Enterprise Outlook

Results - Policies that can influence company development

1. Business Development Services (BDS)
2. Infrastructure
3. Access to finance e.g. low interest loan, guarantee
4. Human capital and skills development
5. The importance of the national business climate
6. Competition and public governance
7. The impact of taxation on businesses
8. National or International sector specific actions
9. Third-party investment
10. Access to knowledge, technology and innovation
11. Public procurement
12. Involvement into a supply chain
13. Network engagement
14. Involvement into Public-Private dialogue
15. Other factor: the family

Business Development Services (BDS) – a transversal support

Ultimate objective:

- improve SME performance;
- achieve higher economic growth and employment;
- reduce poverty and meet social objectives.

BDS can be

- strategic for medium or longer-term affairs
- operational, for the day to day affairs of enterprises.

There is a wide variety of BDS providers (public, private, NGOs)

A subset of BDS = Incubators which offer space for new enterprises

Measure: Setting up women dedicated business incubators

BDS – Results : “Les Premières” a network of women-dedicated incubators in France

Since 2005, the initiative benefits from a wide number of PPPs to develop women's access to finance and skills.

Activities: accompaniment, personal coaching, collective training workshops

Numbers: 883 projects were created. More than 3000 entrepreneurs were accompanied more than 2000 direct jobs were created in a period of 2 years of which 85% were sustainable after a 3 years existence of the projects.

In 2018 alone, over 550 projects were accompanied that benefitted from almost 6000 hours of individual support.

Recommendations - BDS:

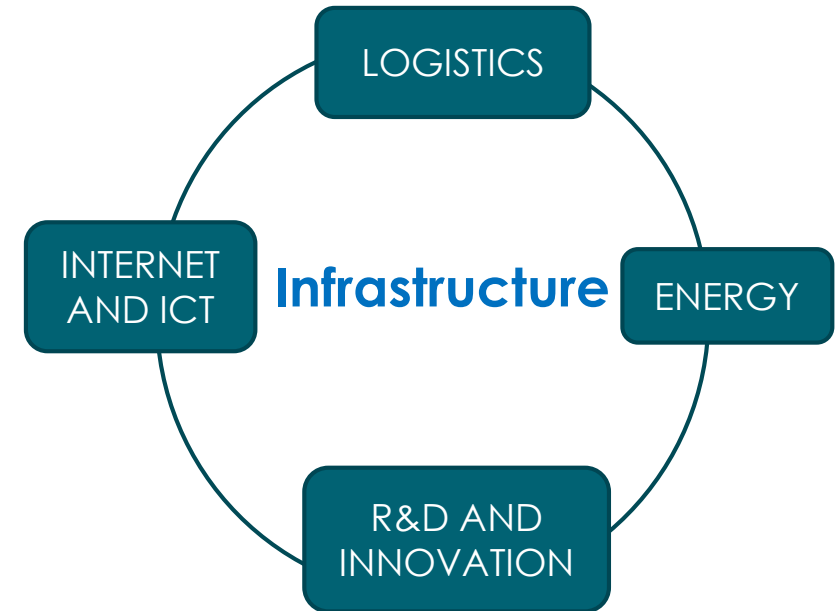
- Ensure that BDS' services are gender-sensitive and that bureaus have staff that are familiar with women entrepreneurs' needs.
- Favor the creation of incubators, to ensure that incubators are gender sensitive.
- Provide a price of excellence to the media to report on women entrepreneurship and their performances

Infrastructure

A well-functioning and reliable infrastructure is essential to the development of companies.

Infrastructure includes adequate roads, transportation services, maritime ports, airports, railways, ICT, energy delivery and real estate at affordable prices.

Deficient infrastructure has a much more negative effect on women and women entrepreneurship than on men as it creates anxiety and instability which may deter women from working and engaging in business.



Measure:

- At minimum, infrastructure should ensure public lighting, safe public spaces, and safe public transport.
- Improving women's access to the Internet, digital platforms, mobile phones and digital financial services, will help women earn additional income, increase employment opportunities and knowledge.

Infrastructure – Results : “Digital India” Initiative

All regions, including remote rural areas provide computer and smartphones facilities to the population to facilitate their use
Women working in remote rural areas can engage in nationwide trade
Indian online marketing platform builds on phone payments to facilitate data collection
Helps business development and leads to some formalization of the business activity.

Recommendations – Infrastructure for policy makers:

- Play a strategic role by reinforcing PP dialogue and PPP in support of infrastructure development
- Engage in a full governmental approach involving ministries, departments and agencies, with gender and economic experts
- Engage businesswomen to express their key needs and constraints: to gender mainstream infrastructure projects and develop gender budgeting practices.

Access to finance

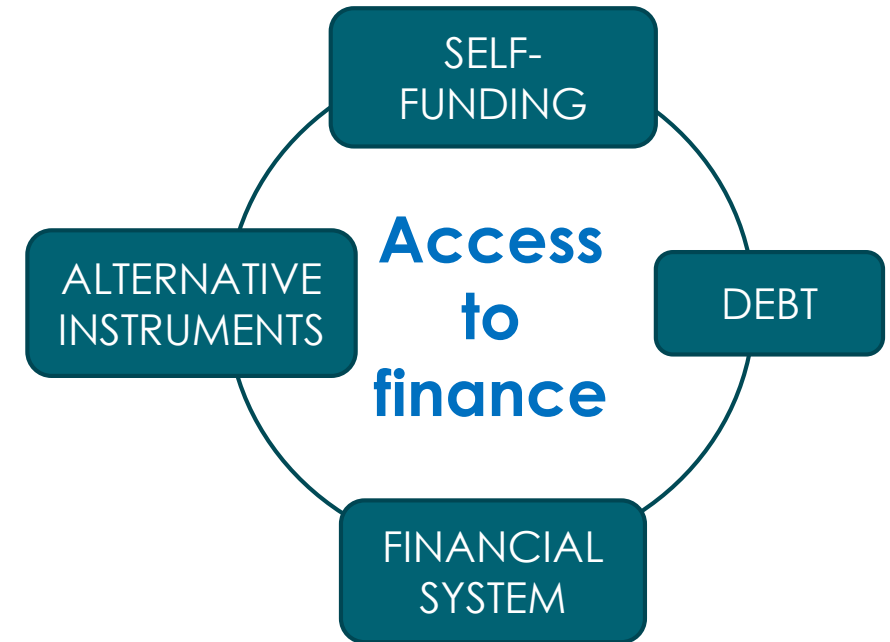
Access to finance is critical for businesses to fulfil their potential to innovate, grow and create jobs

Small firms will use family capital and **when they have guarantees**, credit from a bank or credit organization

Very small companies often revert to micro-finance, the only option when they have no collateral

In a survey nearly 80 of women CEOs declared using personal savings as their main funding source

Almost all women in our study experienced difficulties in accessing finance.



Measure:

- In 2013 Morocco's Caisse centrale de garantie, launched with the Ministry of Economy and Finance a guarantee called "Ilayki" towards you
- The guarantee covers 80% of bank loans of up to about EUR 100 000 granted to women
- Helped approximately 50 businesses within the first year.

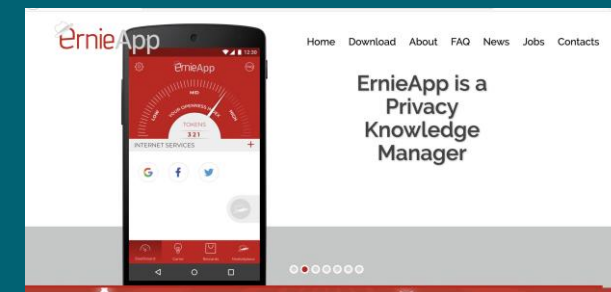
Access to Finance – Results: Queen of Chitenge – Zambia

Invited by the Zambian Federation of Women in Business, to take part in the Women in Financial Inclusion training
 Asked to pitch her business in front of representatives from the Ministry of Finance, Bank of Zambia and CEOs from banks
 Obtained a grant that allowed her to move from her living room to a small factory, buy machines and massively produce clothes
 Learnt how to pitch from women bankers who encouraged her and asked her to be an inspiration to others.
 Reckons that that the grant incited her to scale up her business.



Access to Finance – Results: ErnieApp – Ireland

Injected the first seed investment to develop the prototype for her mobile application
 Obtained debt capital from angel investors from the USA, Europe and Asia to launch commercially
 The process is complicated and has its own rules
 Specific business skills and a web of contacts are needed
 Women should be coached to learn the tricks of the trade
 They have to be bold and impose their own style.



Recommendations - Access to finance

For policy makers:

- Increase credit lines through commercial banks and support training and gender mainstreaming programs in favor of women entrepreneurs
- Identify the most promising businesses and sectors, including the small ones, monitor them and ensure that they receive the services that they need
- Regulate and monitor the activities of the micro-credit agencies, to avoid excessive rates.

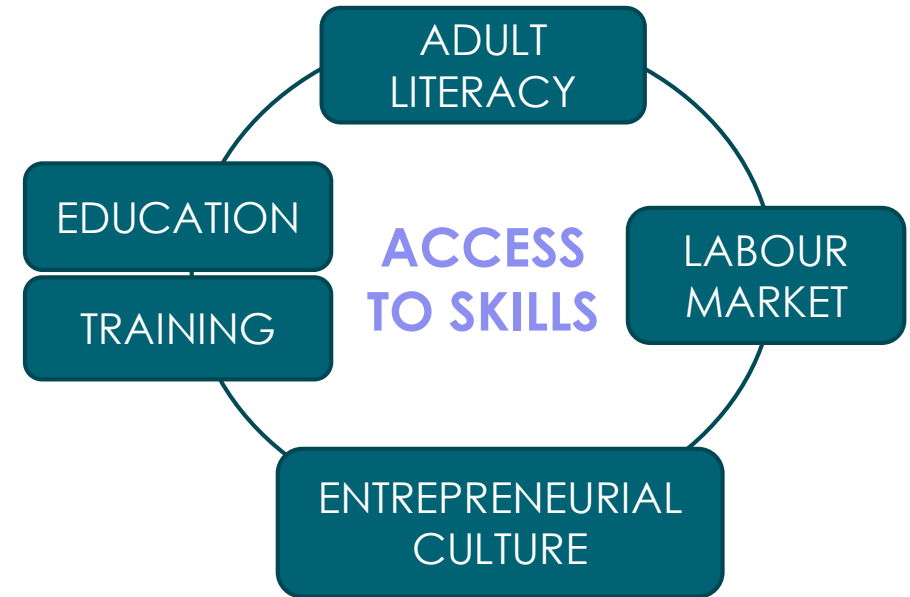
For lenders:

- Understand better new forms of businesses and adapt offers
- Gender mainstream access to finance to address gender bias & hire women employees
- Train women on how to address lenders and pitch business.

Human capital and skills development

Investment in people and development of skills are essential for enterprise developments.

Many of our entrepreneurs are well educated and trained; they are also closely involved and concerned about the skills of their staff.



Measure: GREAT Women project, Philippines, 2013

- Reduce human trafficking and domestic violence by expanding women's economic opportunities
- Provides a platform to develop: capacity training, technological understanding and soft skills: leadership, self-confidence and creativity
- Working together: central and local government, multi-donor aid agencies and associations.

Human capital – Results: Dibidibi Farm, Philippines

Our Filipino entrepreneur has developed a vegetable farm with a café and a restaurant. She produces embroidered handbags, she received training from an international designer. She has 50 women embroiders that she has trained and work from home. They are paid for each piece that they produce. They have access to a small fund from which they can borrow without interest. They are taught to save and open a savings account in a cooperative.



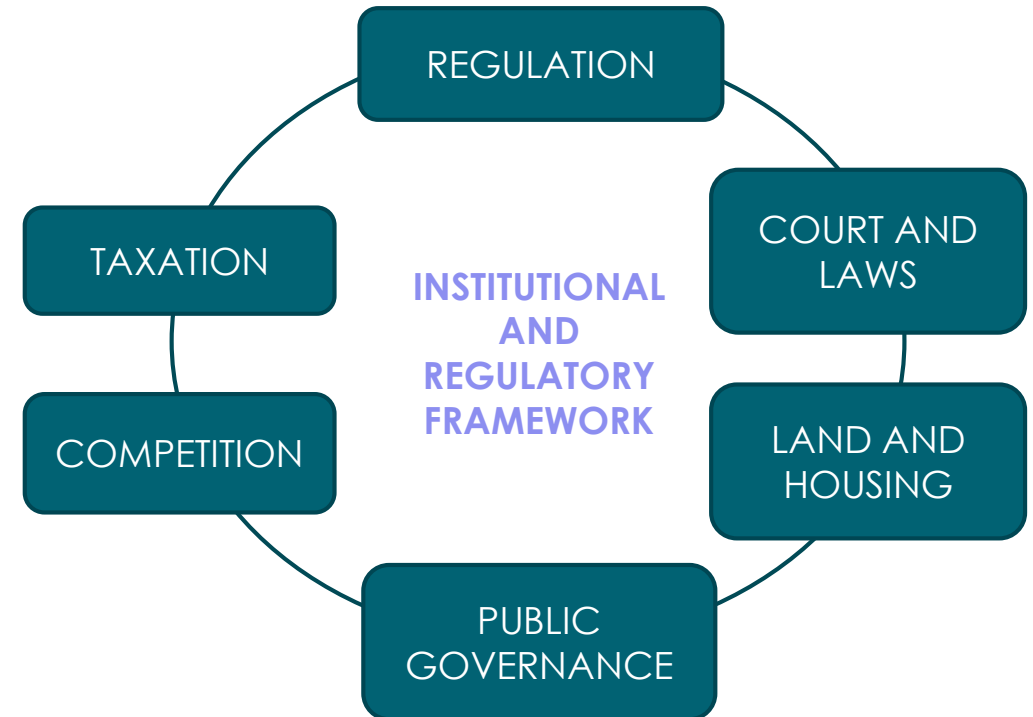
Recommendations - Human capital

- Reduce the costs of hiring and retaining staff
- Target women in programs to acquire and develop the skills needed to launch and run a business
- Support women to harness economic opportunities, such as ICT /STEM skills
- Assign some cost of training of SME employees to State or other stakeholders.

Institutional and Regulatory Framework

The national business climate

- Interviewed women from OECD countries benefitted from an effective and transparent regulatory environment which supported their entire business cycle
- Overall the climate has become complex
- In developing countries entrepreneurs confront regulations to formalize their business
- All wished for easier administrative processes and simpler access to public services.



Measure: Zambia, online business registration process

- The official entry into business was an opportunity to receive services from the State and participate to State-organized events that eventually led our two Zambian entrepreneurs to obtain a grant to develop their business.

Competition and Public Governance

- The rule of law, the integrity and quality of service of public sector are critical for the confidence of entrepreneurs in institutions.
- Interviewed women highlighted a lack of confidence in the institutions and need for more transparent and competitive business environments.

Measure: Courts condemn illegal importation of coffee, Morocco

- The rule of law is sometimes not enough: our businesswoman sued several times against illegal importation of coffee, counterfeit of the brand and won.
- Appreciation for the work of the judiciary, the efforts of the customs but she regrets the waste of money, time and resources to defend many cases.

Measure: Progressive corporate tax decrease and contracts with reduced labor law constraints, Tunisia

- The progressive corporate tax decrease, from 40% to 38% and now 35%, fostered the development of SMEs.
- Contracts that allow to hire staff for 12 to 24-months projects, without labor law constraints, helped to hire more people, who were retained, with full benefits.
- $\frac{1}{4}$ of the work force was hired with these project contracts.

Institutional and Regulatory Framework

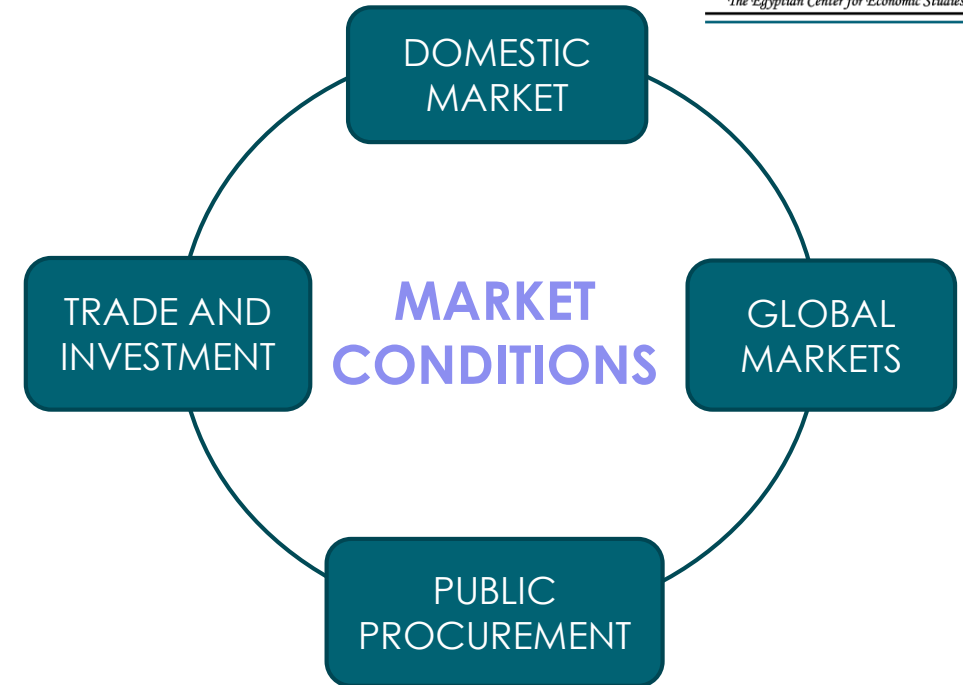
Recommendations – Business climate, competition and taxation

- Make registration user-friendly and improve e-government services
- Establish a direct link to women entrepreneurs by registration creating opportunities to offer administrative services
- Promote the inclusion of a gender indicator to increase women's visibility in Doing business, the World Bank Group's Flagship Report
- Ensure that all reforms are designed in support of a merit-based, transparent economy
- Alleviate the burden of taxation in the first years of a company or business to foster its development
- Women entrepreneurs are often mothers and childcare benefits for women entrepreneurs should be particularly addressed, including nurseries.

Market Conditions

National or International sector specific actions

- When they offer services few are involved in foreign trade
- Due to small businesses? Or to the sector not liberalized by trade in which women operate?
- It may be more difficult for them to export
- When trading in goods, the different trading provisions act as barriers to internationalization.



Measure: Zambia

- One Zambian entrepreneur, working in agro-processing, explained that the Zambia Development Agency facilitates women's international trade to the neighboring countries when the required quality of products is met.

Third-party Investment

- Business owners may open their capital to a third party
- Such investors may present advantages, such as capital
- It eliminates constraints related to personal funds
- It constitutes a form of guarantee for the banker.

Measure: Aspire Fund for Women initiative

- Launched in 2008 in the UK with public money to co-invest alongside other private investors in women-led enterprises to increase the number of high-growth women-led businesses.

Third-party investment: Results of women surveyed:

- Bank credit is the primary source of external funding, few expressed interest in third party investment
- It could be that women tend to keep their working tool
- Or that many SMEs are viewed as a family asset to be passed on to the next generation.

Public Procurement

- Government spending in public procurement represents a large part of GDP
- Because public sector procurement is funded with public money, great importance is given to transparent and accountable procurement mechanisms which should ensure probity and value for money
- Public procurement should promote a competitive and open market. Countries use public procurement as a tool to foster secondary policy objectives including SME development.

Measure:

- Generally, the trade sectors in which women work (agri-business, care and education services) are not taken into consideration in public procurement tenders
- Public tenders should also be oriented towards businesses where women work.

Involvement into Supply Chains

- Supply Chains are essential to ensure the integration of all activities for products to reach the final customer
- Supply chains may represent important business opportunities for entrepreneurs.

Measure: The UN's Women's Empowerment Principles

- adopted by over 2.000 business leaders, to empower women
- make the business case for corporate action to promote gender equality and women's empowerment
- Its 5th principle is to implement enterprise development, supply chain and marketing practices that empower women.

Involvement into supply chains: Result

- The Zambian entrepreneur working in clothes manufacturing, was involved in a sub-contracting arrangement and produced 300 pieces of clothes
- The experience was not positive as the company was delaying in bringing their fabric and not paying on time
- However she learned how to handle this type of business. She is negotiating with companies that “brand” i.e. she produces clothes in accordance with the third party's requirements and they brand and sell them.

Market Conditions

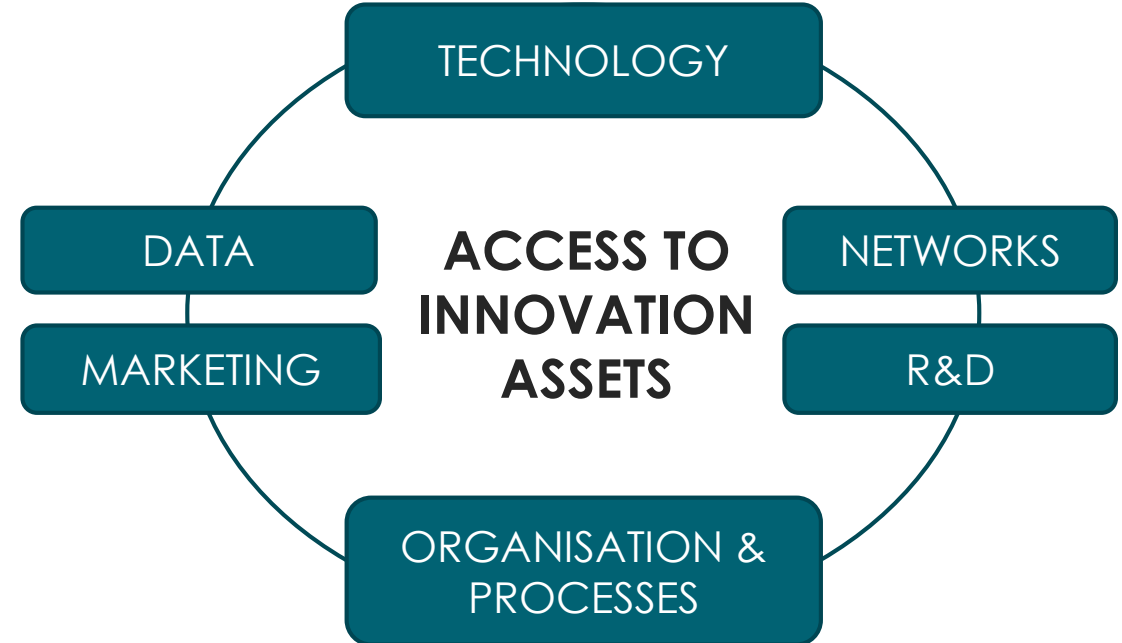
Recommendations: National /International sector specific actions, 1/3 party investment Public procurement, supply chains

- Research women's participation in international trade and investment to explain their limited involvement
- Examine the links between trade and investment liberalization and gender to determine the impact on women entrepreneurships
- Identify and put in place mechanisms promoting women that wish to export by providing them training and facilitating their participation to international fairs and exhibitions
- Involving women entrepreneurs into reflections about trade and investment negotiations
- Attract more women investors and advisors as part of capital and angel networks
- Create women's led venture capital funds specifically directed at investment in women-owned enterprises
- Encourage the formation of women-focused venture capital investments
- Make women's participation in companies' boards and in higher management an adjudication criterion
- Train civil servants working on public procurement contracts to integrate gender
- Be aware of and monitor supply-chain processes and inform SMEs on the costs and benefits of supply-chain processes

Access to Innovation Assets

Access to knowledge, technology and innovation

- importance of new technological developments and knowledge for innovation
- Business investment in knowledge-based capital (including R&D) is critical



Measure: Financing of a training program on new server, Morocco

- Our entrepreneur in Morocco bought a new server in 2017 with the most up-to-date technology to accelerate access to information
- For the smooth integration of this technology, the company benefitted from an annual training program, called les Formations Programmées, which was 70% financially supported by Maroc PME.

Network Engagement

- Entrepreneurial networks increase business opportunities, help improve companies' effectiveness, interact with governments and defend the interests of their members.
- Chambers of commerce, business and alumni associations, community-based business clubs, industry associations, venture capital organizations or women's associations that have advocacy approaches.

Measure: “He For She” UN campaign for the advancement of gender equality

launched in 2014, encourages both genders to partake as agents of change and take action against negative stereotypes and behaviors..

Network engagement: Results for all women interviewed:

- Local, national and international networks are important for their personal development
- Networks can provide support to their business development and stimulate them to innovate
- Network relations can be sources of advice and support.

Public-Private dialogue (PPD)

- PPD, a particular form of social dialogue process, brings together a group of public and private sector actors.
- PPD is advanced mostly in developed democratic market economies and is hardly introduced in others.

Measure:

- The United Nations' "Sustainable Development Goals" (SDGs) recognize the importance of creating dynamic and systematic partnerships with the private sector and civil society.
- Goal 17 proposes to: mobilize essential resources to ensure the proper implementation of the 2030 Sustainable Development Agenda.
- The rationale being that businesses and non-governmental organizations are sometimes better qualified than public institutions to deal with particular problems.

PPDs: Result – Our Turkish entrepreneur in insurance brokerage

- Advises the government on how to analyze specific aspects of the construction sector in order to define how to make certain insurance policies compulsory as is done in other countries.

Access to Innovation Assets

Recommendations - Access to knowledge, technology and innovation, networks and PPD

- Reinforce women's capacity to participate to STEM teaching in schools, universities and trainings throughout their career
- Use government-funded technology extension policies to provide tailored support for the expansion and adaptation of technologies (i.e. for instance equipment but also management skills) and increase companies' absorption capacity.
- Apply gender lens when governments are providing innovation support to SMEs
- Encourage women entrepreneurs to join mainstream networks and give them adequate opportunities to hold leading positions.
- Ensure women's presence in PPDs so that their interests may be represented.
- Engage in awareness raising campaigns to clarify the difference between networks and PPDs.

The Family as a factor of support

The importance of family ties in the entrepreneurial experience was raised:

- The family dimension
- The family is an obligation
- The family is an opportunity
- The family is a crucial supporter of career choices

In the words of the Japanese entrepreneur:

“I started my business as a necessity, I had two children and didn’t want to be away from home too long. Having my own business was the only way to remain in business”

5. Concluding remarks

Concluding remarks

- Overall women entrepreneurs remain largely invisible
- The stumbling block is access to finance: it captures all the cultural, entrepreneurial and social difficulties
- The potential for women entrepreneurs is large and should be better exploited by all the stakeholders: women should be supported **and their needs addressed**
- Women's horizons need to be expanded: governments should lead by example
- Public policies should ensure a careful selection of the women to promote as not everyone can become an entrepreneur.

**Thank you for
your attention**

Nicola Ehlermann & Serena Romano

