

# Women Entrepreneurs

Catalysts for Transformation

by Diane Chamberlin Starcher



ebbf mindful people meaningful work }



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## **Women Entrepreneurs**

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## INTRODUCTION

From Bangladesh to Paris and from Nairobi to New York, we see everywhere an important growth in women's entrepreneurship. The profound structural changes taking place in the economies of the developed world provide new opportunities for women. Manufacturing is in decline, but the rapidly developing services and information industries are burgeoning a new technology, and instantaneous communications. As a result, new ways of thinking and doing are given a hearing. At such a conjuncture, the leadership style of women and their special capacities and qualities appear especially valuable.

In addition to structural transformation, changes in values also are taking place. As Naisbitt and Aburdene observe in their study of corporate change, "Significant change occurs when there is a confluence of changing values and economic necessity."<sup>1</sup> The authors feel that women will transform the workplace when they seize the opportunity to express, rather than suppress, their own feminine values.

Changing sociological factors also encourage more women to enter the realm of the workplace. Since the Second World War, there has been a growing influx of women into Western labor markets, motivated in part by their felt need for financial independence and self-sufficiency. Other factors include the inadequacy

of one paycheck today to meet the financial needs of many middle-class families, a growing divorce rate, and an increasing number of women as heads of household. Moreover, changing values and attitudes toward paid work also encourage some financially secure women to seek self-realization outside the home.

This emerging pattern in the West has found an echo in the developing world as well. In country after country, development agencies have discovered the importance of women's contributions to the local economy and their potential as key actors in promoting sustainable development at the grass roots.

Whether in the West or in the developing world a growing number are emerging as entrepreneurs. These are people who choose, for their own account, to organize and manage the resources of their own companies and assume the financial risks inherent in doing so in the hope of eventually earning a profit. For low-income women, the primary motivation is to generate income. But for many women entrepreneurs, such other objectives as self-realization or doing something worthwhile are as important as profits. At one extreme, their enterprises may be as small as their own part-time work. At another, they may grow into such large enterprises as The Body Shop, an international chain of natural cosmetics founded by Anita Roddick.

This article discusses the contributions to society of entrepreneurs, both male and female, as well as key elements for their success. Because women in



developing countries view access to credit as one of their greatest need, we shall also look at an example of how this challenge was addressed, then define the characteristics of women entrepreneurs and their companies in the wealthier nations. In this fast-changing developed world, some dynamic male-led companies are transforming their structure and functioning. One result is a convergence of a new model of management and the leadership style of women. Finally, we shall examine some of the particular challenges and difficulties faced specifically by women.

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# ENTREPRENEURS

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## THE ECONOMIC IMPACT OF ENTREPRENEURS

Entrepreneurs, both male and female, play a vital role in creating wealth and jobs. In the face of global competition, many large manufacturers are restructuring and laying off workers at an unprecedented rate. The resulting high levels of unemployment are of great political, social, and economic concern. And yet, in this unstable economic environment, entrepreneurial firms turn out to be creators of jobs. Firms with fewer than twenty employees provide a quarter of all jobs. And a growing number of these small, new companies are led by women.

Entrepreneurs are innovators, and innovation stimulates general economic growth. Towns that once depended upon a single large manufacturer now recognize the wisdom of attracting small entrepreneurial companies. The resulting diversification contributes to the stability and resiliency of the local economy. Increased local ownership also adds stability, since people who live and work in a community and who serve their neighbors have a personal stake in its well-being. In addition, entrepreneurship is a means of providing economic opportunity

for disadvantaged groups, including women, low-wage earners, and minorities.

Women entrepreneurs make another important contribution to economic development by creating wealth as well as jobs. The Center for Women's Business Research in the United States found that the growth in the number of majority (51% or more) women-owned firms, between 1997 and 2006, was nearly two times the rate for all U.S. privately-held firms (42.3% vs. 23.8%), employment grew faster (0.4% vs -1.2%), and revenues also increased faster (4.4% vs. -1.0%). However, women's privately-owned businesses tend to be smaller than those of men. Only three percent of women-owned firms generate revenues of \$1 million or more compared with six percent of men-owned firms.<sup>2</sup>

As of 2006, there were an estimated 10.4 million privately-held 50% or more women-owned firms in the U.S. They account for two in five of all privately held firms in the country, (41%), generate \$1.9 trillion in annual sales and employ 12.8 million people nationwide. In contrast, the largest public firms, the so-called Fortune 500, have been shedding workers. Three million manufacturing jobs have been lost in the U.S. since 2001.<sup>3</sup>

## KEY ELEMENTS OF ENTREPRENEURIAL SUCCESS

A given in achieving success is a cultural environment which is favorable to entrepreneurial activity. In parts of the world, entrepreneurs must operate in a hostile atmosphere, one that equates entrepreneurship with dishonesty and a 'Mafia' mentality; in other areas, however, the perception of the role of entrepreneurs is positive, thereby encouraging the drive and innovations of entrepreneurs who contribute significantly to economic development.

Governments play an essential role in fostering conditions for success. They can do this by creating a stable macro-economic environment, by reducing such barriers as arbitrary restrictions and a meddlesome bureaucracy, by providing the necessary infrastructure of reliable communications, transportation, energy, and technology, and directly supporting creation of new enterprises.<sup>4</sup>

Individual entrepreneurs may have little influence over the cultural and business environment in which they must operate, but they are free to choose their moral and ethical behaviors. Ethics is concerned with morally right and wrong actions; it is based upon the universal values that underlie the teachings of the world's great religious traditions. Among ethical values pertinent to business in general and to entrepreneurs in particular are honesty and truthfulness, as well as trustworthiness

and reliability, respect for others, justice, and an attitude of service.

Good ethical behavior is becoming recognized as good business behavior. Combining the two requires applying one's personal ethical standards to the problems of business. Business ethics can be divided into three categories: the choices one makes concerning law, choices about economic and social issues not defined by law, and choices involving one's own self-interest. Wise and ethical business decisions depend upon one's business obligations and reflect one's consciousness of moral and human values.<sup>5</sup> Entrepreneurs depend very much not only upon loyal customers but also upon the collaboration of bankers, suppliers, partners, and employees. Consequently, they have the greatest chance of long-term viability if these relationships are based upon honesty, fairness, reliability, quality, and service.

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# THE RISE OF WOMEN ENTREPRENEURS

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## THE DEVELOPED WORLD

In the world's wealthiest countries, there is great diversity of characteristics shared by women who are entrepreneurs or who aspire to create their own economic activity. Some already are professionals or well-educated people with corporate managerial experience. Others have gained experience through the unpaid work of home management and motherhood. Still others live in a fourth world as the urban poor in wealthy nations and may have little schooling or work experience.

The rise of women entrepreneurs is relatively recent. Before 1970, women entrepreneurs were rare. Since then, however, their increase has been remarkable. An article published under the auspices of Paris-based OECD, the Organization for Economic Cooperation and Development, calls it "one of the most significant economic and social developments in the world."<sup>6</sup> According to the OECD 2004 *Women's Entrepreneurship: Issues and Policies*, women entrepreneurs play a major role in the entrepreneurial economy both in their ability to create jobs for themselves and to create jobs for others.

However, the topic of women entrepreneurship has been largely neglected both in society in general and in the social sciences.

New enterprise creation by men and women differ by country. In the United States women create new enterprises half again more frequently than do men. Since 1990, women in eastern Germany have created a third of the new enterprises. In the Maghreb, embracing Morocco, Algeria, and Tunisia, Muslim women create one in every ten new enterprises.<sup>7</sup>

According to the United Nations Economic Commission for Europe Gender Statistics Databases, women employers and self-employed workers represented between 22% and 45% of total businesses in 2000. Although better quantitative data and statistics concerning women entrepreneurs are required, it is estimated that there are 10 million self-employed women in Europe who may employ 15 million people. In the United Kingdom, women represent 26% of the 3.2 million self-employed and 14% of businesses. In France, according to 2004 statistics, the majority of women entrepreneurs work either in education, health or social services (24.6%) or in services to individuals (21%) or in commerce (18.5%).

## **THE DEVELOPING WORLD**

While women entrepreneurs in both developing countries and developed countries share many characteristics, many more women in the developing world remain

illiterate—although not lacking in intelligence, experience, and wisdom—and live in poor rural communities.

Nonetheless, women have always actively participated in their local economies. In Africa, for example, women produce 80% of the food. In Asia, they produce 60% and in Latin America 40%. In many cases, women not only produce food but market it as well, giving them a well-developed knowledge of local markets and customers.

The majority of the impoverished in the world are women and children. The tiny enterprises undertaken by some of these women enable them to improve the quality of life for themselves and their families. These “micro-enterprises” have begun to attract much attention. Charitable and nonprofit organizations working at the grass roots have found that investing in women offers the most effective means to improve health, nutrition, hygiene, and educational standards. The Foundation for International Community Assistance, FINCA, describes women as the “most dependable, productive, and creative members of impoverished societies.”<sup>8</sup>

**Microcredit lending.** The rich get richer, the poor poorer. Is it possible to break this vicious circle? A solution has emerged that helps the poor improve their lot while building their dignity and self-confidence. This solution—called micro-credits—is considered by many to be a key to sustainable grass roots development.

Take the case of Hassena Bawa in Bangladesh. After her husband died of a snake bite, Hassena Bawa was left penniless to provide for her young son. Working in the



fields, she earned \$5 a week, enough to give her son two meals a day, but leaving very little for herself. Then, a \$50 loan gave her the means to buy a sewing machine. While working in the fields by day, she made clothes for her neighbors in the evening, doubling her income. A second small loan enabled her to plant a vegetable garden. Today Hassena Bawa owns a two room house and her son has finished his schooling. Hassena Bawa is a “micro-entrepreneur”. She was able to overcome a personal tragedy in the loss of her husband because of “micro-credits” from the Grameen Bank.<sup>9</sup>

Organizations that provide small loans for the poor have burgeoned over the last few decades. Far from the important financial institutions of New York, London, and Frankfurt, Muhammad Yunus, an economics professor in Bangladesh, pioneered the concept of micro-credits. In 1983, Yunus founded the Grameen Bank. It was one of the first in the world to specialize in tiny loans to people having no collateral and no credit history.<sup>10</sup> Today, it is probably the best known, having won half of the 2006 Nobel Peace Prize, the other half having been awarded to its founder Professor Yunus.

From a small beginning the Grameen Bank is now entirely self-financing; its borrowers own 94% of its total equity and its loans are financed by deposits of which 58% comes from its borrowers. In 2006, it loaned about \$500 million to its members and had nearly \$600 million in savings and deposits. Since inception it has disbursed US\$6.6 billion. As of 2007, the bank functions in more than 80,000 villages; it serves 7.4 million

members of whom 97% are women, and has an enviable 98% repayment rate. Loans are approved for persons who are members of a group of five people, living in a single village. Because the poor lack collateral to secure a loan against default, the group is made responsible for its repayment. Each group chooses its membership and alternately extends a “carrot” or a “stick” to help each member of the group meet loan commitments. As long as any one of the group’s members is in arrears, other members of the group cannot receive a new loan.

Although the bank loans to men too, it targets women for reasons of social and economic development. It has found that women reinvest in their enterprises and use their income to improve their families’ living conditions, health, nutrition, and education. In contrast, many men tend to spend their income on personal social activities. 64% of the Grameen borrowers’ families have moved above the poverty line.

Among other services, the bank now offers savings accounts, housing and higher education loans, scholarships, loan insurance, and life insurance. It also has a loan program with no interest rate for beggars. The bank also makes major investments in the training and education of its personnel and members. Bank personnel inform and counsel the borrowers and encourage them to follow the four principles of the Grameen: discipline, unity, courage, and hard work. In addition, its own social and economic development projects display notable results in improved health, nutrition, hygiene, and education.

Grameen Phone, a joint venture with Norwegian based Telenor, started in 1997 and is the largest mobile phone company in Bangladesh. It supplies mobile phone coverage to 98% of the population and also provides internet access to its 16 million subscribers. Its Village Phone program furnishes 280,000 women in rural areas with self-employment by providing them with a mobile phone to serve the community, a simple and effective means of bringing modern communications to the people in remote hamlets.

The expansion potential for organizations specialized in loans to the poor is enormous. Estimates of the world market for micro-credits range from \$3 billion to \$20 billion. The demand is clearly huge. At the time of the first Micro-Credit Summit held in Washington in February 1997 (EBBF was an accredited association to the Summit and several of its members were among the 2900 delegates from 137 countries), there were 500 million micro-entrepreneurs most of whom were women. Unfortunately, it was estimated that only 10 million of them had access to financial services beyond their own families or the local money-lender/usurer. To attack this problem, the Micro-Credit Summit fixed a goal of providing credit to 100 million people by means of the development of micro-credit organizations. By 2006, 133 million families had received a microloan of whom 93 million were among the very poor when they started.<sup>11</sup>

The success of Grameen Bank has inspired the creation of other “banks for the poor” based upon similar principles and methodology, in both urban and rural areas

and in the developed as well as in the developing world. Examples include “Acción” in Latin America; “The Women’s Self Employment Project” in Chicago, and “SEWA Bank” (the Self Employed Women’s Association) in India.

Other micro-credit models exist. The scope of their activities varies from a specific socio-economic group in one city to regional, national, or multinational coverage in both the developed and developing worlds. Some provide individual loans rather than group loans or loan only to established enterprises rather than to entrepreneurs seeking to create one. Micro-credit organizations differ in their way of helping people. Grameen Bank makes loans directly to members of a Grameen group. Other organizations guarantee loans made by commercial banks. Still others provide training for preparing a business plan to present to a bank in applying for a loan.

While much of the interest in women entrepreneurs in the developing world centers on the different micro-credit models, growing research on women as entrepreneurs in wealthier nations is generating fresh data about the women participants themselves. Why are they interested in having their own company? In what ways do women and men entrepreneurs differ? Is the organization and functioning of women-led companies different from male-led firms? What barriers and difficulties are specific to women?



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# CHARACTERISTICS OF WOMEN ENTREPRENEURS

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## MALE AND FEMALE ENTREPRENEURS

In 1994 the National Foundation for Women Business Owners (USA) commissioned a research project to study whether or not men and women entrepreneurs think about and manage their entrepreneurial businesses differently.<sup>12</sup> It found that male and female entrepreneurs think similarly but that their leadership styles differ.

The analysis of thinking styles was based upon six different thinking modes: conceptual versus perceptual; logic versus feel; and internal (or reflection) versus external (or action). The most significant result is that entrepreneurs as a group more resemble one another in their thinking than they do the working population as a whole. Entrepreneurs, whether men or women, emphasize conceptual thinking in acquiring information. Where gender differences do show up is in decision-making: men strongly emphasize logic or left-brain thinking; women balance logic with right brain thinking; that is, feelings, intuition, relationships, sensitivity, and values.<sup>13</sup> In their orientation of attention between internal and external, or reflection versus action, men and women

also showed similarity, although women tend to be more reflective and men more action oriented.

Where clear differences emerged, however, was in their management or leadership styles. The characteristics of their styles reflect important differences in adult male and female development. Distinguishing traits of male development are autonomy, independence, and competition; those of women are relations, interdependence, and cooperation.<sup>14</sup>

Helen Fisher, Professor of Anthropology and researcher in human behavior at Rutgers University, spoke at the 2008 World Economic Forum in Davos. She presented her findings that men and women both think and behave differently. Her conclusions were based upon studies of MRI brain scans, genetics, archaeological indications, and large-scale surveys of the behavior of men and women. Not only do male and female brains develop differently, their thinking processes are also distinct. Men think in a linear manner, are more analytical, more focused and concentrate more on the short term and on rules: traits which Professor Fisher calls “step thinking”. In contrast, women generally gather more data, consider their context, think more long-term, and rely also on their intuitive and sympathizing characteristics, all of which represent “web thinking”. These different thinking patterns translate into different behavior. For example, status and rank are important for men whereas women are more comfortable working in a flat hierarchy.<sup>15</sup>

The structure of traditional male-led organizations resembles a hierarchy or pyramid. The most frequent management method in such a structure—whether

military, ecclesiastical, or corporate—is “command and control”. Authority stems from one’s position within the hierarchy. Emphasis is more upon goals and objectives than on the process or the atmosphere in which they are achieved. Relationships are competitive, and power is enhanced through control of information. So information tends to be hoarded rather than shared.

## **THE WOMAN AS ENTREPRENEUR**

Among the particular characteristics of women entrepreneurs are their great diversity, their strong interpersonal skills, and the transfer of “motherhood skills” to the job.

Studies in the developed world show that there is no single “type” of female entrepreneur. Many work out of their homes, and use knowledge and skills acquired in this role. Others are experienced professionals or were managers in businesses before setting out on their own. They differ in social background, educational level, experience, and age.

Women bring to their work strong interpersonal skills. One trait is a capacity for empathy, the ability to view something from another person’s perspective. Women have strong communications skills. They are active, attentive listeners with an ability to sense what is not being said as well as what is. They are collaborative and consultative, intuitive and rational. Rather than giving orders women prefer to lead through influence and persuasion, teaching and guiding. Female entrepreneurs



are “holistic”, inclined to see things in a context. Being responsible for both home and work, they tend to keep the various aspects of their lives in perspective and manifest the same qualities and characteristics whether at work or at home. Nor do they hesitate to ask for help or information.

Motherhood skills are gaining value in management in a working world increasingly buffeted by change. Skills acquired through women’s socialization and their traditional role of tending relationships are being transferred to the workplace. These include the fostering of other people’s development through leading, guiding, monitoring, and sharing information. Women are experienced in balancing claims, in organizing and pacing, and in handling disturbances. A woman’s domestic experience prepares her to live with change and uncertainty, and gives her the capacity of playing several roles, “wearing many hats”.

One particular competency is negotiation. As Barbara Grogan, entrepreneur and founder of Western Industrial Contractors, quips, “If you can figure out which one gets the only gumdrop, the four-year-old or the six-year-old, you can negotiate any contract in the world”.<sup>16</sup> In more serious vein, Leonard Greenhalgh, a professor at the Amos Tuck School of Business Administration at Dartmouth University who has studied the qualities needed in successful negotiations, found that men and women differ in negotiating styles and objectives. Having been conditioned to compete and win in games and sports, men approach negotiations with the objective

of coming out best - winning. Greenhalgh believes that male developmental characteristics and the male objective of winning lie at the root of many of the problems in business and the world in general. Women, on the other hand, approach negotiations with long-term, mutually beneficial and collaborative relationships in mind. For this reason, Greenhalgh would like to see women play more active roles in negotiating international treaties.<sup>17</sup>

Many women business owners use technology as much as men do. They do this in order to create workplace flexibility such as balancing work and home responsibilities or enabling employees to have flexible work schedules or to work off-site.

## **CHARACTERISTICS OF WOMEN-RUN ENTERPRISES**

Having the freedom and power to organize their businesses according to their preferred ways of working, women entrepreneurs do not generally follow the traditional male management model. The typical structure of women-run enterprises is that of a web, in which everyone is in touch with everyone else, with each person a potential resource for everyone else. Female business leaders feel most comfortable in the center of things rather than alone at the top of the pyramid.

The manner in which work is done also reflects women's traditional work which has tended to be repetitive, cyclical and—unlike most male tasks—rarely involves a final goal. Whether it is the African woman who prepares the ground, plants, tends, harvests, stores the crop and then repeats the cycle, or the Western woman whose homemaking and child-care responsibilities are repeated day after day, women are as much attuned to process as to objective. As a result, women as entrepreneurs seek to offer work that is meaningful, relationships that are fulfilling, and environments that provide for individual growth and development.

The work atmosphere of woman-led companies reflect feminine values and the characteristic developmental qualities of women: relationships, interdependence, and cooperation. Thus, one is likely to find a team approach, and even the alternation of responsibilities. According to Edward Moldt, a professor at the Wharton School of Finance and Management, women will soon develop many more businesses in the \$50 to \$100 million a year range because their leadership style of building teams and developing consensus is better adapted to guiding a company through its growth stages than are strategies typical of male executives.<sup>18</sup> Women's leadership models include the traditional role of caring for and nurturing others. Rather than hoarding information as a means of control over others, women leaders encourage sharing as a way of building trust and collaboration.

Although a number of books written by males on business success insist that people will be motivated to work harder if the manager keeps them off-balance and in competition, the editor of a woman's magazine said that her female staff resented such methods and worked less rather than more under those conditions. A successful approach to human resources development for this manager was to see herself as a gardener helping plants develop. With support and encouragement, she found, her employees just blossom.<sup>19</sup>

In such an atmosphere, initiative, creativity, and suggestions are valued and enthusiasm is generated. By paying attention to the quality of relationships, women entrepreneurs are protecting one of their most important assets: their people. Companies that value their workers' knowledge, skills, experience, ideas, and enthusiasm have an edge to deal successfully with the challenges of a turbulent economic scene in which the industrial age gives way to the information age.

## **WOMEN'S LEADERSHIP AND MANAGEMENT**

Faced with unrelenting global competition, instantaneous communication, and an economic environment in upheaval, a number of dynamic male-led companies are adapting their structures and work processes. The emergence of what has been called a new paradigm or model of management has certain similarities to

the characteristics of women's leadership style. The pyramid or hierarchy has been found too cumbersome and slow in responding to challenges, leading some companies to cut whole layers of management. The traditional compartmentalized organization is giving way to cross-discipline teams drawn together for specific projects. For example, new automobile designs, once the province of designers and engineers, now are developed by teams which include representatives from marketing, production, finance, assembly, retail sales, and even customers.

The competitive atmosphere within a company is being replaced by cooperation, consultation, and communications. Responsible leaders are recognizing as invaluable assets the experience, knowledge, and creativity of their people. Through group consultation, each individual's point of view and insight may reveal different facets of a situation. Wiser decisions are more likely to emerge.

Because of rapidly changing circumstances, many male-led organizations are adopting structures and strategies similar to those created by women entrepreneurs who, lacking role models, were guided by their natural characteristics and feminine values.

In the midst of these profound economic changes, there is also a growing desire for a new work ethic by men as well as women. People increasingly aspire to more meaningful work and an environment that promotes such values as cooperation, encouragement, opportunities for personal growth, and a better balance between work and family. All these elements - external forces, the

desire for a new work ethic, and the increased influence of women's leadership ways - presage further modifications in corporate structure and functioning.

## **SPECIAL PROBLEMS AND BARRIERS**

Although men as well as women face difficulties in establishing an enterprise, women have particular barriers to overcome. Among them are negative prevailing socio-cultural attitudes, practical external barriers, and personal difficulties.

Negative attitudes are frequently based upon sex discrimination, so-called gender bias. In dealing with the various stakeholders associated with her company - such as suppliers, bankers, or customers - women often suffer from low credibility. Some men have negative perceptions of women as serious business people; they tend to consider women-run businesses as hobbies.

Moreover, women are sometimes hobbled by governmental laws and institutional policies that reflect these attitudes. In 2008, the U.S. Small Business Administration proposed more stringent standards for women owned businesses than for any other segment of the small business field. The Center for Women's Business Research testified that the United States Federal government discriminates against women owned businesses in its contracts. Although representing more than 50% of Health Care and Educational Services, these

companies receive respectively 7% and 2% of Federal contracting dollars allotted to the field. Women owned utilities firms receive 1% of contract dollars despite representing 14% of all utilities companies.<sup>20</sup>

Difficulties are made worse by such external barriers as lack of access to information and technical expertise or informal networks that exclude women but are important sources of help and counsel for men. Because significant growth in the number of female entrepreneurs is a relatively recent phenomenon, women have few role models and little opportunity for finding female mentors.

One of the most difficult problems has been a lack of access to business loans from traditional banking sources. Women who want to start an enterprise often do not meet the conditions of commercial banks: a positive history of borrowing, property to offer as collateral to secure a loan, and a business “track record”. Further, the amount of money they want to borrow is generally too small for banks to consider; it does not pay to handle loans below 15,000 or 25,000 Euros. An attitude among some male bank officials that women cannot handle money only adds to the difficulty of obtaining needed financing, even though many women often handle the financial matters of their families and have proved themselves to be responsible and cautious borrowers. Not infrequently, prospective women entrepreneurs in the Western world have been humiliated when seeking business loans by being obliged to have their husband co-sign the note. Some women have had to resort to tapping costly credit through their credit cards. For those who persevere—four attempts on average to obtain a

bank loan or a line of credit and 22 attempts to obtain equity capital—twice as many women today are satisfied with their banking relationships as in the 1990s.

Women also face personal barriers to entrepreneurship. Having primary responsibility for children, home, and older dependent family members, few women can devote all their time and energies to their business. Despite these responsibilities, most women organize themselves to handle them effectively. But a lack of management experience and basic business knowledge is a handicap for some women whose main occupation has been that of a homemaker. Many if not most women lack self-confidence, perhaps because of their training as helper rather than chief. In addition, women generally have an aversion to taking risks. Even though many women's enterprises offer opportunities for development, some women prefer to keep their businesses small rather than risk growth. Other women decide not to develop their companies, even in the face of great demand, because they are unwilling to sacrifice time with their families.

The American magazine *Working Woman* attributed many failures of women-owned businesses to a lack of access to capital, inadequate expertise, and the absence of psychological support.<sup>21</sup>



## HELP FOR WOMEN ENTREPRENEURS

There is a growing awareness in developed countries of the need to expand small scale financial services and to find innovative solutions to support tiny enterprises, services which an increasing number of non-governmental organizations and micro-credit groups already provide to a small percentage of low-income women. In the developed world, particularly in countries with stubborn, high unemployment, the contributions which entrepreneurial women have already made toward reducing unemployment have incited a number of governments as well as local, national, and international agencies to create programs designed to advise, train, and help them obtain business loans or grants. To stimulate economic growth in eastern Germany, the German government sponsored and subsidized many programs to provide capital for new enterprises, and recent legislation facilitates combined grants and loans. In 2004, the German Microfinance Institute (DMI) was created to establish a nation-wide micro-lending system which would expand small scale financial services. The government, banks, and non-profit organizations collaborate in this field.<sup>22</sup> The European Commission created the “Local Employment Initiatives” network which provides grants and technical assistance to women who create enterprises and offer jobs to the unemployed. The LEI network, in the framework of the NOW or New Opportunities for Women initiative,<sup>23</sup> also offers training and development to help women overcome the various cultural obstacles. The International Labor Organization, which advises

governments and social partners about micro-finance, and the OECD both have departments devoted to the development of entrepreneurship and micro-enterprises. The US Small Business Administration guarantees 90% of bank loans which are made to small enterprises.<sup>24</sup> In 2003 it announced a US\$1.4 billion loan increase to small businesses. These loans range from less than \$50,000 to \$3 million.

Women themselves have also established nonprofit organizations and mutual-aid networks to help prospective entrepreneurs. They offer information, counseling, training, and networks, as well as help in obtaining capital which is among the greatest challenges facing female entrepreneurs. Women's World Banking is one of the most dynamic international agencies offering loans, loan guarantees, training, and a support network. The Women's Self Employment Project in Chicago provides microloans up to \$75,000. Mama Cash in Amsterdam and Goldrausch in Berlin help women obtain capital through the traditional sources of government grants and bank loans. The Birmingham Settlement in the United Kingdom counsels women and helps them acquire professional qualifications. "E-Magnify", formerly the National Education Center for Women in Business, was established in 1993 at Seton Hill College in Pennsylvania to act as an information clearinghouse for women entrepreneurs as well as to conduct research and provide educational programs. These are only a few examples among the growing number of organizations,

public and private, devoted to helping women who want to create their own enterprise.



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## CONCLUSION

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Several major conclusions can be drawn from the foregoing. One is that entrepreneurial women have proven leadership skills and demonstrated a capacity to contribute in a significant manner to the prosperity of humanity. Women entrepreneurs in the developed world have become important players in creating enterprises, jobs, and wealth. In the developing world, they are considered as the best hope for lifting their families and villages out of poverty.

As women develop competence and acquire experience, and as the artificial barriers to their full participation in the economic life of their communities gradually fall, the integration of feminine values into the workplace should create a more humane and balanced work environment. Because of women's particular leadership style, which reflects feminine values and women's developmental characteristics, women-run enterprises generally provide a caring, cooperative work environment in which individual growth and development are fostered. At the same time, women's ways of leading are proving themselves particularly effective in today's turbulent economic world.

Another observation worthy of reflection is the convergence of a new paradigm of management and a style of leadership typical of women. Globalization of markets and competition, new technology, and instantaneous

communication bring with them unprecedented change. This is forcing traditional companies to “reinvent” themselves, to adopt a new model of management that shares some of its features with the leadership traits of women entrepreneurs.

The example of the accomplishment of women entrepreneurs may well give credence to the prediction made at the beginning of the 20th century that “the new age will be an age less masculine and more permeated with feminine ideals, or, to speak more exactly, will be an age in which the masculine and feminine elements of civilization will be more evenly balanced.”<sup>25</sup>

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- 12 Described in the research report *Styles of Success: The Thinking and Management Styles of Women and Men Entrepreneurs* (Washington, D.C.: The National Foundation for Women Business Owners, 1994).
- 13 The difference between left and right brain functioning in men and women was confirmed by medical research. Using magnetic resonance imaging techniques, researchers at Yale University Medical School discovered that an activation pattern was centered in the left frontal area in men whereas both the left and right frontal areas were active in women. Described in *Yale*, summer 1995, p. 45.



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