



PHOTO: WINROCK INTERNATIONAL

Challenges for women entrepreneurs



MASUDA M RASHID CHOWDHURY

Throughout the world, in any development undertaking of a nation, women's empowerment is an inevitable part of economic development discourse. Since women's empowerment depends on taking part in various development activities, it is therefore observed that the involvement of women in various entrepreneurial activities has empowered them in social, economic and cultural fields. In Bangladesh, women constitute above 10 percent of the total number of entrepreneurs in the country. Many women have surpassed their male counterparts in the small and cottage industries, especially the handicrafts sector; while many courageous entre-

Though various initiatives exist, challenges of inadequate capital, sales promotion, permission for starting a business, gender discrimination, illiteracy, lack of business knowledge among women, non-availability of training programmes and technical support, lack of managerial experience, continue to create problems.

preneurs have excelled in Small and Medium Enterprises (SMEs). Women have ventured in RMG, light engineering and pharmaceuticals, guiding others to compete in a man's world. However, despite recent progress in advancement and empowerment, the majority of women still remain vulnerable to poverty and social deprivations. Women entrepreneurs are in a less favourable position compared to men in terms of accessing commercial credit from formal financial service providers, more lucrative markets than the traditional local ones, and technology and information to establish and grow their businesses.

Women entrepreneurship has been recognised as an important source of economic growth, creating new jobs for themselves and others and providing society with different solutions for management, organisation and business problems. They still represent a minority of all entrepreneurs, facing gender-based barriers to starting and growing their businesses, such as discriminatory property, matrimonial and inheritance laws and cultural practices; lack of access to formal finance mechanisms; limited mobility and access to information and networks, etc.

Women's entrepreneurship can make a particularly strong contribution to the economic well-being of the family and communities, poverty reduction and women's empowerment. Bangladesh is a developing country, and the women of Bangladesh are deprived and discriminated for many reasons. But it is an optimistic turn of events that they are now in a position to empower themselves.

Women entrepreneurs of Bangladesh

Through the years, Bangladesh has achieved excellence in its economic order, educational development, social changes and living standards. The dark ages of keeping women behind doors have given way to female empowerment, through educational and income earning opportunities. The greatest advancement is observed as women's increasing participation as entrepreneurs, within Bangladesh and also in the international arena. Women have braved family and social systems to venture into entrepreneurship both in the urban and rural areas. The business activities differ but the performance is commendable against the social and cultural restrictions for women in Bangladesh, including the tremendous odds surrounding the socioeconomic order.

In Bangladesh, women entrepreneurs have an edge over male entrepreneurs which matters to investors. One of the most obvious reasons to invest in women leaders in Bangladesh is that women control the vast majority of household spending. So unless the business is one that is focussed mostly on men, women are more likely to understand the customer's perspective. Women are often better at building long-term relationships than men. Lasting relationships benefit a business tremendously, as much as can be achieved with trust between employees, customers, suppliers, shareholders, government, etc. Since entrepreneurship is a critical driver of innovation and economic growth, fostering entrepreneurship is an important part of

economic growth strategies in many local and national governments around the world.

Female entrepreneurship in Bangladesh has witnessed many a transformation. Initially, business ventures were taken up by the educated upper class men who invested their own money to build fortunes. Then educated women followed and a few have made a significant mark over the years. Many uneducated women today are enthusiastically raising family incomes through micro ventures and reinvesting their earnings in their families and communities. These women also inspire other women in their localities to pursue their dreams through entrepreneurship at the grassroots level. Even though they do not undertake their businesses at a commercial level, they are breaking barriers and inspiring other women to become self-reliant.

Like other developing nations, Bangladesh has been focussing on the most disadvantaged group in the society—women. Realisation that a society cannot afford to waste half of its human resources by discrimination on grounds of sex has gradually dawned. This increasing awareness on the part of the government has led to the adoption of national policies to facilitate a development process involving women in all spheres particularly in economic activities focusing especially on entrepreneurship development. The majority of women are not only poor, but also caught between two vastly different worlds—the world determined by culture and tradition that confines their activities inside family homesteads, where they are regarded more as a commodity necessary only for bearing and rearing children, and the world shaped by increasing landlessness and poverty, which places them outside the home into various economic activities for survival. Women entrepreneurs, who have accepted the challenges of life and have emerged as leaders in the socioeconomic development in Bangladesh, earn for themselves and for their families or contribute towards the socio-political development of the women.

Constraints and challenges

Women entrepreneurs commonly face many obstacles when building a business. Three common obstacles identified as the most challenging are: overcoming bureaucracy, hiring talent and acquiring financing.

Entrepreneurship was once considered a man's domain, but the tide has shifted. Although more women are becoming entrepreneurs, they often face a set of challenges not typically shared by their male counterparts.

Some of the key challenges faced are:

1. Defying social expectations
2. Limited access to funding
3. Owning your accomplishments
4. Building a support network
5. Balancing business and family life
6. Coping with a fear of failure

Issues of economic problems, family-related concerns, social constraints, and other limitations faced show that women involved in various small and medium enterprises have to undertake the challenge to work in a male-dominated society and a competitive, complex business environment.

Though various initiatives exist, challenges of inadequate capital, sales promotion, permission for starting a business, gender discrimination, illiteracy, lack of business knowledge among women, non-availability of training programmes and technical support, lack of managerial experience, continue to create problems. Personal qualities such as hard work and perseverance, management skills and marketing skills, and support provided by their spouses or family are the main reasons behind the success of the women entrepreneurs. The level of participation of women in mainstream economic activities remains insufficient and the percentage of women in business is still much below that of their male counterparts, especially in rural settings where women lack assistance in the access to credit, provision of skill training, and market facilities.

Mainstreaming problems of women in industrial activities hampers women's contribution towards economic growth and their empowerment. To support women's entrepreneurship development in order to release their creative potentials as entrepreneurs, innovative and specialised support services are needed. Specialised funds and programmes are undertaken to facilitate credit towards small businesses, but in practice, entrepreneurs are required to offer collateral to guarantee loan repayment, which creates problems. Majority of women do not possess any assets and cannot formally offer the necessary securities against loans.

The challenging situation of women's entrepreneurship in Bangladesh is due to the complexities in the social environment and administrative structure. Many social and operational constraints continue to restrict women from starting and running economic enterprises.

Training opportunities by government and NGO facilities exist for entrepreneurial development, are not available everywhere. The majority of rural women have little knowledge on

entrepreneurship development.

Sometimes for reasons of personal requirements or the welfare of their families, the need to earn instigates women towards entrepreneurship. However, most of them have little idea about maintaining a business, production, acquiring raw materials, marketing techniques, book-keeping, and obtaining warehouse requirements.

Starting a venture is risky as acquisition of business financing is a major challenge. Women entrepreneurs overcome this obstacle by minimising inventory and factoring receivables since the majority of women are lone actors struggling to get small businesses off the ground.

Uneducated women entrepreneurs, especially in rural areas, still do not have access to technical and financial support that can give a boost to their businesses from the domestic level to the commercial. There are cultural and societal norms that hinder equal participation of women in ventures.

Acquiring funds through traditional sources such as bank loans also have various problems. Most rural women have lower access to banks. They use personal or household savings, or borrow from friends, relatives, or even money lenders at high interest rates. Urban banks don't assist most women due to a lack of references. Banks require guarantees for female entrepreneurs' business loans and most husbands are not supportive in this regard. Sometimes husbands force their wives to share the loans for household requirements, creating problems regarding business finance and loan repayment.

Bangladesh Bank's circular of providing a BDT 2 million loan for women's businesses did not have many takers. Despite repeated requests, none of the entrepreneurs has obtained this loan from banks.

Restriction of business activities in Gulshan and other areas of Dhaka in 2016 had created great problems for entrepreneurs. The massacre at the Holey Artisan Bakery and incidences of militancy and terrorism have created restrictions for business in different identified areas. Many women had to close down their business activities, leading to great financial loss caused due to the introduction of the new law on business operation restrictions.

Participation in international trade fairs abroad has become a serious problem for women due to the extremely high rate of fees set by the Export Promotion Bureau. This has created financial problems for entrepreneurs who had produced their