

COMMONWEALTH SECRETARIAT

Small & Medium Enterprise Development



Women, it is generally agreed, make a significant contribution to local and national economies all over the world but this fact is largely ignored or not given due recognition in national income and other statistics. Women are also largely excluded from economic decision-making at family, community, local and national levels.

The potential impact of small and medium enterprises (SMEs) on women's economic and social development has been studied by academics, development agencies and policy makers over the past two decades. The basis of this interest has been a growing belief that through support for women's small enterprise development and entrepreneurship, wider developmental goals and targets can be met. These include poverty reduction, improved health of families and communities, improved literacy and educational achievements, women's empowerment and wider economic development.

Given these arguments and beliefs, many donors and NGOs have focussed their effort on supporting the development of women's enterprise, although this has largely been at a micro level. There have been a very large number of projects throughout the world aimed at increasing women's participation in enterprise with funding made available to provide support through training, advice and credit.

It must be recognised, however, that women engaged in small-scale enterprise do not operate in a vacuum and must survive in a market place that is changing. They will inevitably find themselves having to compete in a market that is becoming increasingly global. Local women engaged in tailoring will have to compete with internationally based clothing manufacturers, those making cosmetics and soap will have to compete with the giants in the

This series of briefs is being developed by the Commonwealth Secretariat and International Labour Organization to assist colleagues at headquarters, field offices and projects, as well as project managers, to integrate a gender analysis into the design and implementation of their programmes and projects in the broad field of sustainable development. 'Gender' refers to the relationship between women and men, to the ways in which the roles of women and men, girls and boys are socially constructed and the ways in which societies are divided on the basis of conceptions about the status, expectations, and capabilities of women and men.

cosmetics industry, and those selling goods in the market place will have to compete with the wider availability of products made and sold around the world. The consumer is demanding access to these international products and will make choices between those that are locally made and those he/she sees advertised and promoted on a huge scale.

As yet there have been few studies that examine the impact of globalisation on women's small-scale enterprise. Commonwealth Ministers responsible for Women's Affairs, at their meeting in April 2000, made a recommendation that this issue be addressed. They also noted the impact of globalisation on the 'weak and vulnerable economies and especially on women and children'. In particular, the Ministers commented on the negative effect that globalisation has had on the informal sector that offers employment and provides livelihoods for many women.

To date, much of the focus of women's SME programmes has been on the poor and marginalised, with support targeted to assist women develop an income stream from a trading activity.

Given the added difficulties of competition and the changing demands of the customer, the expectations of increased wealth from SME activity may not be met. Without strategic support to help them compete, many women may continue to struggle on the margins.

Despite the potential challenges for women's SME development in the wider context of trade liberalisation, there are still enormous benefits to be gained from women's participation in enterprise. There is potential economic benefit to be gained by families, communities and countries from women's entrepreneurship.

Gender and SME Support for Women – Barriers and Challenges

Recognition of women's potential contribution has resulted in a major shift over the past twenty years towards women as a key target group for programmes using SME development as a way to achieve wider poverty reduction and economic development targets. Despite this strong focus, many programmes have failed to adequately address gender imbalances and achieve real gender equality, with women and men able to enjoy equal opportunities and access to SME development support. Well-meaning policy statements will not bring about real change unless

they are backed up with appropriate strategies and operational practices. Gender equality is not simply about increasing the number of women who access support for SME development. Unfortunately, there appears to have been a wide reliance on quantity as a key success indicator. Many programmes use a simple measure of the number of women involved to judge the performance and success of gender equity targets. Wider issues are often ignored or not understood. For some, women being helped out of poverty through small-scale enterprise is a legitimate strategy, but to effect gender change where women can achieve real economic power is possibly still too worrying to some governments and organisations.

Over-Reliance on Micro-Credit as a Mechanism for Achieving Gender Equity

Whilst the availability of credit has clearly been a critical factor in the development of women's enterprises, there is a growing recognition amongst support agencies that the availability of micro-credit on its own does not necessarily lead to successful enterprise and increased income.

Small-scale entrepreneurs need more than money to start up an enterprise and survive in the market place. They need access to strategic support that takes account of their needs and the complexity of SME development, as well as the markets within which they operate.

To date, most of the focus of support for women's enterprise development has been on the start-up of new enterprises through the provision of small-scale loans or short training programmes. There has been significantly less emphasis on supporting these enterprises and helping them to survive beyond basic start-up, and to compete in changing markets or achieve planned business growth.

Enterprise development is a complex issue and demands long-term and highly individual and flexible support if it is to achieve the impact that is the aim of many SME programmes. Women's SME development is still largely concentrated in low margin, competitive markets where women struggle to achieve profits.

One Government-run programme that provides support for new and developing SMEs recognised that its services were largely taken up by men and that women were not being targeted in strategic plans. The number of women accessing support was extremely small and it was agreed that this must be addressed.

With support from a donor agency, a training programme was designed and delivered that sought to build the capacity of SME support staff to develop and deliver women-friendly and gender-aware support that understood, and took account of, the different circumstances of women as compared to their male counterparts that resulted from the additional social and household/family responsibilities women had to meet.

Whilst this was clearly a major step forward, the plan failed to address some of the core issues of institutional gender awareness. Only the relatively small number of staff who received the training were aware of the wider issues involved in delivering support for women's enterprise. In addition, all the senior officers and approximately 98 per cent of the staff who were actively engaged in support delivery were men, who were very unused to working with women as clients. In addition, no extra funds were made available to develop the range of services for supporting women's enterprise. Thus, the institutional reform that would have been necessary to achieve a gender-sensitive strategy never took place.

The female clients lost out in that only a small percentage were able to receive support from trained staff, and the trained officers were themselves struggling to operate without the necessary institutional support. The key lesson from this experience, which is by no means unusual, is that development organisations cannot achieve gender equity in their service delivery unless they also make fundamental changes in their own working practices, structures and culture.

A key programme of support for women's micro enterprise was developed by one Commonwealth government department and supported by a range of donors who assisted in the programme design. The programme sought to encourage 4,500 women living in rural areas to set up and run small-scale income enterprises with assistance from community workers who had received some training in enterprise development and credit control.

The programme placed strong emphasis on the credit aspects of the support and there was very little enterprise development support other than a short training course linked to the access to credit. The support workers were each required to provide support for up to 80 women who were engaged in individual income generating activities, as well as sometimes working in small groups.

Overall, the reliance on credit, while allowing women to operate at the margins and develop some income generation, did not offer a comprehensive range of support and therefore women were not expected to do more than generate income for survival.

The women involved largely chose to engage in similar activities and therefore created more tensions in an already saturated market. The overstretched development workers did their best to support these women but their ability in terms of time and skills could not offer the more detailed support required to take any of these small-scale activities beyond a subsistence level and to help women to compete successfully.

For many women, SME development is less about enterprise, life choices and empowerment, and more about survival on a day-to-day basis. The dream of being a woman owning and running her own small-scale enterprise can rapidly change to a daily fight for economic survival.

For many women, micro-finance and small-scale enterprise is not empowering. It can be marginal and can increase tensions in the family, and create contradictions between the need to generate an income, repay loans and fulfil wider family and community responsibilities.

Overall, women have yet to be accepted as being competent to own and manage successful businesses. By focusing on women's enterprise as an anti-poverty measure, it is possible to overlook how women can access mainstream support with policies and measures

designed to achieve equitable opportunity.

Successful Support Strategies

Over the past twenty years, and despite the difficulties, there has been a growing understanding of the role that finance plays in supporting the development of women's enterprise. A range of funds has been established throughout the world to widen access for poor people, particularly women, to micro-credit and thereby to income generation through enterprise.

The pioneering funds of the Grameen Bank, and Bangladesh Rural Advancement Committee (BRAC), K-Rep in Kenya and Bancosol in Bolivia have all demonstrated that poor women can, and will, borrow money, make interest payments and repay loans in a responsible manner.

Indeed, it is the view of many funders that women are more responsible and conscientious borrowers than men and will make every effort to honour their commitments to pay interest and repay capital borrowed. The experience of very low default rates for funds that make loans to women has made the creation of micro-credit funds a very attractive option to donors who see their finance revolving and reaching a larger number of women.

In turn, the wider availability of micro-finance has been a significant factor in the development of small-scale enterprises run by women, and poor women in particular. Without access to credit on terms that are appropriate to their needs, it is unlikely that the growth in this sector would have had the same impact.

These funding organisations have learned lessons and developed practices for

delivering credit to suit women's specific needs, as well as working towards the overall sustainability of the fund itself. Access to credit and women's enterprise development have become so inextricably linked that, for many NGOs and other support organisations, women's enterprise development is all about setting up and running credit programmes and funds.

Continued access to credit is key to the development of a strong SME sector run by women. However, women must be able to access mainstream banking and finance, and barriers to this access must be challenged. Women need flexible finance that meets the developmental needs of the enterprise. For women to achieve wider goals of empowerment and equality of opportunity, they must ultimately be able to access mainstream services.

Business Development

Women engaged in setting up an enterprise have a range of complex needs; the development of Business Development Services that can run alongside micro-finance is now being recognised by an increasing number of NGOs, donor agencies and governments as an essential part of the overall package of support. Business Development Services are particularly important as the market place becomes more complex, particularly if women are to be assisted to develop marketing strategies that can help them to compete more effectively.

However, to be successful,

Business Development Services must develop their own models of good practice that are based on meeting the needs of the client, in this case women. These services can be a critical factor in the development of sustainable and successful businesses run by, and for, women. This can, and should, go beyond the specific support for start-up and tackle the wider issues of enterprise development and the creation of enabling environments.

Business Development Services can and should assist women to develop their products and effective marketing strategies. If enterprise development is to be more than an income-generating strategy, women must be supported to move beyond the traditional saturated markets and product lines that many now choose. This in itself demands high levels of

competence from the enterprise support staff.

One example of a successful programme developed to provide a wide range of business development support for men and women was designed and implemented by an organisation which is business-like in its approach, and sets targets and plans that include provision of support on a gender equitable basis. The organisation ensures that women are represented at Board level, and that this representation is both meaningful and contributes to the planning processes. The Board as a whole has addressed the gender considerations of its work, and every effort is made to ensure that the Board and senior staff operate within a gender-aware culture and working environment.

The gender focus of Business Development Services is an

essential component of supporting women's SME development that can tackle some of the wider impacts of globalisation on women's enterprises. Effective gender-aware support that recognises and attempts to redress/compensate for the different circumstances and needs of women, as compared to their male counterparts, is required to develop products and services that take account of the marketplace. Without it, women's enterprises will continue to operate at the margins.

Good Practice for Women's SME Development

The Enabling Environment

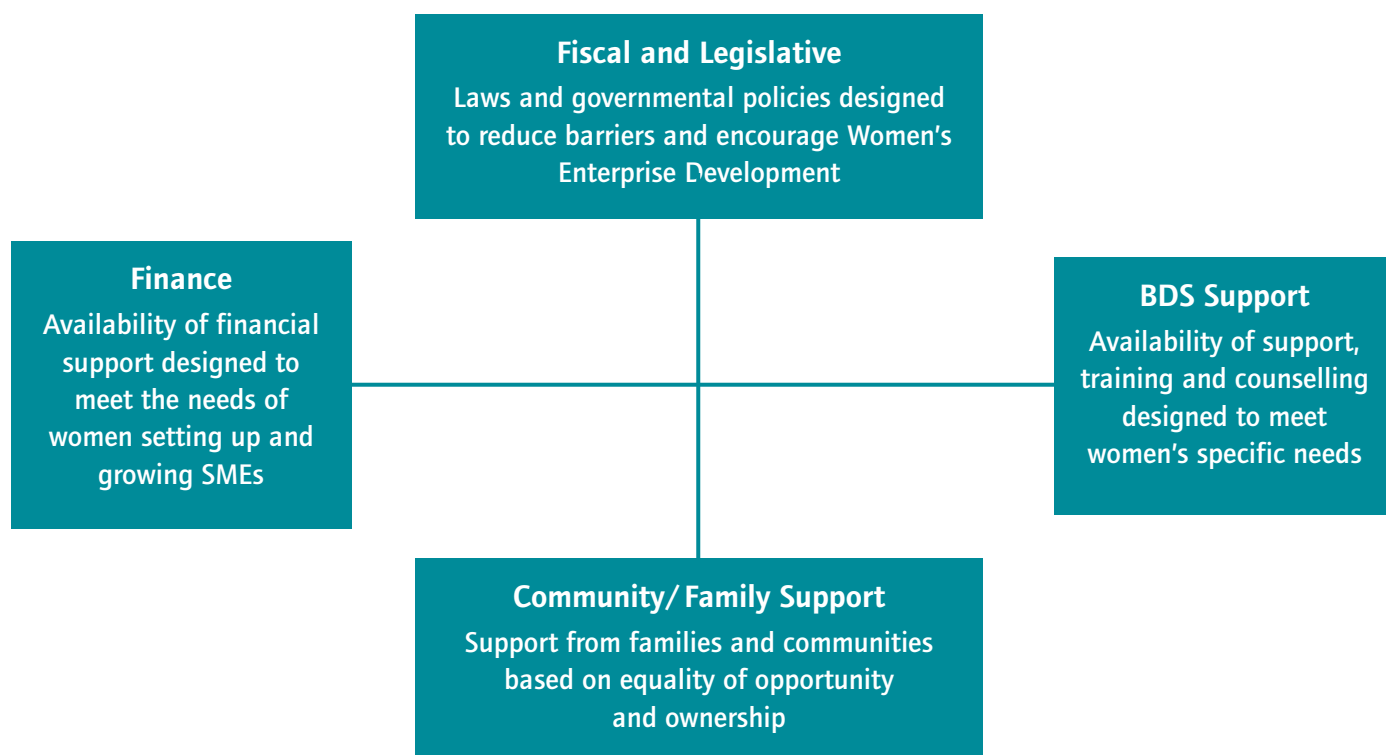
Supporting women's enterprise development may seem a desirable strategy for those supporting economic development, but it is a strategy that can and does

impact upon much wider issues and demands long-term and strong commitment by those offering support. Goetz and Gupta (1996) point out that 'improvements in women's productivity, mobility, access to markets, literacy, social status and control of household decisions take time, require considerable commitment by development workers, a long term investment in local-level processes of social change, as well as a willingness to cope with the sometimes violent and disruptive consequences of challenging class and gender privilege'. The enabling environment has several key components illustrated below.

Fiscal and Legislative

For small business to succeed and thrive in an increasingly competitive market, the state must ensure that barriers are reduced and that an

Good Practice for Women's SME Development



Women's SME Development – Programme Design Checklist

Successful enterprise support depends, to a very large extent, upon the design of support programmes and the ways in which these are delivered. There are key factors that should be considered when planning and designing any support programme.

Does the programme take account of women's practical needs as well as setting targets for SME support?

The programme design should take account of women's roles and responsibilities within the family and wider community. This may mean that programmes of support must plan around the time demands of those responsibilities.

Will the women as a target group have the support of their community and families to take part in the programme?

In some cases, the support must come on an individual basis from a husband or father, or it must come from the wider community and community leaders. As part of the programme planning process, there must be an evaluation of the levels of support, and strategies for overcoming resistance should be developed. This is often best done through working directly with the community or families and involving them fully in the planning process.

Has the programme design taken account of any fiscal or legal barriers that may prohibit women from achieving the programme targets that have been set?

It is essential that, as part of the overall programme design, consideration should be given to any fiscal or legal barriers that may exist and that every effort is made to ensure that women can overcome the challenges these pose when setting up and running an SME.

Who will deliver the support, and do they have the overall competence and awareness of the different circumstances and needs of women and men to deliver a programme targeting women's small enterprise development?

It is essential that those delivering the support not only have the full competence to deliver the specific support, for example training in business development, advisory SME counselling or small-scale credit, but that they are also fully aware of the gender aspects of enterprise development and operate from within an organisational culture that understands and takes account of the different circumstances and concerns of women and men.

Does the programme take account of the wider enterprise development needs for skills training and development, SME advice and counselling, and access to resources?

A programme can focus on a single intervention but should consider how the women as clients will access wider support. It is essential that any SME can have access to wider support and draw upon advice and counselling, and that it can have access to skills and enterprise management training, as well as to a broad range of resources, including equipment, premises, transport and credit.

enabling fiscal and legislative framework is in place. In addition, women must have legal rights to ownership of property and control over their business decisions. Women must be able to take legal responsibility for property and loans, and enter into contractual agreements in their own right with a range of bodies that form the support framework for small business, including banks. If women are denied these rights, then their ability to develop their enterprises will be limited. Even if legal rights of ownership exist, it is not uncommon for women in some countries to be denied ownership at a practical level by family and/or community customs and culture.

Access to Appropriate Business Development Support (BDS)

In addition, women must have access to a wide range of business development support, including training, advice and counselling delivered by competent advisers who themselves have a strong commitment

to women's economic development and an understanding of the constraints that women often have to overcome when setting up and running an enterprise, due to the different 'traditional' structural and social expectations and responsibilities of women and men. The Committee of Donor Agencies for Small Enterprise Development (CDSED) in the *Business Development Support Study Report* (2001) identify eleven principles of good practice for donor-funded BDS interventions. Amongst these is the recognition that Business Development Services must themselves be business-like and demand led and that the best BDS organisations are those that are like SMEs in terms of people, systems and values. This in itself demands high levels of competence from the enterprise support staff.

Access to Finance and Financial Services

Continued access to finance is key to the development of a strong SME sector run by women. However, women

must be able to access mainstream banking and finance, and barriers to this access must be withdrawn. Women, like anyone else running an enterprise, need flexible finance that meets the enterprise's developmental needs. For women to achieve wider goals of empowerment and equality of opportunity they must ultimately be able to access mainstream financial services.

Community and Family Support

For a woman's small enterprise to succeed, she must have the support of her family and community. This includes both the practical support required to make the venture possible, such as time and access to resources, and the psychological support that will give her the confidence and freedom to try things out and move forward. If this support is denied, then it is difficult for the woman to have the necessary time and strength to develop and run the enterprise, raise the resources required and to control the decision-making.



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Suggested further reading

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