

ATHAR AFZAL KHAN

HOW GENDER AFFECTS WOMEN ENTREPRE- NEURSHIP: EXPERIENCE FROM PAKISTAN

Abstract

Gender analysis has shown that women can only be self-confident, independent and self-governing in their economic activities if there are no cultural restrictions holding them back (Chitsike, 2000). In Pakistan, female entrepreneurs are often held back by both work-family conflict and barriers such as a lack of access to capital, land and technology. There is a debate within the literature about the impact of gender on business success. Some authors feel that being a woman gives an extra advantage to entrepreneurs while many others are of the opinion that women entrepreneurs face considerable financial and societal problems purely because they are women. Other researchers suggest that most activities associated with business start-up are gender-neutral (Wees and Romijn, 1987). This chapter drawing on focus group discussion of women entrepreneurs (four groups were selected for this study) and members of supporting organizations explores how gender affects business ventures and the performance of female entrepreneurs in Islamic countries like Pakistan.

Introduction

In the last 100 years, rates of entrepreneurship have risen (Gartner & Shane, 1995). The findings of a recent survey are that many people have started their own businesses as a means of livelihood: this equates to four percent of young people: one in 25 (Reynolds and White 1997: 7). In the 19th and early 20th centuries, entrepreneurs were mostly equated with managers and considered from the same economic perspective (Hisrich & Peter, 1995; Bruni et al., 2004b).

It has been recognized that entrepreneurship is mainly responsible for progress of country (Fitzsimons & O’Gorman, 2003), in which future success is dependent on setting up local enterprise (Orhan and Scott, 2001). Morrison holds the same opinion and further proposes that an entrepreneur who is making good progress is the “first among equals in the process of wealth creation” (1998: 177).

Entrepreneurship is a useful financial development tool in difficult economic times, and female entrepreneurs are often an untapped and undervalued resource with the potential to boost economic success (Allen et al., 2007). Through entrepreneurship, it is possible to find a way to integrate and empower minority and marginalised groups, creating upward mobility and curtailing labour market discrimination.

It has been noted that women are becoming increasingly important as members of the entrepreneurial family (Coulter, 2003; Eddleston and Powell, 2008; Tominc and Rebernik, 2003). In the 1990s, interest in women entrepreneurs grew because the number of female-owned businesses surged, especially in the United States and Europe. Becker-Blease (2007) has supported this argument that women’s businesses are a growing component of new enterprise ownership in the United Kingdom.

Globally, the number of women business owners is gradually increasing, and it has been estimated that firms which are run and owned by women account for between 25% and 33% of all businesses. It is suggested by Tominc and Rebernik (2003: 781) that apart from generating an important amount of GOP, women are also influencing how the business community, the public, officials and the media see and responds to them. Researchers such as McClelland, Swail, Bell and Ibbotson (2005) state that it is obvious that the economic activity of women is bringing about change in developing, as well as developed countries.

In Pakistan, female entrepreneurs do not enjoy the same opportunities as men due to deep-rooted discrimination (Roomi and Parrott, 2008). The economic potential of female entrepreneurs cannot be fully realised because it is difficult for them to gain access to capital, training and agency assistance. Financial institutions do not cooperate with women (Bari, 1997). Furthermore, male family members often discourage women from becoming entrepreneurs, which limits their spatial mobility, and they have to face a lack of social capital (Roomi, 2011; Shabbir, 1995).

Pakistani women entrepreneurs do not have a homogenous role to play in society as there is a relationship between gender and social exclusion. Women face difficulties due to religious prescriptions, and cultural norms and practices. An Asian Development Bank (2000) report has found that gender is the most important feature of Pakistani society. There are also feudal and social traditions which influence the performance of female entrepreneurs throughout their working lives.

Discussion

Barriers Women Face at Start-up Stage (Societal & Cultural Level)

Women entrepreneurs in Pakistan do not enjoy the same opportunities as men due to a number of deep-rooted discriminatory socio-cultural values and traditions (Roomi and Parrott, 2008). Pakistani women have fewer opportunities to do business as compared to their male counterparts. This greatly restricts the availability of occupational opportunities open to women throughout Pakistan. Some members of the focus group discussion recounted their experiences:

Women face problems due to the male dominant society of Pakistan. There is conflict of male and female. When some woman starts to work out of home this conflict arises and their male members create problems. Secondly they face problems due to lack of finance. When a woman starts her business she has no money in her own pocket. She depends upon someone else usually upon a man: say her husband or father.

Women are usually forced to remain within their homes and are supposed to maintain high standards of female modesty. Pakistan, like many south Asian countries, is perceived to be a gender-biased society. The *burqa* (veil), often worn by Muslim women, has been described by Papanek (1982) as a portable means of seclusion. Female entrepreneurs need to observe the notion of *izzat* (honour), as women are considered to be the repositories of their families' honour, and their chastity and good reputation are highly valued and guarded (Shaheed, 1990). Wees and Romijn (1987), however, stated that most activities associated with business start-ups are gender-neutral.

In Pakistan, women face hindrance because of the traditional bias that banks have against SME owners operating in the informal sector. They are considered to be risky clients who lack the necessary guarantee which is needed to obtain loans (Afzal, 2006). As an assistant manager in the WBIC and other members of supporting organisations stated:

Women do not have [a] proper place for businesses and finance. They need money to start business[es], which they don't have. Although they are ambitious and enthusiastic to do something these are the restriction[s] they face.

Women entrepreneurs face many problems, including their insufficient education; inter-role conflicts originating from the fact that their parenting responsibilities are greater than their male partners'; lack of financial assistance and socio-cultural

restrictions (Ghosh and Cheruvalath, 2007). Female entrepreneurs experience gender-related constraints related to: their choice of business; access to capital; a lack of business experience and specifically experience of public dealings; a lack of credibility as a woman entrepreneur; restricted spatial mobility and managing employees' behaviour (Shabbir, 1995).

Shortage of Capital

Shortage of capital was a problem that the women entrepreneurs and the members of the supportive organisations perceived as related to gender. A member of one of the focus group discussions said that:

Whenever women want to initiate some business, they don't have a proper place for that. They try to establish small-level businesses by reserving a room or two at their homes but you know this is not a proper arrangement.... Their second problem is that of finance. They need money to start business which they don't have.

In Pakistan, people usually criticise the participation of women in business. Women face hurdles in getting finance from their families and loan agencies so neither side trusts them. Most female entrepreneurs in Pakistan run businesses in traditional sectors like "boutiques, bakeries, apparel, handicrafts, jewellery, and other similar micro and small businesses" (IFC, 2007). No doubt many organisations offer financial support programmes to women in Pakistan but there is only a limited number of these who actually benefit from credit schemes. The recent microfinance performance indicator report shows that Pakistan has the lowest global ratio of female in comparison to male borrowers; this report has also pointed out that probably this discrepancy is one of the reasons why Pakistan's microfinance sector has not been able to scale-up as successfully in comparison to other countries (PMN, 2005).

Networking Problems

The business performance of women entrepreneurs is affected because they are surrounded by personal and social networks which are different to male networks, and divisions and barriers limit the access and diversity of their networks (Aldrich, 1989a). The focus group discussions revealed that in Pakistan there is a lack of networking opportunities for female entrepreneurs. As a member of a supporting organisation stated:

Yes, there is lack of networking. Female entrepreneurs in the same sort of business don't have a business circle. They seldom meet together and share their problems.

Short Research Papers on Knowledge, Innovation and Enterprise

So there is no networking. Although we provide offices to women and they meet together as well but nearly all of them are doing different businesses and have different problems so they don't have a problem sharing culture. They are not updated and they cannot get advice in this way.

As discussed above, networking plays a vital role in business performance. In earlier researches, it was noticed that a support system, mentors and advisors have an important role to play in business growth; business associates and friends can provide good moral support, whereas participation in trade associations and women's groups was related to business guidance (Hisrich and Brush, 1987). This research has shown that there is a lack of networking opportunities available to the business women of Pakistan. They don't have many platforms (as there are few in the whole country) where they could gather and share their experiences and seek guidance from more experienced businesswomen and so on.

Work-Family Conflict

The focus group discussions revealed that the female entrepreneurs have faced different types of work-family conflict. It is challenging for them to manage the demands of both work and family. In Pakistan, the family role is the most important thing, socially, and business roles are given a secondary value. Due to such conceptions, female entrepreneurs face the problem of work-family conflict. Here are some stories revealed by focus group participants:

You know, usually women are expected to give proper time to their homes. In case they are married they are required to give proper time to both their kids and husband. And even if they are unmarried they are required to give time to their homes.

A focus group member recounted her experiences:

When women come here they always are in hurry and want to go back immediately as they have to do some unfinished house chore. It shows that due to their business their home is neglected and they are unable to give proper time to their homes.

Women experience conflict when they are unable to resolve the pressures from their dual roles as business women and family members (Greenhaus and Beutell, 1985). The same point is suggested in Caligiuri and Cascio's spillover theory (1998) i.e. carrying a role over from one domain (home life) to the other (work

life), can upset the performance of the entrepreneur while they are at work. This point seems most true in the case of Pakistani female entrepreneurs. Shah (1986) divided Pakistani women's roles into seven categories: parental, occupational, conjugal, domestic, kin, community and individual, analysing the relative importance of each role in the Pakistani context. Regarding the importance of each role in the case of Pakistani women, Shah (Ibid) concluded that parental and conjugal roles are primarily important while the occupational roles are given just a secondary value. The individual role is quite different from that in Western societies, as individualism does not constitute a significant ideology in Pakistani society. Rather, it is the family (kin) that predominates in most major decisions regarding a woman's role.

The above discussion shows that due to the influence of cultural and societal factors, the position of women in Pakistan is highly ironic. In a society like Pakistan, women entrepreneurs experience work-family conflict which affects their performance both as businesswomen and as wives, mothers or daughters.

Non-Professional Behaviour of Male Entrepreneurs

The focus group members felt that the behaviour of male entrepreneurs was not cooperative. In their view, male entrepreneurs do not cooperate with businesswomen due to professional jealousy and socio-cultural factors; they feel women are incompetent and not serious about their work. However, men's perception of women as being weak and helpless is not the only reason for them putting women at a disadvantage. There is more cooperation among men mostly because there are few women in the business field; men are more lenient and trustful of other men.

Many of the statements made by the women entrepreneurs reinforce the earlier evidence that the lack of acceptance of a woman's authority as an employer is particularly related to the business sector. The focus group members related that most female entrepreneurs face difficulties in dealing with all sorts of customers

The focus group discussions therefore illustrate the various constraints that women usually face not only in starting a business, but in the very choice of businesses that women can undertake. Wees and Romijn (1987) pointed out that women may face gender-specific barriers to entry in particular occupational sectors in particular socio-economic settings. Women's entry into certain 'women-friendly' business sectors may be more readily accepted than in other non-traditional fields. It was stipulated by the focus group members that most female entrepreneurs sometimes feel supplier relations to be a potential constraint and were an important area of concern, especially for women at the start-up stage in the non-traditional business sectors. The two main problems that the group members related were "restricted spatial mobility due to cultural reasons" and "lack of acceptance and credibility in dealing with suppliers".

Conclusion

Four major barriers are faced by women entrepreneurs in starting up their businesses. These are (on the family, societal and religious levels) lack of finance; lack of marketing experience; networking and work-family conflict, and they may negatively affect the business performance of female entrepreneurs in Punjab, Pakistan. The women entrepreneurs in this research considered that being a woman had caused them many problems at the start-up stage of their ventures. Also there are some religious perceptions, cultural norms and social practices related to women which hinder them from working freely in an Islamic society like Pakistan. One such norm is the concept of izzat (honour). It is considered to be against the family honour if women go leave their homes to work. Then there is the concept of purdah, which also confines women to their homes and decrees that they are not allowed to interact with men. Another difficulty that women have to face when they want to start an enterprise is that they have only a limited choice of business. They can only run businesses where there is little or no interaction with men and where there is not a lot of travelling or outdoor activity involved. Women face difficulty because they have a special role to play in society and have limited spatial mobility and limited access to different opportunities as compared to men. The focus group discussion participants revealed that mostly women lack business experience and training and there is insufficient networking which puts them at a disadvantage, particularly in their public dealings; i.e. in negotiating with customers, suppliers and others. The group members described another issue related to female entrepreneurs, which is that women face many problems in travelling. Sometimes this relates to security, as travelling alone is not considered to be good for females in Pakistan especially late at night. Transport facilities are seldom provided and when women travel on their own it is very costly.

With regard to the problems of women entrepreneurs, the focus group discussion findings are as expected. This means that women entrepreneurs in Punjab, Pakistan are not different. They face similar challenges to entrepreneurs across the world. In the focus group discussions, the progressive female entrepreneurs and members of the supporting organisations pointed out that most Pakistani female entrepreneurs face problems because they are considered to be inferior to men. Their role as a potential breadwinner is underestimated; gender discrimination is present in the regional, tribal and feudal culture of an Islamic society. It is also a well-known fact that Pakistani females have restricted access to different resources. This includes land, loans, and education and training facilities (ADB, 2000; Roomi and Parrot, 2008). The women entrepreneurs in this research also faced problems when the question of finance arose: they often did not have enough capital to start their business. Secondly, they faced a lot of difficulties in getting financial support

from banks and other institutions. Women entrepreneurs face a challenging set of social mores while interacting with male bank officials. They often resort to raising most of the capital they need for their businesses from their own savings, or ask relatives and/or friends for money. In short, most of the problems cited in focus group discussion are the following: influence of the socio-cultural and religious environment; lack of training and isolation from business networks; lack of capital and financial facilities; laws and regulations; family pressure and lack of self-confidence and all these problems inhibit the start-up and performance of female entrepreneurs in Punjab, Pakistan.

Correspondence

Athar Afzal Khan is a PhD Candidate in Faculty of Development and Society
Sheffield Hallam University, United Kingdom
Email: A8031179@my.shu.ac.uk

References

- Afzal, Fatimah (2006), State of SMEs in Pakistan. United States Agency for International Development, Islamabad, Pakistan
- Aldrich, H. (1989a), Networking among women entrepreneurs. In O. Hagan, C. Rivchun and D. Sexton (eds), *Women-Owned Businesses* (pp. 103–32). New York: Praeger.
- Allen, C., Loudoun, R., & Peetz, D. (2007), Influences on work/non-work conflict. *Journal of Sociology*, 43(3), 219-239.
- Asian Development Bank (ADB) (2000), Women in Pakistan, Country Briefing Paper, Programs Department and Office of Environment and Social Development, Manila.
- Bari, F. (1997), "Women and Access to Credit: A Case Study of Pakistan," Islamabad, p.6.
- Becker-Blease, J.R. & Sohl, J.E. (2007), Entrepreneurship, entrepreneurial finance, innovation and regional development. *Journal of Business Venturing*, 22(4): 503-505, July.
- Bruni, A.G., Gherardi, S. & Poggio, B. (2004b). Doing gender, doing entrepreneurship: an ethnographic account of intertwined practices. *Gender, Work and Organisation*, 11 (4): 403-429, July.
- Caligiuri, P. and W. F. Cascio (1998), 'Can we send her there? Maximising the success of Western women on global assignments', *Journal of World Business*, 33(4), pp. 394–416.
- Chitsike, C (2000), Culture as a barrier to rural women's entrepreneurship: Experience from Zimbabwe. *Gender & Development*; Mar 2000, Vol. 8 Issue 1, pp. 71-77.
- Coulter, M. (2003), *Entrepreneurship in action*. 2nd ed. London, UK: Prentice Hall.
- Eddleston, K.A. & Powell, G.N. (2008), The role of gender identity in explaining sex differences in business owner's career satisfier preferences. *Journal of business venturing*, 23(2): 244-256.
- Gartner W B, Shane S A. (1995), Measuring entrepreneurship over time. *J. Bus. Venturing* 10:283-301
- GEM (2010). Global Entrepreneurship Monitor Report Pakistan.
- Ghosh, P. & Cheruvalah. R. (2007). Indian female entrepreneurs as catalysts for economic growth and development. *The International Journal of Entrepreneurship and Innovation*, 8(2):139-148, May.
- Greenhaus, J. H. and N. J. Beutell (1985), 'Sources of conflict between work and family roles', *Academy of Management Review*, 10(1), pp. 76–88.
- Hisrich, R., and Brush, C.G. (1987). Women entrepreneurs: A longitudinal study. In *Frontiers of Entrepreneurial Research 1987*. Cambridge, MA: Babson College, pp. 187-199.

- Hisrich, R.D., & Peters, M.P. (2001). *Entrepreneurship* (4th ed.). Boston: McGraw-Hill.
- International Finance Corporation (IFC). (2007), Gender Entrepreneurship Markets, GEM Country Brief 2007 Pakistan. International Finance Corporation (IFC). <http://www.ifc.org/menagem>.
- McClelland, E., Swail, J., Bell, J., & Ibbotson, P. (2005). Following the pathway of female entrepreneurs: A six-country investigation. *International Journal of Entrepreneurial Behaviour & Research*, vol. 11, no. 2, pp. 84-107
- Morrison, A., (1998). The Tree of Entrepreneurship. In: Morrison, A., ed. *Entrepreneurship: An International Perspective*. Oxford: Butterworth-Heinemann.
- Orhan, M. and Scott, D., (2001) Why Women Enter into Entrepreneurship: An Explanatory Model. *Women in Management Review*, 16 (5), 232-243.
- Pakistan Microfinance Network (PMN). (2005). Performance Indicators Report 2005. Islamabad, Pakistan. <http://www.pmn.org.pk/link.php?goto=pir2005>.
- Papanek, H. (1982). Pardah in Pakistan: Seclusion and modern occupations for women. In H. Papanek and G. Minault (eds), *Separate Worlds* (pp. 3–53). New Delhi: Chanakya Publications.
- Reynolds, P. D and White S. (1997). *The Entrepreneurial Process: Economic Growth, Men, Women, and Minorities*. Westport, CT: Quorum
- Roomi M. A. (2011). Entrepreneurial capital, social values and Islamic traditions: Exploring the growth of women owned enterprises in Pakistan, *International Small Business Journal* 13 November 2011, pp. 1-17
- Roomi, M. A. and G. Parrott (2008). "Barriers to Development and Progression of Women Entrepreneurs in Pakistan," *International Journal of Entrepreneurship*, 17(1), 59- 72.
- Shabbir, A. (1995). "How gender affects business start-up—evidence from Pakistan," *Small Enterprise Development*, 6: 25–33.
- Shah, N.M. (1986). *Pakistani Women*. Islamabad: Pakistan Institute of Development Economists.
- Shaheed, F. (1990) *Pakistan's Women: An Analytical Description*. Lahore: SANJH.
- Tominc, P. & Rebernik, M. (2003). The scarcity of women entrepreneurship. University of Maribor, Faculty of economics and business. Slovenia: Razlogova.
- Wees, C. van der & Romijn, H. (1987). *Entrepreneurship and Small Enterprise Development for Women Entrepreneurs in Developing Countries*. Geneva: International Labour Office.