

5TH ICA Regional Women's Forum
"Advantage of gender integration in the economy of co-operatives in Asia Pacific"

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Women's entrepreneurship development for economic growth

Distinguished representatives of local and international Institutions, Chairperson of the Women's committee, President of VCA, President of ICA, Regional Director of ICAAP, Ladies and Gentleman, dear fellow co-operators,

It is a pleasure to me to address the 5th Regional Women's Forum which I am doing so on behalf of Stefania Marcone, Chairperson of the ICA General Equality Committee. She wanted to contribute to your discussion with a global perspective, that of the ICA Gender Equality Committee, and have the opportunity to listen to the voice of the Asia-Pacific co-operators. I am pleased to be able to share her presentation with you.

The themes under discussion: advantage of gender integration and women's entrepreneurship development are fundamental not only for the integration of co-operatives into the Asia-Pacific economy, but also into the world economy. It is a pleasure to meet in Vietnam, a country that has achieved high growth rate and comprehensive development over the last years. These socio-economic achievements, as underlined by Mme Ha Thi Khiem, President of the Vietnam Women's union, can be attributed in large part to Vietnamese female entrepreneurs.

Women have a pivotal role in the economic advancement of Asia-Pacific region and we know that the Asia Women in Co-operative Development Forum, the ICA Women's Committee of Asia-Pacific, the ICA Regional offices and National Co-operative Organizations in the Region, together with several institutional partners and civil society actors, have worked hard for the development of women

entrepreneurs in co-operatives. Their initiatives are based on the knowledge that the economic empowerment of women is an important dimension to building gender equality.

We wish to pay tribute to those co-operators both women and men who are committed to gender equality and have made a significant contribution to the development and economic growth of the region, this growth has been attained thanks to them.

If we look at global perspectives and future scenarios, we see that gender equality is an important factor to strengthening long-term economic development; this is why gender equality tracking should be more firmly incorporated into economic models for long-term growth. In places where gender equality has progressed, the economic and social fabric is more competitive and advanced. In developed economies, for instance, the increase in female employment has been the main driver of growth in the past few decades. Studies have repeatedly shown that by giving women equal education and work opportunities as well as access to a society's decision-making processes, a country can boost its economic productivity.

However, as a global data shows, progress is lagging when it comes to improving women's economic opportunities and women trail behind men in terms of their participation in the formal labor force, access to credit, entrepreneurship rates, income levels, inheritance and ownership rights.

As underlined by the World Bank, restricting economic opportunity for women is bad economics: under-investing in women limits economic growth and slows down poverty reduction; in fact countries with greater gender equality tend to have lower poverty rates.

Better use of the world's the human resource that the female population offers could increase economic growth, reduce poverty, enhance societal well-being, and help ensure sustainable development in all countries. However, closing the gender gap will also depend in to a large extent too on enlightened government policies which take gender dimensions into account and ensure that gender equality is integrated into all policies.

“Long term” is the key-word for any development strategy. *Long term* means *sustainable* and, to co-operators, sustainable means inclusive, equitable,

environmentally sensitive, inter-generational and more and more gender **oriented development strategies**. Gender equality and women's empowerment are central to achieving long term development because without these capabilities and opportunities, women are less able to reach their full potential, live a life of dignity, and be productive citizens.

It is widely recognized today that women play the most effective role in development processes: in agriculture, food security, family well-being, peace processes, aid effectiveness, education of children, social cohesion, poverty reduction and the list goes on. The ability to be educated and healthy, to have voice and influence, and to enjoy opportunities and choices are critical to the attainment of empowerment and to the issue of the overall development. To fail to pay attention to women's economic empowerment, both in terms of decent job opportunity or self-employment is both morally unacceptable but it is also economically unsustainable.

According to the IMF-World Bank Global Monitoring Report 2007, if higher global growth trends are to be translated into sustainable development outcomes, one of the areas that requires international attention is gender inequality from the perspective of law, resources and voice. Gender sensitive development strategies are needed; they must have a strong pragmatic focus on the economy, but also on cultural and social aspects, for instance the elimination of violence against women. As co-operators we do quite a lot, but we have to double our combined efforts to promote women's economic self sufficiency, social empowerment and women security.

I need not to remind you that more than 70% of the world's poor are women; women produce the 60-80% of food and own only the 2% of rural cultivable areas. Women are mainly employed in the rural and service sectors with a significant percentage employed in the informal sector with most of these found in developing economies. Notwithstanding, gender oriented strategies represent a minority of the overall aid programs to development - in fact gender dimension is explicitly embedded in less than 10% of the total official aid to development in agriculture for example.

Women Entrepreneurship creating opportunities through self employment

Self help and self entrepreneurship can represent a viable way out of poverty but

also are tools for women all over the world to gain increasing levels of rights, empowerment and to be more and more in the development agenda.

Women represent more than one-third of all people involved in entrepreneurial activity. Women are also likely to play an even greater role when informal sectors are considered. Whether starting a micro-business up to leading a multimillion-dollar company, women entrepreneurs are becoming an increasingly important component of the world economy, its productivity growth, and its struggle against poverty and so by investing in women, governments at all levels have a serious opportunity to tap into the underutilized potential of women.

Across the world, women from a variety of backgrounds are showing increasing interest in expressing their entrepreneurial spirit. When women encounter impediments to developing their full economic potential, the whole economy suffers. A better understanding of the potential contribution of women to the entrepreneurial landscape will allow the design of more satisfactory programs aimed at increasing their involvement in the marketplace. In addition to providing valuable knowledge about the entrepreneurial process, understanding and supporting the entrepreneurial behavior of women will have positive repercussions on a country's well-being and social equity.

In poorer countries it appears that fewer women participate in entrepreneurial activities, although rates of female entrepreneurship vary dramatically across nations. There is need for developing women's entrepreneurship as this empowers women and brings them into mainstream development, thereby improving their economic status. The objective is to provide new employment opportunities through self employment.

According to Organisation of Economic Co-operation and Development, the OECD, women often become entrepreneurs because they seek ways out of exploitative working relations or because they do not have access to the labor market as such. Once women entrepreneurs set up their small enterprise, they face more obstacles than men in running their business activities because of administrative burdens which are more severe for start ups and small business, lack of training mainly in financial matters, and bottlenecks in access to credit. Surprisingly even if women demonstrate high loan repayment rates, and significantly lower default rates as compared to those of men, they still face consistent obstacles in obtaining credit

from financial institutions. And despite, rapid changes in technology, the dynamics of globalization and fast changing business environment, businesses promoted by women in particular, face challenges of survival and growth. Appropriate strategies to stimulate, support and sustain efforts of women entrepreneurs in order to harness their potential and enable their continued growth must be implemented.

However, allow me to address some key issues regarding women's entrepreneurship.

Women who are employed and have built a social network in which entrepreneurs are included are more likely to become entrepreneurs themselves. The **social and economic benefits of working are driving women's entrepreneurship more than higher education levels or the hope of increased household income**. However, across levels of national income, economic necessity is a stronger determinant of entrepreneurial activity for women than it is for men and a gender gap exists for both early-stage entrepreneurship and established business ownership.

Regardless of gender or country group, **employment matters** to entrepreneurial activity. The likelihood of being involved in entrepreneurial activity is three to four times higher for women who are employed in a waged job compared to women who are not working, are retired, or are students. This suggests that working provides access to resources, social capital, and ideas that may aid in establishing an entrepreneurial venture.

Female entrepreneurs use **less start-up capital** than do male entrepreneurs. This may be explained because women have limited access to venture funding compared to men. But it may also be that women do not seek venture capital to the same extent as men, because they fear encountering bias against women in the allocation of start-up financing, or because female entrepreneurial activity might be less capital-intensive than male activity given the kinds of business sectors that attract female entrepreneurs (e.g., consumer retail, health and beauty services). An additional explanation for the financing gap is that **women are more financially risk-averse** than men and try to "do more with less" to avoid increasing their financial obligations.

Some experts underline that policies and programs targeted to address entrepreneurs' difficulty in accessing capital are generally gender-blind so, since women are more financially risk averse, such programs could have a limited impact

on women entrepreneurship. Good examples can be found in the non-profit sector micro-finance projects that by extending small loans for very short terms, help women entrepreneurs to gain self-confidence as well as to establish their own business, and in particular to start up and become members of co-operative societies. Micro-finance is one of the most effective ways to empower women and increase their access to sustainable livelihoods and economic assets.

But access to credit is not enough. Credit provisions should be accompanied by support in the form of advisory and networking services to provide women with basic marketing information and advice. These can take the form of advisory bureaus, internet access points to get updated market and other information. Business incubators, often established at universities or business schools, are of particularly valuable to women entrepreneurs in providing an infrastructure, links to investors and market opportunities as well as personalized assistance and training. All these services could be channeled through co-operative organizations.

Another important element to highlight is the **positive role that networks** play in the new enterprises start-up activities. Women entrepreneurs' networks are smaller and more geographically concentrated than that of men, this is why being part of a regional and global network like ICA, can represent an opportunity to strengthen co-operative women's entrepreneurship.

Women's associations and Women's co-operative Committees too are important in disseminating business information and support services for new start-ups.

These support services are even more important to women as are in many places less likely than men to engage in entrepreneurial activity when such activity goes against the dominant view; cultural bias is a strong "invisible" obstacle to women empowerment. And so, policies should aim at promoting cultural awareness of the value of women's economic empowerment through self-entrepreneurship. Educational support, business and finance training, advertising campaigns, awards programs, and success story publications should be fostered.

Thus, there is a clear need for **customized or targeted policies** to overcome the gender gap in entrepreneurship; policy must be focused on how to effectively change the business environment and social institutions to support women through employment, access to social and financial capital, and by raising self-confidence.

All this said, adequate enabling environment for women entrepreneurship which addresses the gender gap and promotes women empowerment with strong public policies should include :

- high impact cultural initiatives putting equal opportunities at the centre of economic policy,
- provision of and support to networking opportunities in order to reduce women vulnerability and isolation,
- Foresee “reconciliation” policies, in order to allow women to reconcile paid employment with the “*job*” of looking after a family.
- Focus on business and financial training for women
- Provide resources free of charge to support female entrepreneurship with dedicated financial programs
- Enact gender sensitive legislation to break the cultural bias and make equal rights and equal opportunities for women and men real.
- Promote the access of women to innovative business sectors
- Promote pro-women financial tools

And finally, a multi-stakeholder approach is required to ensure support to women’s entrepreneurship (the civil society, economic actors, co-operative organizations and international institutions).

Co-operative women’s entrepreneurship

But what about co-operatives in the promotion of women’s entrepreneurship...

The co-operative form of enterprise by virtue of its values and principles is business in which economic and social goals are closely linked. These two aspects make co-operatives particularly suitable for women’s economic empowerment: they provides employment, they have flexible structures capable of adapting to the changing environments, they are key players in local and national contexts, they create networks capable of stimulating transnational and international collaboration, and they contribute to create trust, promoting peace and social cohesion. It for many of these reasons that women join or set up co-operatives. In co-operatives women find answers to their needs: a path out of poverty, to self-empowerment, to active participation, and have a voice.

In today's fast changing socio-economic scenario, the need for innovative thinking and creative ideas is increasingly the key to success. This is true too for the co-operative movement. Women are leading actors in innovating at the social and economic level. Promoting gender equality within the co-operative movement is therefore simply smart economics – it injects new ideas, new business, and new social awareness. A mutually beneficial relationship links the co-operative movement and the process of gender empowerment; and this point can not be sufficiently underlined.

Another areas which in our opinion is also relevant is the need to promote stronger collaboration among the different sectors of co-operative activity in order to create a whole system to strengthen women's business. This will promote synergies, partnership, mentoring and expand market opportunities both within the same country and outside.

Co-operatives enable small scale entrepreneurs with limited resources to make the first small investments for their start-up businesses; they can create economies of scale and broaden the access to markets. As we know, the co-operative model of enterprise is based on collaboration rather than on competition and this is particularly suitable to overcome isolation through networking women sharing the same experience and seeking ways to address their needs; the collaborative nature of the co-operative model also fosters trust and helps to develop social capital within local communities. The governance model is also a tool that goes beyond the economic aspect and allows women to become acquainted with decisional processes, democratic decision-making, equal opportunities and balance among members. The proposal you will examine later concerning the need to ensure 33% of women at all levels could be a monumental success.

Co-operatives tend to operate through mutually supporting networks within local, national, and international structures, integrating co-operatives that operate in different areas of activity. Also the virtuous dynamic between producers and consumers co-operatives can help building commercial networks for small scale start up businesses.

These are some of the key features related to fostering co-operative female entrepreneurship.

Our experience as women co-operators has shown us that worldwide, through co-operatives, millions of women have been able to change their life improving their living conditions, that of their families' and communities' through self-empowerment and development.

Now it's time for the co-operative movement, as a whole, to be leader to further contribute in removing the visible and invisible barriers which still persist everywhere for women. This must be a common goal for civil society, governments, international community and economic actors as a whole, because equal opportunities for women and men will in turn create more opportunities for all and enable all to share the substantive benefits.

Thank you.

Studies find that if better use were made of the world's female human capital:

- 1) economic growth would increase in all countries;
- 2) the number of people living in poverty would decline in all countries;
- 3) fertility rates would rise in OECD countries and decline in non-OECD countries;
- 4) business performance and innovation would be enhanced;
- 5) the cost-effectiveness of health care and social programmes would be raised;
- 6) government policies would better respond to the needs of all citizens; and
- 7) environmental damage from unsustainable activities would decrease.

This depends on engendered government policies including:

- 1) family-friendly policies to increase the labour force participation of women;
- 2) development assistance policies which promote the economic role of women;
- 3) upgrading the status of and wages for traditional areas of women's work;
- 4) incentives to women to enter science and technology careers;
- 5) increased access to finance and support services for women entrepreneurs;
- 6) gender-specific approaches in health care planning and treatment;
- 7) better integration of women migrants in labour markets and society;
- 8) setting targets and goals for women managers and parliamentarians; and
- 9) giving greater weight to female perspectives in environmental policies

OECD - Gender and Sustainable Development 2008

European Union Road Map (2006/2010)for Gender Equality

1. Achieving equal economic independence for women and men;
2. Gender perspective in social protection and poverty eradication policies;
3. Reconciliation of work, family and private life;
4. Gender equality in decision making;
5. Fighting gender based violence and trafficking;
6. Eliminating gender stereotypes in society;
7. Promoting gender equality outside E.U.