

# WOMEN ENTREPRENEURSHIP IN THE CURRENT INTERNATIONAL BUSINESS ENVIRONMENT

Georgeta Ilie\*

**g2008ilie@yahoo.com**

**Abstract:** *Nowadays, the women entrepreneurship plays an important role worldwide, from the economic, social and political perspectives. The importance of women in affairs is also recognized by the governments, non-governmental organizations, and academia, all of them involved in developing programs and projects, organising events and supporting financially and regulatory the women entrepreneurship initiatives. However, women's entrepreneurship has been recognised during the last decade as an important unexploited source of economic growth.*

**Keywords:** *entrepreneurship initiatives, women entrepreneurs, economic development, gender disparity.*

## Introduction

Women are an emerging economic force. A global shift is underway: **women are reconfiguring strategies, expanding networks, and devising cohesive agendas and collective action to strengthen their access and impact in securing social, cultural, economic, and political rights on a global scale.**

Women-owned business are one of the fastest growing entrepreneurial populations in the world. They make significant contributions to innovation, employment and wealth creation in all economies. Statistics indicate that women entrepreneurs create and run business across all of the broad industrial sectors of extraction, transformation, business services and consumer-oriented products. Women in developed countries are more likely to start business out of opportunity motivation while those in less developed countries are motivated by necessity. Latin America and Asia have higher rates of entrepreneurial activity for women than Europe and the US. However, women entrepreneurs make significant contributions to economies in terms of jobs, innovation and gross national product.

Statistical indicators allude to the place and positions that women occupy in the contemporary terrain of poverty and policy:

- representing **50% of the world's population;**
- accounting for an estimated **70% of global poverty,**
- holding a mere **one-fifth of political seats in national governments worldwide.**

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\* Professor Ph.D, - "Dimitrie Cantemir" Christian University, Bucharest.

Yet these same numbers have a tendency to obscure the character and context of potential expressed in the lives of women, of the attributes and agility women have in making vital contributions to their respective communities, and in shaping the features of participatory democracy.

In emerging markets across the world, women are expanding their involvement in business and stimulating economic development. The voices and leadership of women entrepreneurs are crucial to enlarging access to opportunity and invigorating the democratic process.

The *Community of Women Entrepreneurs* shares ideas, experiences, best practices, and resources to empower women economically and politically. This community is hosted and moderated by the *Center for International Private Enterprise* (CIPE). The views expressed by the authors are their own and do not necessarily represent the views of the Center for International Private Enterprise.

### **1. A few characteristics of women entrepreneurship initiatives in Europe**

Across different countries in Europe, there are some aspects about the chance of women becoming entrepreneurs and creating jobs as compared to men. **Gender differences are large**, men being significantly more likely to choose self-employment over waged employment and to be job creating self-employed.

Investigations of the data published by Eurostat relieve the followings: the basic reason for the differences in self-employment rates between men and women are explained by **differences in the nature of jobs they enter and the sector they work in; childcare and eldercare responsibilities** actually increase the probability that women will choose self-employment and create jobs in self-employment.

From the perspective of **cultural, historical, social and economic reasons**, in Europe manifest the **women entrepreneurship paradox**. Despite *Norway pioneering gender equality, providing childcare and other social services, and a high rate of women in the labour force, the share of women entrepreneurs remains relatively low*. The gendered construction of entrepreneurship is rooted in historical paths and reinforced through contemporary practices, such as the gendered division of labour, the tendency for women to work part-time and family-friendly politics strengthening the connotation of family and domestic tasks as female. These practices influence the likelihood of women becoming entrepreneurs and business owners. Interestingly, entrepreneurship is an important part of the capitalistic system, and capitalism is fundamentally gendered.

The some paradox is also obvious in *Finland*. Despite labour force participation, political activity and gender-specific legislation, women's participation in the highest level of management and decision-making in Finland is very low. They argue that encouraging greater women's participation at this level is important for economic and competitive reasons.

There are a positive and significant correlation between **female leadership and company profitability** to speculate. **Women go through a tougher screening process and, therefore, the average leadership abilities of**

**women in top management may be better than those of their male counterparts.** A possible explanation is that female leadership may be tied to the culture of organizations where advancement and appointments in these organizations are based on competence and merits rather than traditions and established convention. Although not able to prove causality for their results, they suggest that a company may gain competitive advantage by identifying and eliminating the obstacles to women's advancement to top management.<sup>1</sup>

## **2. Women's political and economic empowerment**

Focused on the perceived status of women, and in recognition of the barriers and challenges that constrain women from maximizing their full potential, the **Centre for International Private Enterprise (CIPE)** recently hosted an international conference: *Democracy that Delivers for Women*, on the topic of **women's political and economic empowerment.**

This conference cultivated dialogues that move beyond conventional modes used to assess and understand **the lives of the women and their ability to impact policy and strengthen economies.**

The conference drew a group of women and men from economic fields, political landscapes, and organizational sectors, in order to:

- **identify and share challenges,**
- **explore the attributes and trends in women's leadership,**  
and
- **gather insights for action in fuelling a radical shift in the economic and political empowerment of women throughout the world.**

The overall premise of the conference was that the **economic empowerment of women can drive broader social and political empowerment.**

It is the ability to create one's own step on the economic ladder that is absolutely essential to achieving social and political rights.

There are many **gender-centred trends surface in development organizations and institutions** evoking buzzwords like empowerment and social change, usually with good intentions. Yet, too frequently these groups **fail to integrate the insights and voices of women** being assisted and/or served, especially when it comes to optimizing the opportunity for women to take active roles in the decision-making process of the very initiatives meant to positively impact their lives.

CIPE's conference relieves a definite push to crack open this paradigm by **moving women to the forefront of discussions** in assessing their realities, defining their terms of empowerment, and by widening the space for women to collectively shape viable steps toward substantiating necessary and vital social change. The outcomes of the conference remain to be seen, though without a

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<sup>1</sup> Candida G. Brush, Anne de Bruin, Elizabeth J. Gatewood, Colette Henry, *Women Entrepreneurs And The Global Environment For Growth*, published by Edward Elgar Publishing Limited, 2010, UK.

doubt a new discussion is underway.

A spirit of **cautious optimism** describes essential principles for the empowerment of women, namely **access to economic advancement and political participation**. The empowerment, democracy, and free-enterprise are indissolubly linked to overcoming some of the most daunting obstacles women face in moving out of poverty and ascending into positions of political prominence. Without a doubt, such claims impart a particular notion of democracy associated with a U.S.-centric approach, a philosophy that promulgates the revolutionary power of free enterprise (and individualism) as an essential ingredient to achieving social and political rights.

Assuming a U.S.-centric model, however, risks impeding or overlooking the emergence of a non-Western conceptualization of democracy, such as the move by many non-Western governments to reserve parliamentary seats for women, minorities, and religious sects. As documented by Idea International, *Uganda* reserves a parliamentary seat from each of the nation's 39 districts, while 33% of *India's* local municipal positions are reserved to promote women's presence in government. In the U.S., there are no such concessions to empower women in politics.

In regards to women, however, such **concerns and scepticism are often irrelevant**. The voices of women in both economic and political arenas—regardless of the model—remain selectively audible, at best, but for the most part their voices are entirely missing from the negotiating table. If for anything, this context provides a starting point for advancing (pragmatic) strategies that strengthen women's inclusiveness and promotes greater gender equality in economic and political decision-making roles.

The development of women in entrepreneurship often evolves as a **necessity for getting through impossible times**, and can serve to level the power gap between the sexes. More importantly, as revealed in some research and work, women in enterprise account for one of the most under-reported and untold stories among media and development organizations, claiming that women and enterprise is as much as an economic story as a political story.

Too many times in discussions of women, **there is a separation of women's economic and political issues**, as if the functions operate in demarcated spheres. This is particularly absurd when we consider that women's enterprise and labor disproportionately makes up much of the informal sector, largely due to discriminatory policies and practices that complicate their move into formal markets. Whether as a result of cultural or social barriers, beliefs, stereotypes, ideologies, and/or orthodoxies, each practice prevents women from advancing (and securing) their political and economic rights.

For these reasons alone, it is imperative that any moves toward sincere and effective cultural and social change for women is not splintered into competing issues: economics and politics. There is quantitative data showing that **inserting women into politics is important** in terms of steering democratic transparency and reducing corruption. We need not only consider the moves women make into elected position, but also to decipher how are people studying women's political participation around the globe to show how women positively

impact democratic processes.

As CIPE plans programs for 2012, they are seeking to expand programs on women's empowerment. As they do that, it would be great to hear about the ideas for women's empowerment programs that CIPE could support. There are some themes raised at the conference as suggestions for CIPE to focus on going forward:

1. launching programs in any of these areas;
2. programs in any of these areas;
3. other project ideas for empowering women consistent with CIPE's mission;
4. other credible organizations or groups in your country that conduct successful programs in these areas and CIPE should consider working with them.

### **3. Women's participation in entrepreneurial activity in different types of economy.**

**Women's participation in entrepreneurial activity** varies widely across the globe, ranging from just over 1.5% to 45.4% of the adult women in an economy. In the factor-driven economies, 19.9% of women between the ages of 18 and 64 say they are starting or running new businesses. This figure was 9.7% in the efficiency-driven economies and 3.9% in the innovation-driven economies. The percentages of entrepreneurs in the female and male population for each economy illustrate that there are, on average, **more men than women entrepreneurs** at each economic development level.

**The gap between women and men decreases with economic development level**, however, and moves from 5.2 percentage points lower for women than men entrepreneurs at the factor-driven stage to a 4 point difference in the efficiency-driven stage and 3.4 in the innovation-driven stage.

The ratio of female to male entrepreneurs varies considerably across the world: from 1:5 in the Republic of Korea to 6:5 in Ghana. This means that for every five male entrepreneurs there is one female entrepreneur in the Republic of Korea but six in Ghana.

In the **factor-driven group**, Middle East and North Africa economies have the fewest women entrepreneurs relative to men entrepreneurs, with none reporting that more than 1/3 of their entrepreneurs are female. These economies also report low overall *total entrepreneurial activity rates*. In the Sub-Saharan African economies, on the other hand, women make up close to, or more than, half of entrepreneurs. These economies also have high *total entrepreneurial activity rates*.

In the **efficiency-driven group**, the lowest proportion of women entrepreneurs is found in Eastern Europe. Russia is an exception, however; women there represent 44% of total entrepreneurs. The Eastern European economies also tend to exhibit low *total entrepreneurial activity rates*. The Latin America/Caribbean region shows both a high relative number of women entrepreneurs and high *total entrepreneurial activity rates*.

In the **innovation-driven group**, Asia Pacific economies exhibit among the lowest and highest levels of women's entrepreneurship, showing the most

diverse spread with regard to participation in this activity.

**Korea and Japan have among the fewest numbers of women entrepreneurs** in the world and also low ratios of women to men entrepreneurs. Australia, on the other hand, shows both a high level of women entrepreneurs and a high ratio of women to men participating in entrepreneurship. In the efficiency group, Malaysia also has a high percentage of women entrepreneurs. China, and to a lesser extent Taiwan, show moderately high levels. The U.S./Western European group ranges from Norway, where one fourth of the entrepreneurs are women, to the United States, where nearly half are women.<sup>2</sup>

#### **4. Pro-active position of business women**

It would be unimaginable to leave aside the many other important **factors that prepare and train women for successful leadership roles and effective political participation**, such as **education and civic engagement, mentoring and idea networks, associations, and the reach of communications**. And it would also be a mistake to not remark on the *multiplier effect of women entrepreneurs* taking the lead in establishing networks of support that test the assumptions and optimize their opportunities.

Mary Schnack, entrepreneur and founder of *Mary Schnack and Associates* and also a national partner of *Women Impacting Public Policy*, has taken a pro-active position in advocating for the rights of women-owned small business in the U.S. and internationally, understanding that **in so many instances women do not realize they are leaders, or let alone that they are entrepreneurs**. In witnessing the level of successes women are having in business—seeing that their lives are changing for the better—Schnack has embarked on a mission to amplify the voices of women and to propel leadership opportunities globally.

Schnack's advocacy work presents challenges to the international development and non-profit community. She asks, "*Why do we have to be a non-profit to do good? Why can't we do business that also does good?*" This question alone suggests that development agendas miss the point and fail to understand the needs of the populations they serve. In particular, local populations need real markets in which to interact, women need policy change and the grounds to express their leadership skills, and both men and women need employment. It may be, Schnack suggests, the business sector that can provide the grounds for more accountable and beneficial practices, resources, political influence, equal access, responsive outcomes, stability, and active political institutions. The business sector could be the arena where women develop their skills and provides a space where political leadership and decision-making skills are honed.

As an example, *Assilah Al Harthy* attests to the challenges of women doing business in *Oman*, where social and cultural orthodoxies, coupled with religious and political practices, fuel *gender inequality and make it difficult for women to*

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<sup>2</sup> *GEM 2010 Women's Report*, Global Entrepreneurship Monitor, <http://www.gemconsortium.org>

*actively participate in public and private sectors.* For Al Harthy, her concerns do not rest solely in providing an example for other women to follow. Rather, the goal should be “to prove yourself and push yourself, to improve, to achieve.” Indeed, Al Harthy is proving herself; in 2006, with persistence and courage, she founded Oman’s first private equity firm, Group 6, and has fulfilled an active role as board representative of the Oman Chamber of Commerce and Industry, receiving attention from both Forbes and the Oman Economic Review for the vitality of her contributions as one of the most powerful businesswomen in the Arab World. As brought forth by Alexandra Wrage, President of the anti-bribery compliance organization TRACE, women have an opportunity to “be the change they want to see,” and this requires women to take value in recognizing their attributes as agents of change.

**The historical effects of gender disparity**, however, also need to be addressed, for it remains **a sensitive issue for most women**. The Executive Director and Board President of the Serbian Association of Managers, Maja Piscevic, notes that when it comes to gender equality, “*Women do not want to talk about it; we want to be in the doing. If we talk about it, we admit we are inferior. If we do not talk about it, we can avoid accepting the disparities of power.*” According to Piscevic, this is not only a result of the discriminatory challenges women face in economic and political spheres, or solely within gender relations, she also believes that one of the biggest problems women contend with “*is in our heads,*” and just as important for women to prioritize “*the work within, the work on ourselves*” to strengthen our commitments (as much as realizing our visions), to engage in being ourselves, and to accept ourselves, independently of polarizing forces.

In essence, **women are no longer waiting for change**. Instead, **women are taking leadership in becoming the change that they envisage**. As demonstrated across diverse sectors at CIPE’s conference, women (and men) came together to explore and identify cutting edge strategies for collective action that can effectively widen the channels of access for women in attaining economic and political empowerment. Through business associations and entrepreneurial networks, women are engaging in learning experiences, facilitating strategies for dialogue and interaction, asserting best practices, and honing organizational skills that will enact democratic practices that deliver. Women are reconfiguring opportunity, activating the power of associations, discovering the tactical usefulness of knowledge and idea sharing, identifying and fostering leadership from within, steering the policy community to rethink the roles of women in the public and private sectors, and stressing the necessity to align policy with actual changes.

This is a high-stakes agenda that can put optimism to the test.

Whether policy or visible change comes first is relative: **women are no longer a special interest group or categorically 50% of the world’s marginalized population—women are social agents transforming the landscape, dedicated women in leadership passing the baton, technical geniuses, creative forces, diverse, and intense.**

Out of necessity, women are innovating opportunity. Free enterprise is an essential resource for enabling women to ascend to positions of leadership and

mobilize broader social change.

### **5. Global women's economic empowerment initiatives**

Worldwide, there is a variety of economic empowerment initiatives for women. Between them, it stands Walmart initiative. In 2011, Walmart management launched a major initiative that will use the company's global size and scale to help empower women across its supply chain.

Working over the past year with leaders from government, non-governmental organizations (NGOs), philanthropic groups and academia, *Walmart's global women's economic empowerment initiative* has established **five goals** by the end of 2016:

1. **Increase sourcing from women-owned businesses.** Over the next five years, the company will source \$20 billion from women-owned businesses in the U.S. and double sourcing from women suppliers internationally.
2. **Empower women on farms and in factories through training, market access and career opportunities.** New programs will help 60,000 women working in factories that supply products to Walmart and other retailers develop the skills they need to become more active decision-makers in their jobs and for their families. The initiative will also help women farm workers participate more fully in the agriculture supply chain.
3. **Empower women through job training and education.** Successful retail training programs will be scaled to help 200,000 women internationally. In the U.S., Walmart will help 200,000 women from low-income households gain job skills and access higher education.
4. **Increase gender diversity among major suppliers.** The company will work with major professional service firms and merchandise suppliers with over 1 billion USD in sales to increase women and minority representation on Walmart accounts.
5. **Make significant philanthropic giving toward women's economic empowerment.** The company will support these programs with more than 100 million USD in grants that drive progress against key goals. Funding will come from the Walmart Foundation and donations directly from Walmart's international businesses.

### **6. 2011 World's Most Powerful Women List**

Historically, entrepreneurship has been a male-dominated pursuit, but many of today's most memorable and inspirational entrepreneurs are women.

In 2011, *Forbes Magazine* released its annual list of the *World's Most Powerful Women*. With nearly half of power women coming from the business sector, an increase of over last year's 39, businesswomen are proving to be a force to consider with.

There were in fact several changes to the 2011 list, including new additions and higher rankings of returning power women, but one thing that has not



changed much is the presence, or lack thereof, of businesswomen from emerging markets. Of the 49 *businesswomen on Forbes' list*, a mere seven stem from emerging markets, and similar to last year only one, *Kiran Mazumdar-Shaw*, is an entrepreneur.

So why is there such a void when it comes to recognizing powerful women from emerging markets? Is it simply because there are no examples to be found? On the contrary, in recent months there have been several accounts of women, particularly in the Middle East and North Africa, who are controlling more wealth, exerting their presence in boardrooms, and establishing their vital role in spurring economic growth. But instead of dominating the Powerful Women list – perhaps a consequence of Forbes' methodology which relies on revenues, media presence, and spheres of influence – these lesser known, but no doubt powerful, pioneering businesswomen cannot seem to make the cut.

During the Democracy that Delivers for Women conference in June 2011, *Center for International Private Enterprise (CIPE)* shared the stage with three such businesswomen who have not only demonstrated success in their fields, but also their ability to serve as leaders in their community.

Founder and President of the *Bangladesh Women Chamber of Commerce and Industry (BWCCI)* *Selima Ahmad* has worked with numerous trade organizations throughout Bangladesh and has held various top management positions in a number of companies. In addition to her work with BWCCI, she is currently serving as Vice Chair of the *Nitol-Niloy Group*.

*Dr. Shehla Javed Akran* is founder and President of the internationally recognized *Central & North Punjab Women Chamber of Commerce and Industry (CNPWCCI)*, Vice President of the *Federation of Pakistan Chambers of Commerce and Industry*, and was the first woman to serve on the Executive Committee of the Lahore Chamber of Commerce and Industry. Outside of her work with Pakistani Chambers she is a successful businesswoman who most recently became the CEO of real estate development company, JS Developers.

*Omani businesswoman, Assilah al Harthy* was the first woman in the *Oman Chamber of Commerce and Industry* and more recently became the first person, man or woman, to found a private equity firm in Oman. It should also be noted that Assilah is no stranger to Most Powerful lists, having been named one of the most powerful Omani businesswomen in 2008 and 2010 by the Oman Economic Review and one of the top 50 most powerful women in the Arab World in 2006 by none other than Forbes Magazine.

While these women, and many just like them, may not have the same sphere of influence or media recognition as say *German Chancellor Angela Merkel* or entertainer *Lady Gaga* (both appear on the *Forbes* list in separate categories), they are the embodiment of power women in business from emerging markets.

## **7. Associations of businesswomen in Romania**

The Association of Businesswomen and Top Managers (AFAFCI) in Romania – which aims to become one of the main representatives of the local business community for women – is currently working with an experienced association executive to identify the needs and values of the organization's 39 members.

Created in 2004 with CIPE support, the **Coalition of Women's Business Associations from Romania** has built a sound reputation for itself over the years, and is now acknowledged as a credible partner in the public-private dialogue on economic policy-making. The Coalition has a rotating secretariat and 2011 marks the beginning of a new secretarial mandate, which has been conferred upon the Association of Women Entrepreneurs in Romania, which is based in the city of Galați.

## 8. Conclusion

Business ownership has great importance for future economic prosperity. Business ownership provides women with the independence they require and with economic and social success they need. Worldwide, women are enhancing, directing, and changing the face of how business is done today. **Female business owners must be recognized for who they are, what they do, and how significantly they impact the world's global economy.**

In a world of rapid change, all entrepreneurs must have the flexibility and creativity to meet the changes they face. The national business associations and policymakers of the world can no longer ignore the burgeoning power of women in the world economy. Encouraging that realization and helping it take root sooner rather than later must be our major goal for the new millennium.

Although the increasing significance of women entrepreneurs, they are understudied. The result is that we know comparatively little about women entrepreneurs even though they contribute positively to gross national product, jobs, innovations and societal welfare globally.

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