

Remarks by
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I am honored to be with you this morning, speaking on behalf of the International Organization of Employers (IOE). With a membership of 148 national business organizations in 142 countries, IOE is the voice of business at the International Labor Organization (ILO).

I am grateful to the ILO, represented here by the Regional Director for Africa, for involving the IOE in this important event. And I am pleased to see so many employer representatives in this room -- a testament to the commitment of our organizations to women's entrepreneurship development.

Thank you also to the African Development Bank for working with the ILO to make this forum a success. Finally, I would like to express our gratitude to the Egyptian Government and to the First Lady for supporting this initiative.

Introduction

I have been asked to share with you Employers' perspectives on the subject of women's entrepreneurship development. Women's entrepreneurship is both about women's position in society and about the role of entrepreneurship in the same society. What I hope to do this morning is to briefly discuss the role of women in economic development, to touch on the role and importance of entrepreneurship to such development, and then to turn to women's

entrepreneurship in particular, making the case for why this subject deserves specific program and policy interventions.

Here is the argument: At least half the brainpower on earth belongs to women. Countries that do not capitalize on the full potential of one-half of their society are grossly misallocating their human resources and compromising their ability to compete in the global economy.

An important part of capitalizing on human potential lies in fostering entrepreneurship. This fact has been well recognized by the ILO, which references the importance of entrepreneurship development in its Global Jobs Pact. Indeed, ILO Director-General Juan Somavia himself has said that “no decent work strategy can be successful without encouraging entrepreneurship, innovation, and productivity.”

The ILO Global Jobs Pact was negotiated last summer by governments, workers, and employers to address the economic and financial challenges that now confront nearly every country in every region. Women workers and women entrepreneurs are the backbone of many industries that have been hard hit in recent months. And of course women are the backbones of families struggling to manage in difficult circumstances. The good news is that while women are hard hit by the problem, we are also a huge part of the solution. And while our challenges and circumstances may differ widely, we share a surprising number of common concerns – which means we have an enormous opportunity to learn from and help each other. This is why events such as this one are so important.

So let me take a step back and draw some connections between development, entrepreneurship, and women.

Women and Economic Growth

A recent article in *The Economist* put it this way: “Forget China, India, and the Internet. Economic growth is driven by women.” The article goes on to say that an increase in female employment, in both the developed and developing world, has arguably been the biggest engine of global growth in recent decades.

Moreover, there is clear evidence that enabling women to develop their skills and qualifications and to join the labor market boosts incomes and well being throughout the society. In particular, educating girls boosts prosperity. Not only are better-educated women more productive, they raise healthier, better-educated children. Putting more resources in the hands of women has a multiplier effect, raising the welfare of the entire family.

By the way, if the mantra these days is “jobs, jobs, jobs” the key for creating jobs is “education, education, education,” particularly for women and girls.

Yet, despite some gains and despite these demonstrable impacts, women remain perhaps the world’s most underutilized resource. In short, not only is equal opportunity in the area of economic empowerment not a reality. Its absence is a drag on growth, development and poverty alleviation.

Entrepreneurship

And as DG Somavia has pointed out, entrepreneurship, productivity and innovation are also key to growth and development. The IOE has done considerable work in the name of encouraging entrepreneurship, innovation, and productivity. In its interventions in the ILO, and in the work it does at the national

level with its member Employer Organizations, it promotes recommendations on the actions that governments must take -- through economic policy measures and promoting the reform of laws, regulations, and other barriers to growth -- to unleash entrepreneurship and create an enabling environment for sustainable enterprises and employment creation.

Such work on entrepreneurship in general is important and relevant to our subject. It is necessary, but it is not sufficient. And so, let me narrow the focus to the specific subset of women's entrepreneurship.

Women's Entrepreneurship: Definition and Scope

The world of women's entrepreneurship is large, diverse, and of great economic significance. Women-owned enterprises exist everywhere. They populate all sectors of the economy and they come in all sizes. In the U.S., there are approximately 6.2 million women owned firms, employing 9.2 million people, generating \$1.15 trillion in sales. Worldwide, women-owned businesses are said to comprise between one-quarter and one-third of all businesses. And this estimate is almost certainly understated: first, because available data does not always distinguish by gender; and secondly, because women are more likely to run businesses in the informal economy, where data is hard or impossible to capture.

For example, in Africa, women are responsible for between 60-80% of food production. In Ghana, women working in the informal sector contribute up to 46 percent of the agricultural GDP. More broadly, it has been estimated that in sub-Saharan Africa, 84 percent of women are informally employed (compared by the way to 63 percent of men). This informal work accounts for over 50 percent of the GDP in Benin, Chad, Kenya, and Mali.

Worldwide, women are most heavily represented in micro and small businesses. This is almost certainly due to legal, social, and/or cultural factors, the specifics of which may vary widely around the world, but the effect of which is to constrain the potential for women entrepreneurs.

What do women themselves perceive as their biggest obstacles? Of course the specifics vary enormously among countries with different levels of development. But listen to the list of issues most often cited by women entrepreneurs in the U.S.: they cite access to capital, trade, affordable health care, taxes, access to government procurement, gaining media exposure, work-life balance, trends in technology, and retirement security.

In sum, these concerns are about accessing the capital and markets needed to grow a profitable and sustainable business, and about securing essential social protections. These are concerns common to all entrepreneurs in many countries. They are small business issues, not particularly women's issues.

None of this should be surprising. Women comprise approximately half the human race. That their enterprises should be numerous and diverse, that they should have an impact on their economies, and that they share the problems of all small business owners should be obvious.

So why does the subject of women's entrepreneurship deserve separate consideration? Why does it deserve separate and specific policy responses, both from governments and from organizations such as our own?

The concerns and needs of women entrepreneurs are distinct and need to be studied separately for two reasons:

-- Women's entrepreneurship constitutes an important untapped source of economic growth, often for gender-specific reasons, and

-- The topic remains largely neglected. Mainstream research, policies and programs often do not capture data about women or take into account the specific needs of women entrepreneurs and potential entrepreneurs. And even where the issue has been studied extensively, the policy follow-up is often lacking.

These points are interconnected. Let's consider them in turn:

Gender-Specific Policy Issues

Many differences occur because women's life experiences contrast with those of men in terms of the education they receive, their involvement with their families, the social spaces they occupy and the circles in which they mix. The details differ around the world, but this is a universal phenomenon. As a result of their experiences, women may lack the confidence, skills and resources to successfully start and run a business. Perhaps there exists a societal or cultural resistance to women in business. Perhaps the major issue is a women's traditionally more significant role relative to men in balancing work and home responsibilities, or women's overlapping productive and reproductive roles.

Let me say a word about each of these

-- *Socio-cultural resistance to women in business:* Such resistance may be well engrained in otherwise very different societies, at all levels of development, and the effects may begin from childhood. Limited or inadequate access to education may limit a woman's business potential, as may the notion that certain fields of endeavour are inappropriate or off-limits.

These attitudes may have a number of potential consequences. A woman may not consider business as a career option or lack the confidence to start up and run a business. If she does start up a business, social attitudes may affect her choice of sector and her investment behaviour. The evidence indicates women-run enterprises tend to be smaller than those of men both in terms of number of workers employed and in terms of the presence and value of fixed assets. Women's enterprises also tend to be concentrated in low investment, less remunerative sub-sectors which build on traditional skills, while men tend to be concentrated in more dynamic sub-sectors. Lastly, women engaged in economic activities may not perceive themselves as "business women" and therefore not register their business, restricting access to business development services.

-- *Balancing home and work responsibilities:* Women's potential in business is often limited by their traditionally (indeed, I would say universally) more significant role relative to men in balancing work and home responsibilities. The demands of motherhood and the division of labour between men and women in the household may reduce the amount of time, energy and concentration women have to expend on their business. Women may prefer businesses that maintain close links between the personal and business. Women may invest less in their business and more in their family than men.

On top of these differences (and perhaps reflecting them), laws that discriminate on the basis of sex – directly or indirectly – can be constraints to entrepreneurship. For example, in some countries women lack the legal status to establish a contract, represent themselves in legal cases and/or hold property in their own name.

A recent IFC Africa survey of legal and regulatory impediments to the growth of women's enterprises illustrates this point. It found:

- Only 7% of the female respondents surveyed could own land;
- Many women respondents lacked legal property assets to serve as collateral;
- 30% of women operated their businesses from registered premises, as opposed to 51% of men.

At the same time, a legal framework that does not provide for the overlapping productive and reproductive roles of women may also indirectly discriminate against women. Laws *can* facilitate the ability of women to participate in the labour force, for example by ensuring equal treatment (and safety) in the workplace. Governments may also be able to address concerns such as the availability of affordable childcare.

We need to encourage our governments to listen to the voices of women entrepreneurs, and to mainstream and incorporate a women's entrepreneurial dimension in the formation of all entrepreneurship and SME-related policies. To do this effectively, they and the international organizations that assist them (such as the ILO) need to improve the factual and analytic underpinnings of our understanding of the role of women entrepreneurs in the economy.

In short, gender-specific constraints to entrepreneurship require well-supported specific policy responses. These responses need to be both practical and political. Women need targeted training in how to start, manage, and grow their businesses. But they also must lend their voices to efforts to identify and address laws and policies that do not adequately consider the needs of women entrepreneurs and sometimes further exacerbate gender-specific constraints to entrepreneurship.

How Can the ILO and IOE Help?

Let me say just a final word about where ILO and IOE may fit into these efforts. The ILO is actively engaged in promoting women's entrepreneurship globally through its program on Women's Entrepreneurship Development and Gender Equality (WEDGE) within its Small Enterprise Development program. WEDGE seeks to develop a knowledge base on, innovative support services and products, and an advocacy voice for women entrepreneurs. Through the WEDGE Office in Addis Ababa, the ILO runs a number of technical cooperation activities in Ethiopia, Kenya, Tanzania, Uganda and Zambia. I trust we will hear a great deal more about these programs.

Employers Organizations exist both to inform and advise governments and international bodies such as the ILO on appropriate policies, and to provide useful services to our business members. It is important that such services consider the needs of both women and men entrepreneurs. As we've discussed, for example, women entrepreneurs may require specific services to increase their business confidence and/or specific mechanisms for increasing their access to credit. Women's entrepreneur networks are major sources of knowledge and valuable tools for the development and promotion of women-owned businesses.

This room is full of women from across Africa who, often operating through or in cooperation with national employer organizations, have come together in highly effective local, national, and regional associations and networks precisely to address both practical and policy concerns. I'm certain that over the course of this conference, we can look forward to learning a great deal about just these kinds of tools, resources, and services.

Conclusion

I want to conclude with another quotation from *The Economist* magazine article I referred to earlier:

“Despite the increased economic importance of women, they could become more important still. More of them could join the labour market and more could make full use of their skills and qualifications. This would provide a sounder base for long-term growth. It would help to finance rich countries’ welfare states as populations age and it would boost incomes in the developing world... There is a saying that women must do twice as well as men to be thought half as good. Luckily that is not so difficult.”

Thank you for your attention, and for your generous hospitality here in Cairo. I look forward to learning a great deal in these meetings and to working with you.