

# Improving Women's Access to Non-financial Business Services

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by

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# This presentation

- Emphasizes the importance of non-financial business development services (BDS) in SME/entrepreneurship policy
- Defines BDS, types of BDS providers, benefits of BDS and keys to success
- Discusses BDS-related issues in relation to women's entrepreneurship development in the MENA region
- Suggests actions to remediate women's access to BDS

# What are business development support services (BDS)?

- DCED (2001): services to individual enterprises that improve their performance, access to markets, and ability to compete – both on day-to-day and strategic levels
  - Training
  - Advice
  - Consulting
  - Marketing support (trade focus)
  - Information
  - Technology development & transfer
  - Business linkages promotion
- European Commission (2002) typology of SME support measures
  - Information and referral - packages, signposting, diagnostics
  - Professional information services (on legislation, markets, sources of financing, technical assistance)
  - Advisory services - business planning, functional areas of business, mentoring, facilitating contacts
  - Training on starting, managing and growing a business
  - Premises - incubators, tech parks, enterprise centres
  - Networks – clusters, supply chains, trade fairs

# What does BDS seek to do?

- Improve the performance of individual enterprises, their access to markets, and their ability to compete
- Raise profitability and enhance growth of enterprises
  - resulting in economic growth, employment generation, enhanced security and income to improve livelihoods
- Add value to goods and services

# Who delivers BDS and how?

## Who?

- Government agencies
- Business and sector associations
- NGOs
- Donors (through projects)
- Women business associations
- Universities
- Private sector professionals

## Through what mechanisms?

- One-stop shops
- Entry points for new entrepreneurs
- Online business resource portals
- Enterprise/entrepreneurship centres
- SME support centres
- Business incubators, tech parks, innovation centres, ICT centers
- Use of standardized training programmes
- Client focused interventions – individual or group

# Why provide BDS?

- To improve contribution of jobs and income to the economy
  - Propelled by enhanced management skills of new and existing business owners, increased access to information, markets, and networks
- To increase the incidence of business start-ups and the success rate of new and existing businesses
- To address market failures
  - Lack of information on markets, rules, regulations, credit, standards, etc.
  - Lack of services (supplier networks, feasibility studies, business training, trade fairs, etc.)

# Why provide BDS?

- Improving the business environment (i.e. regulatory reform) will not address deficiencies in entrepreneurial ability and skill
- Plus, capital alone is insufficient to help underserved demographics overcome credit constraints
  - Approaches that combine financial and non-financial support and build human capital are proving more effective; also reduce risk of lending to actually increase access to financing (YBI 2011)
  - Low-income people need wider range of financial and non-financial services to build self-confidence, increase income, productivity and employment, and to facilitate personal growth of the entrepreneur (ADEMOL 2001)
  - Microfinance clients need to gain the skills needed to successfully continue their businesses (ADEMOL 2001)

# Does BDS have an impact?

- Enterprises with in-depth counselling grow faster than businesses in general, create more jobs, generate more income (and thus taxes) ([www.asbdc-us.org](http://www.asbdc-us.org))
- Rate of success of a new start-up can be improved by a factor of at least 3:1 if the entrepreneur has a mentor (YBI 2011)
- Non-financial support improves the entrepreneur's performance in business (productivity, sales, profits) (YBI 2011)



# Rationale for special targeting of women

- Underrepresented among business owners
- Entrepreneurship is an option to integrate women into the labour force
  - Creates options for employment
  - Reduces poverty
  - Increase economic independence (empowerment)
  - Promotes job creation and economic growth
  - Promotes equity and social inclusion
- Women often have unequal access to resources, skills and experience, opportunities, and business networks ('systemic' biases)
- Often not well served by mainstream business support mechanisms
- All reasons that warrant affirmative action

# Experiences in developed countries

- Developed countries have as much as 20-30 years of experience in supporting women's entrepreneurship
  - e.g. US Presidential Task Force on Women Business Owners in 1979
- Evidence indicates that countries with the most systematic support systems for women entrepreneurs have much higher levels of women's participation in business ownership, versus countries with minimal or no support systems
  - US and Canada have international good practices, plus a number of other OECD countries

# Does women-targeted BDS work?

- Gender specific programs and services are critical success factor for nurturing economic development in women-owned businesses (CWB 2010)
- Clients of women's enterprise centres have higher survival rates than non-assisted women's enterprises (AWBC; Orser 2006)
- Leads to incremental job creation and retention at a rate comparing to or exceeding other types of market interventions (e.g. loan guarantee schemes) (Orser 2006)
- Helps fill experience gap that limits women entrepreneurs from growing as fast as businesses owned by men (Orser 2006)

# Advantages of women-focused BDS

- Provide a safe, warm and nurturing environment for women; Stronger on relational aspects, such as enhanced trust
- Provide advice from a 'woman's perspective'
- Sensitivity and knowledge about gender-related challenges of business ownership
- Demonstrate understanding and respect for the challenges women face; Sensitive to the needs of women to juggle family and business
- Emotional and motivational support gives women self-confidence and encouragement
- Takes ideas and concerns of women clients seriously
- Provide opportunities to network with and learn from other women entrepreneurs
- Mediate potential gender bias in SME training and policy interventions
- Consider outcomes in terms of improved self-confidence, life-business balance, and contribution to community, AS WELL AS sales, jobs, number of start-ups, etc.

# The case of the Women's Business Centers in the US

- 110 WBCs across the US (SBA funded)
  - Each center has staff of 6 and leverages volunteer subject-matter experts and coaches to provide client support
  - Offer one-on-one counselling, training classes on basic business skills and advanced business topics, loan packaging, peer mentoring, group counselling, referring clients to other support providers, and in some cases, incubator space
- Assisted nearly 200,000 clients in 2010
  - Number of clients increased 15% over 2009
- In 2010, helped launch 13,300 new businesses, create 36,500 new jobs; supported firms contributing \$1.3B to the US economy
- Women with counselling and technical assistance have significantly higher survival rates than those without similar support

# The case of the Women's Enterprise Initiative in Canada

- Network of Women's Enterprise Centers across Western Canada (government funded) to address the challenges faced by women entrepreneurs
- Offer advice, business planning assistance, mentoring/ matchmaking, networking opportunities, information, referrals to accountants and lawyers (also do lending)
- 2003-2008, provided 28K advisory services and trained 21,000 women
- Assistance leads to new start-ups and jobs, job retention in existing client firms, increased revenues, higher survival rates (than the average)
- 55% of current business revenues attributed to WEC assistance
- Most significant impacts on women entrepreneurs:
  - Helping developing business, management and/or personal skills
  - Increasing access to other programs and services
  - Networking with other women entrepreneurs
  - Accessing information for decision-making
  - Encouragement to start or further develop their own business

# Key to success for WECs

1. Professionalism of staff
2. Support of a strong Board of Directors and extensive base of volunteers
3. Strong linkages with other programs and services (i.e. referral network)
4. Awareness of services among target group (i.e. visibility of the WEC)
5. Ability to deliver services regionally (use of internet, videoconference, satellite offices, etc.)
6. Providing a balance of pre-care, capital, and after-care

# MENA Context

- MENA countries have short history in SME policy and support – mostly since the 2000s
- Generally underdeveloped business support infrastructure
- High degree of informality in SME sector
- Preponderance of microenterprises (less than 5 employees)
- Low participation of women as business owners

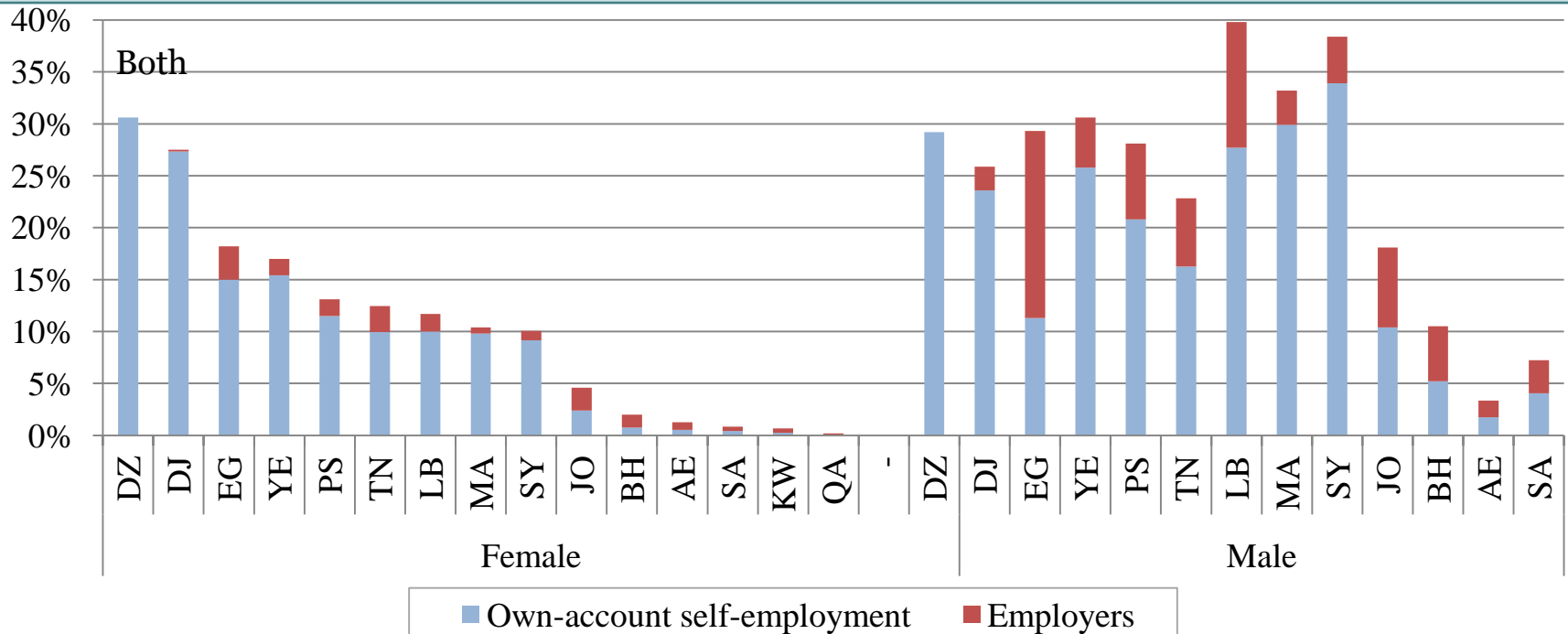


# Constraints to women's entrepreneurship

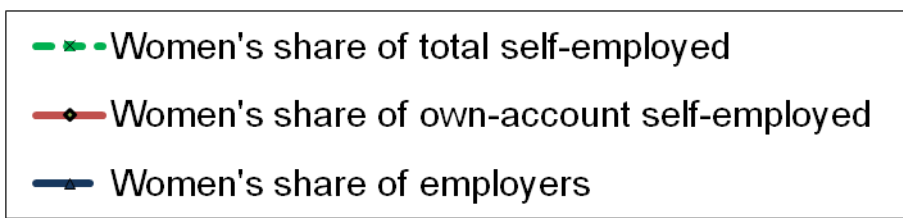
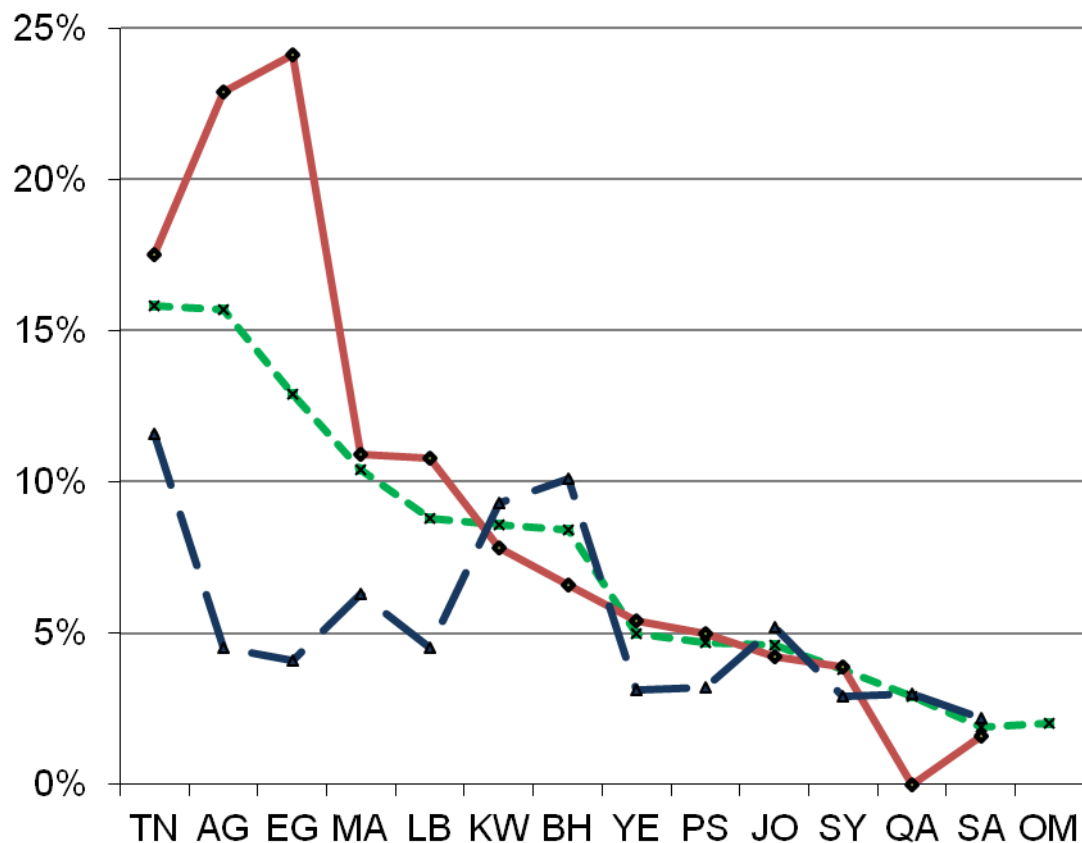
- Culture – accepted norms re women's role in economic life
- Mobility restrictions
- Less business/working experience (low labour force participation rates)
- Gender segregation in labour markets
  - Feminization of labour
  - Discriminatory hiring practices in private sector
- Lack of knowledge about business
- Limited property ownership and collateral
- Customary practices often prevent them from accessing their legal rights
- Limited visibility of female entrepreneur role models
- Limited exposure to business networks

# Women much less likely to be self-employed and to be employers

- Self-employment rates for women average 10.7% (31% in Algeria to less than 1% in Saudi Arabia, Kuwait and Qatar), compared to 21.6% for men
- Employed men more than twice as likely to be self-employed; almost 20X more likely in Qatar
- 25% of self-employed men are employers versus 11% of self-employed women



Source: Country data as reported in Stevenson (2011) in OECD-MENA WBF publication



Source: Country data as reported in Stevenson 2011 (OECD-MENA WBF publication)

## Result is much lower share of women in self-employment activity

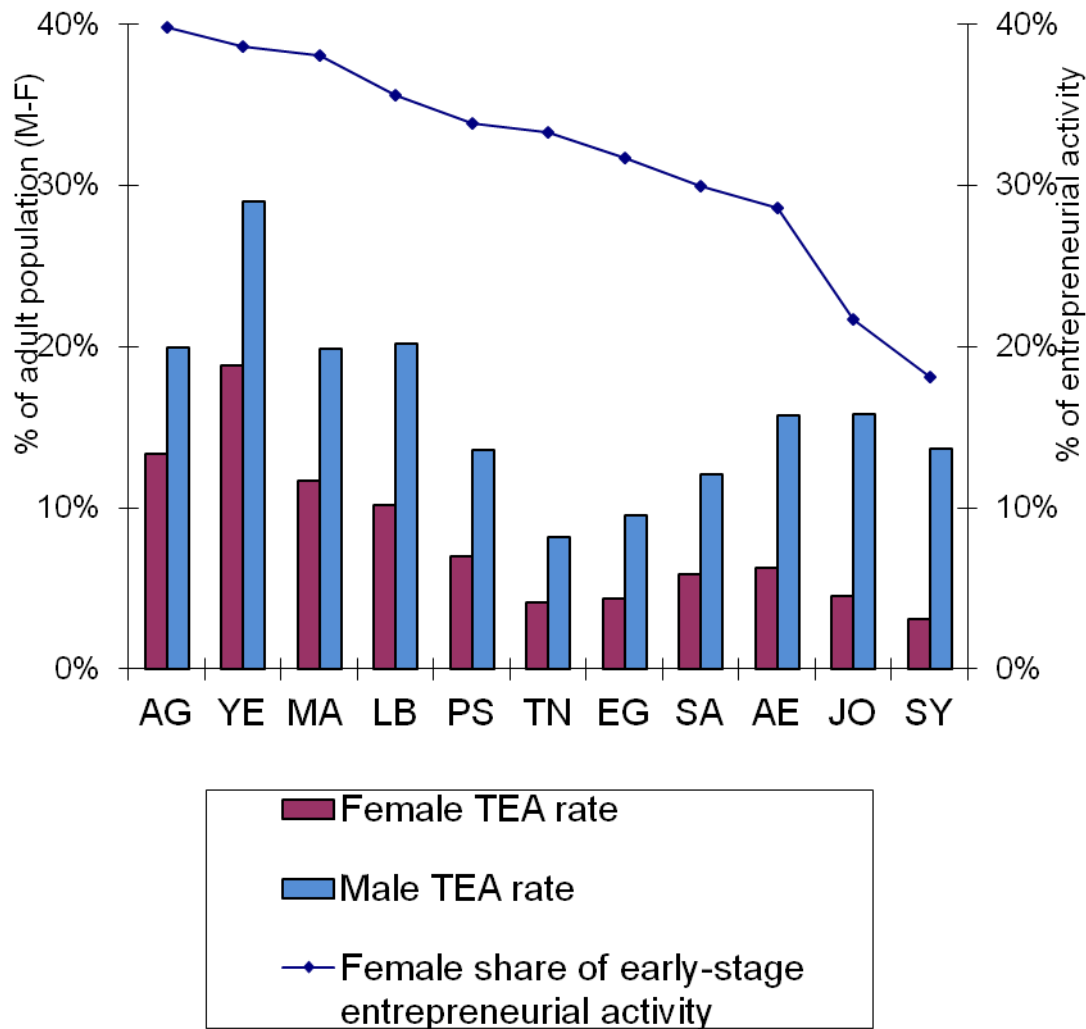
Women's share of total self-employment activity averages 7.5%; ranging from 16% in Tunisia to less than 3% in Qatar, Oman and Saudi Arabia

Women's share of employers averages 5.4%; ranging from 12% in Tunisia to less than 3% in Syria and Saudi Arabia

The larger the enterprise, the fewer women owners are found

Most clustered in own-account self-employment or microenterprises

Not homogeneous – depends on demographic variables, education level, financial resources, past working experience, networks



## Lower involvement of women in entrepreneurial activity

Average of 8.1% of adult women in 11 MENA countries, either actively trying to start a business, or already own one that is less than 3½ years old

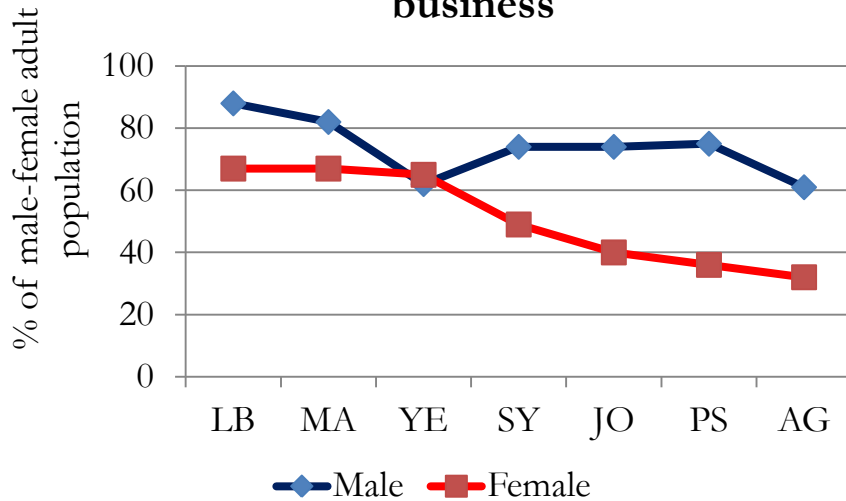
- 18% of adult women in Yemen; only 3.1% in Syria

Average for men is 16.1%: 29% in Yemen; about 20% in Algeria, Morocco and Lebanon; 13.6% in Palestine and Syria; 8% in Tunisia

Women's share of entrepreneurial activity averages 31.7%, from almost 40% in Algeria to 18% in Syria

Source: Global Entrepreneurship Monitor (GEM) data (2010 data for Palestine, Saudi Arabia, Egypt and Tunisia; 2009 data for the rest)

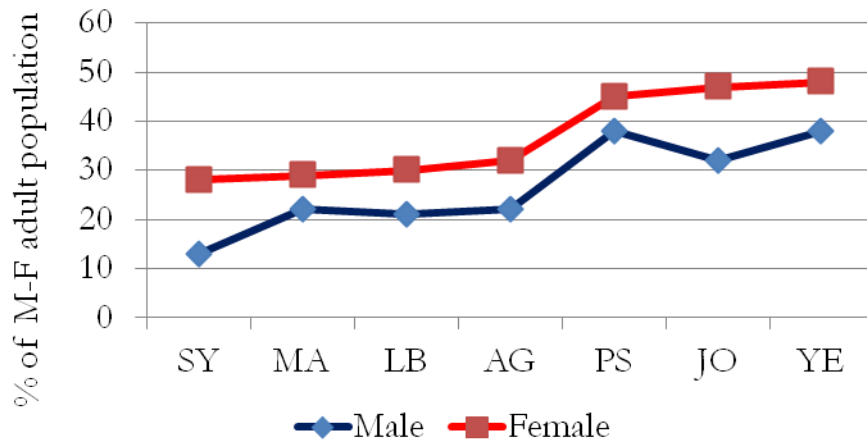
### Has the knowledge & skills to start a business



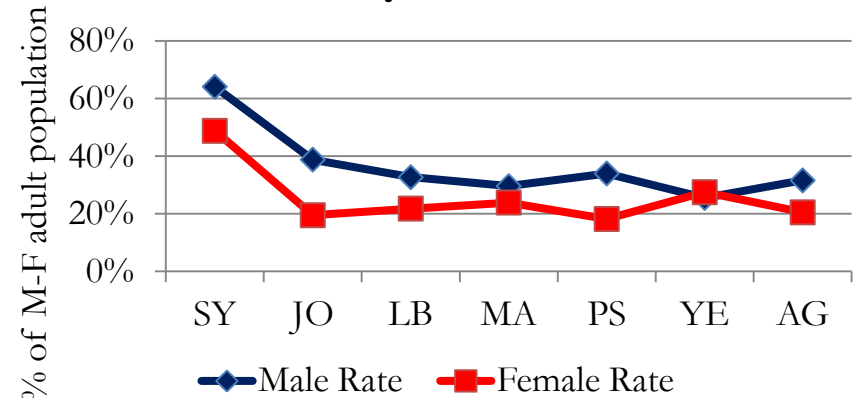
### Compared to adult males in MENA, adult females have:

- Less confidence
- Less experience
- A lower perception that they have the skills required to start a business
- A higher fear of failure (that would impede them in starting a business)
- Leading to a lower level of intent to start a business in the near future

### Fear of failure would prevent from starting a business



### Intent to start a business in next 3 years



Source: GEM-MENA data, 2009

# BDS in the MENA context

- BDS exists, but is underdeveloped
  - Issues of reach, capacity and quality
  - No data on % of women clients/beneficiaries – are women being reached, and to what extent?
- Debate on approaches to reaching women
  - Gender mainstreaming existing BDS services?  
OR
  - Targeting women with tailored structures and mechanisms (e.g. women's enterprise centres, building capacity of women business associations to expand membership and range of services, entrepreneurship training for women only, etc.)?

# MENA women entrepreneurs report low use of training and professional advice

- Entrepreneurship-related training leads to higher intent to start a business, but fewer than 5% of MENA adults are exposed in the education system and fewer than 14% after formal education
- MENA early-stage entrepreneurs much more likely than in other GEM countries to be using personal network for business advice; much less likely to be using professional sources (fewer than 5%)
- Women entrepreneurs in MENA more likely than MENA men to be using personal sources (spouses, parent, other family members) and much less likely to be using professional sources of advice
- *Bottom line: a low percentage of MENA women starting businesses (relative to average in GEM countries), and doing it without the benefit of entrepreneurship training, information, and professional advice that would increase their know-how*

# Possible reasons for low usage could vary

- Is it lack of availability of professional BDS services?
- Is it that low labour force participation rates result in weak association with business networks?
- Is it lack of availability of, or access to information on business opportunities, markets, sources of capital, know-how re starting and growing a business, laws and regulations, etc.?
- Is it gender bias in delivery of mainstream BDS providers?
- Is it that women are intimidated by existing mainstream services?
- Is it lack of access to mainstream BDS services by rural and informal enterprises?
- Is it lack of availability of women-focused BDS providers?



# Conclusions

- Limited examples of BDS initiatives for women in MENA countries, plus weak capacity and low reach (infancy stage)
- Gender mainstreaming of general SME support organisations (also underdeveloped) is important (sensitization, gender training of agents), but takes a long time and NOT sufficient!
- In the meantime, women need tailored entrepreneurship/SME support structures now
  - Good practices in developed countries demonstrate effectiveness of tailored support structures and programmes
  - Needs combined efforts of women entrepreneurs and their associations, governments, and non-government organisations to sustain

# Suggestions for MENA countries

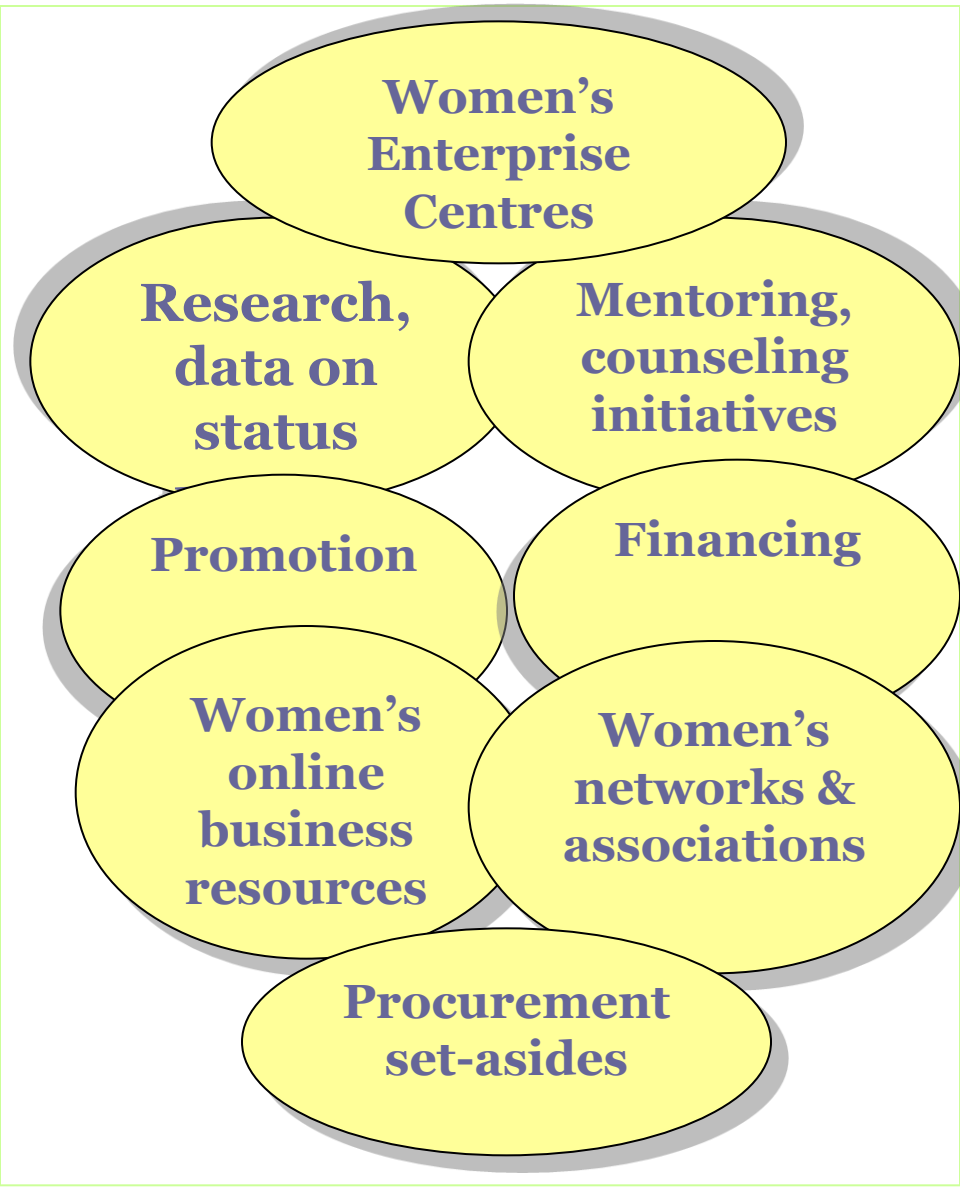
1. Develop *integrated framework* for supporting women's entrepreneurship, *coordinate actions* of key stakeholders around this
2. Carry out *BDS needs assessment* of women entrepreneurs (actions that would address barriers to start-up and growth, needs of different groups of women)
3. *Invest in infrastructure* to provide women enterprise centres, advisory and information services, women's incubation projects, expansion of good practice entrepreneurship training to women
4. *Combine BDS services with microfinance delivery* as way of improving the performance of a large number of women with microenterprises
5. *Build capacity of women business associations* to set up mentoring and outreach facilitation services
6. *Integrate entrepreneurship in the education system* to increase know-how of potential women entrepreneurs
7. *Profile and promote good BDS practice initiatives* for women from among MENA countries (based on evaluations of economic and developmental impact)

# To increase women's role in entrepreneurship, need integrated support framework

Government Office  
"champion"  
Legislative action  
Advocacy efforts

**Stimulate  
higher startup  
and growth  
rates among  
women**

Gender sensitivity of mainstream  
support organizations



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