

Forum

Transforming Opportunities for Women Entrepreneurs

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Background

Countries at all stages of development have recognized that small and medium enterprises (SMEs) are a dynamic engine for economic growth, and SME competitiveness programs are the centerpieces of many economic development initiatives. Studies show that women entrepreneurs are vital to economic growth in general and SME development in particular; they constitute more than 40% of the economically active population worldwide (Tran-Nguyen & Zampetti, 2004, p. 18). Analyses of several countries have even argued that each country's economic development is "as much female-led as it is export-led" (Tran-Nguyen & Zampetti, p. 33).

Yet despite the importance of women workers and entrepreneurs to economic growth, women employees receive lower pay than do men, even for the same work, and women entrepreneurs are often marginalized in the informal sector. Although activities to promote women-owned enterprises help provide women with crucial sources of income, they rarely generate the large income increases that are necessary to carry women—and their families—out of poverty. This article discusses three of the most common approaches to assisting women entrepreneurs and analyzes a new approach conducted by the e-BIZ project in Macedonia.

Assistance to Women-Owned Enterprises

Assistance to women-owned enterprises is generally delivered through policy-level, industry-level, or enterprise-level approaches. All three approaches to supporting development of women-owned enterprises make vital contributions to improving economic opportunities for women. Yet these approaches face two key challenges: 1) how to produce substantial increases in entrepreneurs' bottom lines while also achieving broad-scale impacts, and 2) how to improve the position of women-owned businesses in the value chain so they can generate significantly higher levels of revenue.

Policy-Level Approach

A policy-level approach aims to create a business environment that supports women's entrepreneurial activity, especially by improving government policies, for example promoting transparency, equitable rights, and equal access to the factors required for business development (such as, financing, capacity development, government contracts, information, participation in public sector decision making, domestic and international business networks). It also seeks to raise awareness of women's economic rights and entrepreneurial achievements among policy makers and the public.

Policy and legal changes, although critical to the success of women-

owned enterprises, take considerable time to deliver concrete benefits to these firms. Moreover, in many countries, poor legal enforcement precludes women entrepreneurs from realizing the benefits of policies designed to help them.

Industry-Level Approach

An industry- or cluster-wide approach provides services across industries or clusters with large proportions of women-owned businesses (e.g., apparel, handicrafts, food processing). These programs help the target business compete more effectively by encouraging changes in business processes, fostering business associations and networks, and linking the businesses more directly to a formal economy value chain.

Yet these broad-scale efforts often have little or no impact on companies' bottom-lines. Although they may tie women entrepreneurs more systematically to the formal economy, the women often remain at very low levels of the value chain. When pressed to deliver concrete results, these projects often turn to enterprise-level efforts, which limit the number of companies that can be directly affected.

Enterprise-Level Approach

The third and perhaps most frequently used approach to supporting women-owned enterprises focuses on providing assistance directly to companies. These activities offer access to key factors such as financing, information, markets, training, mentoring, technology, business networks, and support for surmounting social barriers. These programs need to be particularly sensitive to the individual business-woman's goals and preferences, which may differ from those of men. For example, one study revealed that women entrepreneurs are more likely to want to limit the size of their businesses than are men (Minniti & Arenius, 2003). Nonetheless, by and large these programs aim to help entrepreneurs expand their businesses.

Although enterprise-level development delivers important value to its target SMEs, the approach has faced several persistent challenges. Achieving scale is difficult, because resource constraints limit the

scale of services, the number of companies served, or both. As a result, these activities often focus on a relatively small subset of firms. In some cases they select the strongest firms in an effort to generate sufficient momentum to create opportunities for other women-owned companies that are not direct beneficiaries. In other cases, they focus on subset target groups, such as the working poor or micro-enterprises in a particular industry or area. Whatever the focus, many of these activities have had difficulty expanding impact beyond the direct beneficiaries.

Still other firm-level projects manage resource constraints by delivering a narrow range of services. Although these services may help women-owned firms generate some additional revenue, they rarely help the firms move up the value-chain. Telecenter projects, for example, provide generic, inexpensive information and communication technology (ICT) services and training. Many telecenters provide special incentives or services for women (e.g., discounts, special hours, training). Nonetheless, telecenters have been hard pressed to demonstrate that they have actually increased their SME customers' revenue.

e-BIZ: A New Approach to Strengthening Women-Owned Enterprises

In late 2003, the newly launched e-BIZ project in Macedonia¹ faced all of the challenges associated with achieving both the concrete impact and broad-scale change previously described. The project objective was to use ICTs to stimulate the growth of SMEs in a country that was one of the least developed of the Yugoslav Republics, with a population of only 2 million, an underdeveloped infrastructure, an intransigent unemployment rate of over 35%, and real annual GDP growth of just over 1%. During the previous eight years, the country had endured UN sanctions, an economic blockade, a bitter war in one of its neighboring countries, and a short but debilitating insurgency on its own soil. Nonetheless, the country had clear strengths: a high literacy rate

1. The e-BIZ project was designed and implemented by Education Development Center (EDC), with funding provided to EDC by the United States Agency for International Development (USAID) through a subaward from the Academy for Educational Development (AED) under the dot-ORG Associate Cooperative Agreement number 165-00-03-00106-00. The contents of this article are the responsibility of EDC and do not necessarily reflect the views of USAID or the United States Government or AED.

(96%), a democratic government, a beautiful countryside, and many SMEs, of which about 23% were owned by women.

The e-BIZ Approach

During its first year,² the e-BIZ team collaborated closely with the USAID Economic Growth team to develop a new approach to using ICTs to strengthen SME competitiveness. The e-BIZ project aimed to use “high impact” ICTs to achieve both concrete impact on companies’ bottom lines *and* industry-wide scope. Although the project did not specifically target women-owned businesses, its experience provides insights into key success factors for using ICTs to improve the competitiveness of women-owned SMEs.

The e-BIZ approach employed five key principles:

1. *Start with demand.* Conduct a rapid analysis of key industries to identify strategic opportunities and obstacles confronting SMEs in an industry.
2. *Identify high impact ICT applications.* Work from the industry analysis to identify ICT applications that will quickly and significantly help SMEs in the target industry compete more successfully.
3. *Partner with local entrepreneurs.* Identify local entrepreneurs and SMEs willing to co-invest in establishing e-BIZ Centers.
4. *Formulate a viable business plan.* Work closely with local partners to develop business plans with truly viable revenue models.
5. *Develop the capacity of the e-BIZ Centers.* Provide savvy start-up expertise to help the Centers strengthen their business skills and effectively serve their SME customers.

The project created seven e-BIZ Centers with viable revenue models for self-sustainability that use high impact ICT services to improve the competitiveness of entire industries:

- ExploringMacedonia, the National Tourism Portal—Uses the Internet to promote international tourism in Macedonia.
- New Trend Apparel Technology Center—Offers computer-aided design and manufacturing (CAD/CAM) services that enable apparel manu-

facturers to compete in new, higher value-added market niches

- ModEur Footwear Technology Center—Offers CAD/CAM services that enable footwear manufacturers to design, produce, and sell high-quality products. The Center helped attract more than \$2 million in foreign direct investment.
- CIRKO, Engineering Center of Excellence—Offers advanced technology services that have opened major new international markets to the tool and die industry
- Clearview, Online Management Training Center—Uses ICT to offer high quality management training to SMEs across Macedonia.
- FashionMK, the Fashion Industry e-Commerce Center—Provides modern ICT-based sales and marketing solutions that fashion industry companies need to compete in international markets.
- SEEU Business Services Center—Uses ICT to offer high-quality management training and other business services. It also provides internship opportunities for students and consulting opportunities for faculty at the South East European University.

The Gender Dimension

The e-BIZ project clearly delivered significant value to SMEs in target industries. However, the USAID mission and the e-BIZ project staff wanted to under-



Figure 1. New Trend Apparel Technology Center.

2. The e-BIZ project (www.ebiz.org.mk) was launched in October 2003 and ended in June 2007.

stand the extent to which women benefited from the project. Barriers for women entrepreneurs go largely unnoticed in Macedonia because a popular notion holds that women and men have absolutely the same opportunities. Yet only 23% of all entrepreneurs and employers in Macedonia are women, and women entrepreneurs are largely concentrated in “traditional women’s industries” such as garment manufacturing.

The e-BIZ project managers had become sharply aware of the “glass partition” that seemed to obstruct women from becoming ICT business owners. At an ICT business association meeting of more than 40 firms, not one of the enterprises was owned by a woman. Asked about the absence of women owners, one company head responded, “Women don’t like to own companies,” a statement with which the other owners at the meeting seemed to agree. Further informal queries confirmed there were few female ICT business owners.

Within this context, the e-BIZ project aimed to encourage women’s participation. One objective was to have equitable representation of women as e-BIZ Center owners and general managers (i.e., chief executive officers). Yet the project could not use strategies typically adopted to promote women’s participation in business leadership because e-BIZ Center ownership was awarded only on the basis of a completely open, competitive bid process. The project could not reserve a specific number of Centers for women owners nor award additional points to women bidders nor provide special financial assistance to women entrepreneurs who wanted to own e-BIZ Centers.

Before tenders were published, project staff answered questions from and provided technical assistance to entrepreneurs interested in developing business plans for e-BIZ Centers. However, the same service was provided to all participants, whether they were women or men. After tenders were published, all communication between the project and bidders was recorded and disseminated among all of the bidders. The committee that selected owners for each e-BIZ center was composed of international experts who had no interaction with Macedonian entrepreneurs.

Results

By the end of its second year, the e-BIZ project had achieved remarkable results. For example, the Centers attracted matching funds equivalent to more than US\$1 million from local entrepreneurs who invested in, owned, and ran the e-BIZ Centers. The Centers served more than 450 SMEs and positioned themselves to directly serve 1,500 SMEs—which represent at least 35,000 jobs—over the next two years, improving competitiveness across the target industries. Furthermore, they delivered concrete improvement in the competitiveness of two-thirds of their SME customers, attracted more than US\$4 million of foreign direct investment, and developed a sustainable revenue base.

Owners and Managers

After the e-BIZ Centers were established, e-BIZ project business development staff worked closely with the e-BIZ Center general managers to strengthen their skills and confidence as executive managers. The e-BIZ business development managers who provided the technical assistance included equal numbers of women and men,³ and all general managers received the same intensive level of support and hands-on training.

Of the five e-BIZ Centers owned by entrepreneurs (two are owned by universities), three have women owners. In these three cases, the women co-owners are actively involved in senior-level decision making, take management decisions independently and clearly have considerable influence over the final decisions that are taken. Nonetheless, in all three cases, the male co-owners tend to take the lead in business initiatives and major negotiations.

Women were more often general managers, who run the e-BIZ Centers, than they were owners. The seven Centers have had between three and five women general managers at any point in time. These women are strong managers who run the day-to-day operations with unquestioned leadership in addition to participating in strategic decision making.

Although the project achieved its goal of having women equitably represented as owners and managers, project staff recognized the constraints

3. The proportion of men and women e-BIZ project business development managers varied over time with shifts in staffing; however, on average there were approximately the same number of female and male business development managers.

women face in owning rather than managing businesses. All of the women owners co-owned the Centers with a family member, and although women general managers ran the businesses, they seemed reluctant to become co-owners. For example, in two instances, the project staff strongly encouraged women general managers to consider becoming equity owners of the e-BIZ Centers they were managing and offered to champion this proposal to the e-BIZ Center owners. In both cases, the general managers demurred and asked that e-BIZ not promote the idea of the general manager's co-ownership. Based on the discussions, e-BIZ staff inferred that one general manager was hesitant to take on any personal financial risk related to the e-BIZ Center. The other woman general manager felt that pressing for co-ownership would impair the long and excellent relationship she had with the owner.

Serving Women Entrepreneurs

The e-BIZ project's primary objective was to help SMEs become more competitive. An additional objective was to deliver e-BIZ services equitably to SMEs owned and/or run by women. To achieve this objective, the project considered several strategies. One strategy involved providing special discount vouchers to women-owned businesses (and other frequently under-served groups), for e-BIZ Center services. Upon careful review, however, the project team decided instead to help the e-BIZ Centers design and conduct promotional campaigns that would attract all of the SMEs in their target markets. This approach had two advantages: 1) It developed the e-BIZ Centers' marketing capacity, which would hold them in good stead after the end of the project, and 2) this approach involved less red tape and a lower risk of fraud. It did not, however, differentially reach out to women-owned businesses.

Nonetheless, early in the e-BIZ project, it became apparent that four of the seven e-BIZ Centers had target markets in which women entrepreneurs were well represented or even predominant: New Trend,

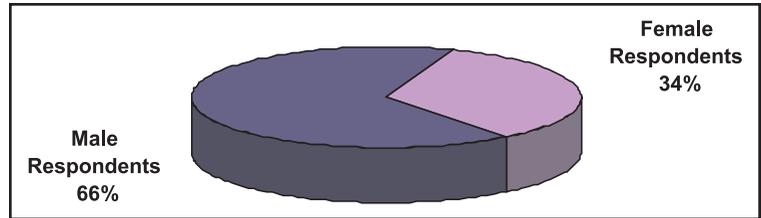


Figure 2. Gender Distribution of Total Respondents.

which serves apparel manufacturers; ModEur, which serves footwear manufacturers; FashionMK, which serves apparel and footwear manufacturers; and ExploringMacedonia, which serves the tourism industry. As a result, these Centers served larger proportions of businesses owned and/or run by women than are represented in the overall economy. For the other three e-BIZ Centers, the project explored working with a women's business association to reach out to women entrepreneurs in market segments dominated by SMEs owned by men. However, questions arose about the extent to which the women's association was representative, and the project staff decided to await the results of a customer survey before proceeding.

Improving SME Competitiveness: Survey Results

A survey of e-BIZ Centers' SME customers was conducted by an independent survey company in July–August 2006,⁴ when the e-BIZ Centers had been in operation for a year and a half or less. Of the 445 SME customers, 364 (81%) responded to the survey, which was conducted in person at the SME customer premises. Of the 364 respondents, 125 (34%) were women (see Figure 2).

The survey team was careful to interview people within the business who were sufficiently senior to provide accurate answers about the value of e-BIZ Center services. Most (84%) of the women respondents were owners or senior managers; the balance (16%) held other positions, e.g., technologist, head of production, administrative positions (see Figure 3). Thus, almost all of the women respondents were owners, senior management, or senior technical staff, indicating that the e-BIZ Centers are

4. The customer survey was conducted by BSC-ESTEK, an independent survey company in Macedonia that won a competitive bid to conduct the survey. They reached 81% of the e-BIZ customers through face-to-face interviews. A customer survey had also been conducted the previous year (in August 2005) by consultants hired by e-BIZ. However, the results presented in this paper refer only to the data of the BSC-ESTEK survey.

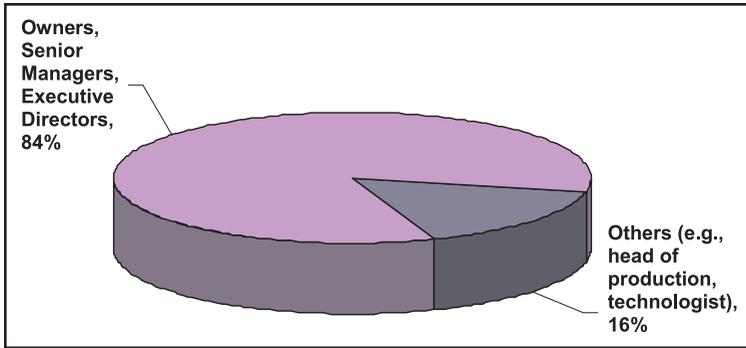


Figure 3. Position of Women Respondents.

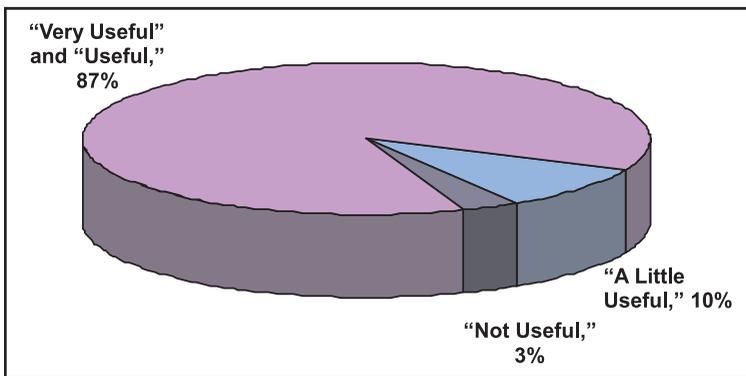


Figure 4. Usefulness of Centers Reported by Women Respondents.

servicing a larger proportion of businesses owned and/or run by women, than the proportion of such enterprises in the business community at large.

A key objective of the survey was to determine the extent to which customers valued e-BIZ services. The results were remarkable. Most women respondents (87%) reported that they found e-BIZ Center services to be “useful” or “very useful” (see Figure 4). A small percentage (10%) found the services “a little useful.” A scant 3% reported that the services were “not useful.” Thus, e-BIZ Center services delivered value to almost all SMEs owned by women, run by women, or both, and for most SMEs the value was considerable.

The e-BIZ project wanted to do more than deliver value to SMEs, however—it aimed to have a con-

crete impact on SMEs’ competitiveness. Hence, the survey also asked whether e-BIZ Center services had helped customers improve their businesses. Customers who replied “yes” not only valued the e-BIZ services but also perceived an actual impact on the business’ operations, sales, management, or other areas.⁵ The project set an ambitious target: 50% of respondents would report that e-BIZ Center services helped the business improve its competitiveness. This target was particularly ambitious given the short time during which the e-BIZ Centers had been operating.

After less than two years of operations, the e-BIZ Centers surpassed the project target: 66% of all women respondents reported that a Center’s services had helped improve their business’ competitiveness (See Figure 5).⁶ It was also notable that more than half of the women customers of every e-BIZ Center reported that the Center’s services had helped

improve their businesses. For some Centers, the response rates were even better. More than 80% of women customers for four e-BIZ Centers reported that the Center’s services had improved their company’s competitiveness.

Critical Success Factors

Achieving these kinds of results required a careful mix of factors critical to the success of the project. One such factor involves identifying “high impact” ICT applications that have a near-term, significant impact on business competitiveness, rather than the types of results achieved by providing generic ICT applications and Internet access. Providing high-impact applications is crucial to attracting women who own and run SMEs, because they have little or

5. The types of improvements respondents identified included improved marketing, advertising, or promotion; better customer care; improved product design; improved production; reduced costs; and faster response time.

6. Women respondents provided information about the business for which they worked whether or not they owned the business.

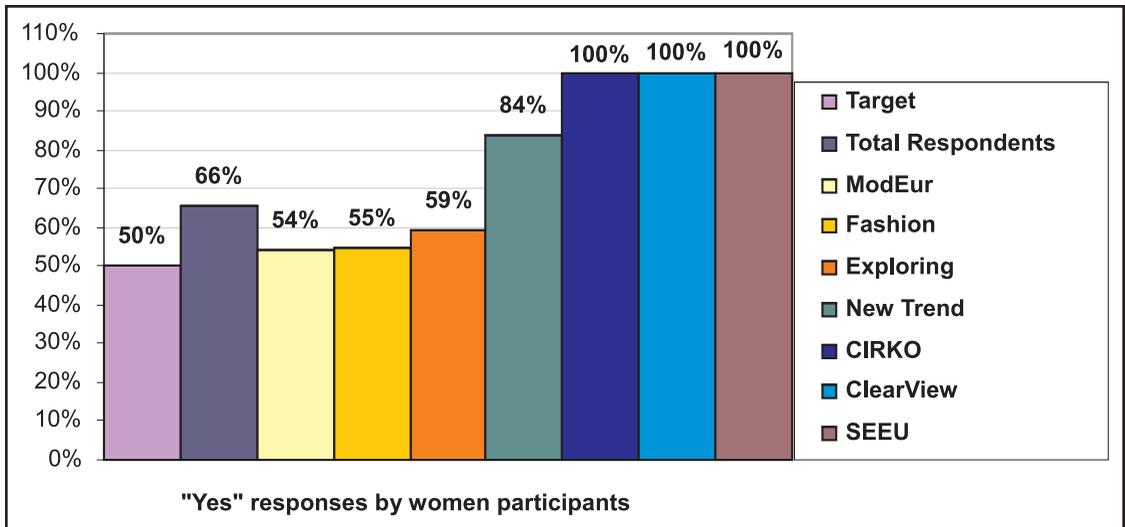


Figure 5. Responses by women participants to the question, "Has the e-BIZ Center helped you improve your business?"

no discretionary income and are highly risk averse.⁷ They want to see rapid, concrete results for fee-based services.⁸

A second success factor involves using marketing and education to communicate the benefits of the technology to SMEs. Even when advantages are evident, it takes time, effort, and a deep understanding of local culture to convince local women-owned and women-run SMEs to try new technologies. The e-BIZ owners and general managers were a crucial part of this effort because they knew their market and were highly motivated to develop and implement creative ways to convey the message.

Yet another success factor is local investment. Real investment (preferably at least partially financial) is central to engaging owners' long-term commitment to sustainability. It is impressive to observe the creativity and commitment that accom-

pany financial investment in a service center. Yet, in many contexts, women have little access to financing, so creative measures are needed. These may include finance packages, encouraging consortia of co-owners, tapping into local women's mutual loan networks, and other approaches that enable women owners to make a financial investment of some size in the Center.

A fourth factor is a strong business plan. All too often, donors initiate ICT-based services without a viable revenue model with the hope that demand will eventually materialize. Unfortunately, those service centers flounder, and often disappear, when donor support ends. By launching each e-BIZ Center with a sound business plan, the project greatly boosted the Centers' prospects for sustainability.

Finally, it was crucial to provide ongoing, intensive, hands-on capacity-development, delivered by

7. Both men and women small business owners and managers tend to be risk averse because they have no financial cushion. However, there is some evidence suggesting that businesswomen may be somewhat more risk averse than businessmen. For example, see: *The Entrepreneurship Gender Gap in Global Perspective: Implications for Effective Policymaking to Support Female Entrepreneurship* (www.simmons.edu/som/docs/centers/insights_22.pdf) and "Reviewing International Best Practices," a chapter from a UN Economic and Social Commission for Asia and the Pacific report (www.unescap.org/tid/publication/indpub2401_chap5.pdf).

8. When women apparel manufacturers in Macedonia saw computer-aided design (CAD) they instantly recognized the value. Soon the New Trend Apparel Technology Center had a thriving CAD service business. The women insisted, however, that computer-aided manufacturing (CAM) was far too risky. Even a single error would ruin the material, a financial blow from which the SME might not recover. After months of patient demonstrations, New Trend won its first CAM customers. As the technology proved its value and reliability, other SMEs adopted it as well. Today, New Trend CAM service has already added a second shift.

start-up savvy businesspeople. Even e-BIZ Center owners with many years of business experience needed significant training in technical and management skills. They were more receptive to making difficult changes because they recognized that the e-BIZ project was led by experienced, successful businesspeople. It is also important for all capacity-development efforts to recognize and respond to differing needs among women and men.

Conclusion

The customer survey results confirmed that the e-BIZ approach delivers concrete improvements to the competitiveness of SMEs owned by women, run by women, or both. Moreover, the scale of the impact was remarkable: 66% of women respondents reported that an e-BIZ Center services improved their businesses. A spectacular 87% found e-BIZ Center services “useful” or “very useful,” and an additional 10% found the services “a little useful.” Impacts included enhanced marketing, advertising, or promotion; better customer care; improved product design; improved production; reduced costs; and faster response time. In many cases (e.g., apparel and footwear manufacturing, the tool-and-die industry), SMEs are moving into higher value-added global market niches. Moreover, the e-BIZ Project demonstrated that it could deliver that impact in a relatively short time frame.

These findings suggest that the e-BIZ project provides an effective model for delivering concrete improvements to women-owned and/or run businesses. Yet the e-BIZ experience in Macedonia also suggests there are ways to gain even greater impact on women, depending on the context. One such way involves selection of e-BIZ Center owners. Even in Macedonia, all of the women e-BIZ Center owners were co-owners with a family member. Moreover, in many countries and cultures, women face greater constraints to business ownership than they do in Macedonia. Therefore, special features such as financial support for women, “set asides” that ensure some proportion of e-BIZ Centers will be owned by women, “extra points” for proposals from women, and other special considerations will often be appropriate. It will also be valuable and appropriate to provide other types of support specifically for women, especially support that is related to financing, capacity-development, and information dissemination.

In sum, five key success factors offer guidelines for improving the competitiveness of women-owned businesses:

- Women entrepreneurs have little or no discretionary income. Provide high-impact ICT applications that will have a quick pay-off, with significant improvements in competitiveness.
- Women-owned SMEs have little margin for error. Demonstrate that the ICT services will deliver value in the context within which the SMEs operate.
- Require local investment to provide incentives for commitment to sustainability and do so while providing mechanisms that enable women to make such investments.
- Start with a viable business plan that has been developed in collaboration with the women e-BIZ Center owners.
- Provide technical assistance from business-savvy, experienced experts.

The e-BIZ model, using these guidelines, can deliver significant, measurable improvements in the competitiveness of enterprises owned by women, run by women, or both. The results can have tremendous multiplier effects, because women tend to use increased revenue to improve conditions for their children and the rest of their families. Furthermore, the e-BIZ model makes it possible to achieve these gains in a relatively short time, and to generate broad positive outcomes as the successes motivate others to adopt value-added ICTs. ■

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