

THE IMPORTANCE OF FEMALE ENTREPRENEURSHIP

Autori By Kelly Ng-Lun, Natasha Shahbaz & Nuray Ozbay

Key Terms

1. Women Entrepreneurship
2. Socio-economic growth
3. Democratic society
4. Policy

Abbreviations

- AWE = Association of Women Entrepreneurs
- ESC = European Study Center
- FSWW = Foundation for the Support of Women's Work
- ILO = International Labor Organization
- KAGIDER = Women Entrepreneurs Association of Turkey
- KOSGEB = Republic of Turkey Small and medium Enterprises Development Organization
İŞKUR = Turkey Business Associations
- KSGM = General Directorate of the Status of Women
- PPP = Public Private Partnership
- SAP = Stabilization and Association Process
- TOBB = The Union of Chambers and Commodity of Exchanges of Turkey
- TURKONFED = The Turkish Enterprise and Business Confederation
- WE = Women Entrepreneurship
- WED = Women entrepreneurship Development

Važnost ženskog poduzetništva

Sažetak

Žensko poduzetništvo je prepoznato kao važan element gospodarskog rasta i učinkovita metoda postizanja demokratskog društva utemeljenog na osnaživanju žena jednakosti spolova. Nužno je osigurati poslove za veći broj žena kako bi se izgradilo poduzetničko okruženje zasnovano na jednakim prilikama za oba spola. Stopa zaposlenosti žena u Turskoj iznosi 26%, a ženskog poduzetništva 6%, što je ispod prosjeka u odnosu na EU i OECD. Poduzetništvo osnažuje žene i dovodi do pozitivnih promjena u gospodarstvu i društvu.

Žensko poduzetništvo ima moć transformacije gospodarstva i društva budući da stvara nova radna mjesta i nove sektore te donosi inovativnost, kreativnost i raznolikost. Osim toga, ženske nevladinih udruga osnažuju poduzetnice na mnogim poljima. One s jedne strane trebaju osnažiti poduzetnice, a s druge strane promijeniti društvo ukidajući tradicionalnu patrijarhalnu obiteljsku strukturu.

Poduzetnice u Turskoj se, međutim, još uvijek suočavaju s preprekama. Usprkos činjenici da žensko poduzetništvo ima značajan potencijal, potrebno je podrobno analizirati prijetnje i prilike s kojima se poduzetnice susreću kako bi se moglo strateški ulagati u ovaj potencijal. Temeljem SWOT analize ključne preporuke su sljedeće: kreditiranje, bolja organizacija čuvanja djece i potreba statističkih podataka. Sve ovo će pomoći ostvariti dugoročni cilj održivosti.

Abstract

Women Entrepreneurship (WE) has been recognized as an important source of economic growth and as an effective method to achieve a democratic society based on women's empowerment and gender equality values.

It is imperative to provide jobs to more women to build an entrepreneurial society centered on gender equal opportunity. Female employment rate in Turkey is 26%, and female entrepreneurship is 6%, which are fairly below EU and OECD averages. Thus, entrepreneurship is effective in empowering women, actively and creatively while bringing positive transformation to a country's economy and society.

The main strength of WE is its transformative power over the economy and society as it brings job creation potential, new sectoral opportunities, innovation, creativity and diversity to the economic arena. Additionally, the power of women NGOs is very crucial to empower women entrepreneurs on many fronts. They should be utilized to empower women entrepreneurs on one hand, and change the society by breaking the male-dominant traditional family structures on the other.

However, there are still barriers in front of WE in Turkey. Despite the fact that WE has a significant potential, the threats and opportunities in front of WE needs a comprehensive analysis to invest strategically on this potential. Based on the SWOT Analysis, the key policy recommendations, incorporate: credit schemes, better child-care facilities and the need for statistical data. All these would help to achieve the long-term goals of sustainability.

1. Background

Entrepreneurship brings many benefits, including: reward problem solving, organizational and leadership abilities, foster creativity and engender empowerment (Forbeswomen, 2011). WE gives a boost to the economy, in addition to being a social benefit.

Compared to EU, Turkey's female employment rates are lower, at 29.5% in 2012 (ILO, 2012). Women in Turkey often quit the labor workforce because of family obligations. Another problem is the lack of sufficient education for women coming from rural areas to larger cities, like Istanbul (The New York Times, 2011). Long term vision and holistic approaches to women employment and entrepreneurship are needed. Women employment and entrepreneurship issues are closely interlinked as they reinforce each other for women's economic empowerment. Hence, given its employment creation and self-empowerment potential entrepreneurship is among the key solutions for alleviating poverty in Turkey and also to boost the economy.

In this report, we will focus on female entrepreneurship as a tool to establish strategies as a tool for sustainable development over the long-term. This report will provide a SWOT analysis of the WE in Turkey and will put forward several policy alternatives to overcome certain barriers to the progress in WE.

2. WE in Turkey, a Brief introduction

Despite high-income levels, Turkey has still a long way to go especially in gender equality. As such, there is an increasing importance of entrepreneurship for women empowerment for a more democratic society. Among the total employers in Turkey, only 7,4% are women and the number of women entrepreneurs is roughly 80.000. The service sector is the dominant area and most of the enterprises owned by women are SME's.

Critical Stakeholders for WE in Turkey are:

- The Ministry of Labor and Social Security, Ministry of Science, Industry and Technology, Ministry of Family and Social Policies
- Women Entrepreneurs Association of Turkey (KAGIDER)
- Republic of Turkey Small and medium Enterprises Development Organization (KOSGEB)
- Turkey Business Associations (İŞKUR)
- The Union of Chambers and Commodity of Exchanges of Turkey (TOBB)'s Women Entrepreneurs Committee
- The Turkish Enterprise and Business Confederation (TURKONFED)
- ANGIKAD Business Entrepreneurs and Enhancement Association
- General Directorate of the Status of Women (KSGM)

In Turkey, KAGIDER is among the first women's entrepreneurship NGOs. Its' mission includes "developing entrepreneurship among women to strengthen their status economically and socially" and KAGIDER has a vision of "creating a world in which women produce and establish their existence independently and play an effective role in decision-making processes."

KAGIDER focuses on two areas: Entrepreneurship and Leadership activities for women empowerment and advocacy activities to raise awareness for the cause.

3. External Analyses for WE in Turkey

(Refer to Appendix A: A SWOT Analysis of WE in Turkey)

3.1 Strengths

- Social strength of women and access to education: In Turkey, female labor force participation is positively related to education as 61.5% of women with higher education are employed compared to 20.3% of women with basic education only, indicating that better education is a major strength for women entrepreneurs.
- Rising female employment level: In line with rising female education across all regions, reports suggest that by 2012, the Female employment level in Turkey is around 26.3%.
- Innovation & Emotional Intelligence: Women are known for possessing creativity, adaptability, a higher emotional quotient and abilities such as emotional appraisal, conception and emotional management, making them successful entrepreneurs who have social skills as well (Redzuan, 2011).
- Greater internal motivation: Research suggests that women signify the fastest growing share of the population with better education. Currently, 55% of the graduates at the Masters level are women. The Economist suggests that in view of higher internal motivation since the 1970's, women have been allocated to twice as many jobs as men (ETF-European Training Foundation, 2013).
- Being a Woman: Women entrepreneurs are thought to possess the right combination of strong business acumen, empathy and decision making powers that enable them to become successful figures within the corporate world.

3.2 Weaknesses

- Limited access to credit: Only a negligible amount of female entrepreneurs have benefitted from the loans offered through subsidized credit schemes (Ecevit, 2007).

- **Gender inequality/gaps:** According to the World Economic Forum, Turkey ranks 57th on a list of 58 countries that have failed to eliminate gender gaps (Augusto Lopez-Claros & Saadia Zahidi, 2005). Consequently, equal opportunity between men and women is still not a reality (OECD-Organization for Economic Co-operation and Development, 2004).
- **Societal barriers:** Being a female entrepreneur entails many disadvantages due to religious restrictions and conservative social norms. This was also reflected in a 2004 Report by the Global Entrepreneurship Monitor (GEM) that deduced that in middle-income countries such as Turkey, men are 75% more likely to be active entrepreneurs than women (European Training Foundation, 2013).
- **Socio-economic changes:** Female employment in Turkey is 23.8%, far below the EU states. This is due to cultural barriers and increased migration from rural to urban areas where there are scarce opportunities for women (Vos, 2008).
- **Fear and risk aversion:** Within the business world, women are expected to establish and lead small enterprises, in fields such as fashion designing, marketing and communication. However, they are alarmingly hesitant to explore aspects of business development that are traditionally male dominated. For instance, the number of women entrepreneurs within the science and technology department within European countries is between 5-15%.
- **Lack of self-confidence:** Due to repeated repression and social taboos, sometimes women tend to lack in confidence. Enterprise Surveys carried out by the IFC and the World Bank showed that in South Eastern Europe and Turkey, only 27.5% of business owners are women, indicating their inhibition to take on responsibility (ETF-European Training Foundation, 2013).

3.3 Opportunities

- **EU Reforms:** The EU addresses the issue of gender quality within the corporate sector via its policy area of 'Employment and Social Affairs'. Thus, SAP-ESCs (that assist women entrepreneurial activities) are funded projects by the EU in Turkey (Ecevit, 2007).
- **Credit schemes:** Foundation for the Support of Women's Work is a non-profit organization that assists low income women entrepreneurs via their micro-credit schemes. By 2005, it had given more than 3000 credits and total amount of credit was reportedly around \$1,181.27. The sectorial composition was: Production (40%), Services (4%) and Commerce (56%) (Ecevit, 2007).
- **Role of women organizations:** Approaching women entrepreneurship via women empowerment is the criterion that is used particularly by private organizations such as AWE and public enterprise like FSWW.

- They support entrepreneurship activities and design their programs to cater for the strategic needs of the females in Turkey. The Incubator Project developed with the Turkish Employment Exchange provides technical, business and technological bases for small enterprise. It provided entrepreneurship training, strategic support and political network services to 60 out of 1400 female applicants (Ecevit, 2007).
- Angel Investment: Initiatives such as the Keiretsu Forum are a potential source for fulfilling the start-up capital requirements of female entrepreneurs. Its members act as venture capital funders and recently managed to raise large amounts of angel capital for Istanbul via U.S companies, like Anymeeting.com and Savara Pharmaceuticals (KEIRETSU FORUM, 2013).
- Government targets for female employment: 70, 000 new women entrepreneurs between 2014-2019.
- Private sector support: Such as the CTCT, backed by European Commission funding between 2002-4 implemented a WE project titled “Supporting Women Entrepreneurship”. By June 2004, 1630 women had been given business training and 359 of them have already become self-employed. Such support by the private sector thus presents a major opportunity for advancing WE (Ecevit, 2007).

3.4 Threats

- Inadequate state policies: Little or no access to policymakers and inadequate representation on policymaking bodies limits female participation into policymaking through lobbying. The female’s lack of information also reduces their knowledgeable input into policymaking (Wube, 2010).
- High taxes: A progressive tax system and absence of preferential tax treatment for female entrepreneurs adversely affects their motivation to seek employment or engage in economic activities.
- Lack of business support systems: A major challenge for female entrepreneurs across the globe includes difficult access to markets and networks and scanty business support systems. This implies that they are unable to undertake effective order, revenue and customer relationship management (ETF-European Training Foundation, 2013).
- Lack of holistic policies: WE cannot be propagated without a holistic support policy. The volatility amongst the number and scope of individual and civil society projects tends to make the implementation of policies and monitoring their progress a great challenge for the respective stakeholders (Ecevit, 2007).

4. Recommendations

4.1 Credit Schemes

Raising start-up capital by women entrepreneurs is a challenge that can be dealt with, via financing by financial institutions and banks. Their businesses should be given flexible, long-term finance allowing for small, short-term business failures under the “Ok to Fail” policy. Crowd funding could be used to give them better access to start-up capital, which would create more jobs and female entrepreneurs. They would be able to raise enough funds to opt for bigger projects with higher growth potential. Some may argue that the “Ok to Fail” schemes might potentially breed reckless female entrepreneurs and the credit and crowd funding schemes may provide the finance but do not solve the demand-side problems (e.g. social norms, cultural barriers, market conditions). However, if credit availability and “OK to Fail” initiatives are coupled with complementary long-term policies related to social change and advocating women empowerment, they may produce fruitful results and enhance WE.

4.2 Childcare and Vocational Training Policy

Policies need to focus on improving women’s human rights in society, access to education and entrepreneurship training. Available and affordable child-care, quality education, technical skills and provision of web-based information are crucial for enhancing women’s role in the corporate sector. Programs such as the “Third Billion Program” by PPP and ILO’s Women entrepreneurship Development (WED) should be replicated in Turkey, allowing women access to reach their full economic potential. Therefore, if policies aiming for improving women’s access to education, better childcare and vocational training are implemented on a long-term basis, they have positive spillover effects on the economy as a whole and on women empowerment in particular.

4.3 Sustainability

It is vital to address the sustainability issues by periodic monitoring and evaluation of women-owned business enterprise and the extent to which they benefit from the public policies aimed on changing the dimension of women status quo. This long-term approach will assist in ensuring the effectiveness and transparency of the policies that promote women entrepreneurship and simultaneously keep the activities of the civil society organizations in check.

4.4 Virtual Portal

Building a virtual platform for the different women's entrepreneurship organizations and entrepreneurs in Turkey is a strategic solution to create coordination between different organizations and women entrepreneurs, to enable them access to a larger pool of online resources and to facilitate networking. Therefore, they will have necessary information for knowledgeable input into policymaking.

4.5 Need for Statistical data

There is a need for up-to-date and reliable statistical data with information regarding female participation rates in the labor force, in the corporate sector and percentage of females with higher education. WE associations such as KAGIDER and various NGO's can use this data, which can prove valuable for policy making.

5. Conclusion

This report highlights the importance of WE, which represents a vital career choice for females across the globe and Turkey in particular. In view of its major contribution to economic growth, the report proposes a detailed SWOT analysis and a few policy recommendations including imparting better education, training, providing alternative credit schemes and building a portal, which would contribute to sustainability. However, since the status of women in countries like Turkey, is affected by a number of socio-economic factors including cultural barriers and lack of affordable child care, there is still a need for holistic policy making and lobbying for execution of these policies, to realize the full potential of WE in Turkey.

Appendix: A SWOT Analysis of WE in Turkey

Strengths:	Weaknesses:
1. Social Strength of women and access to education.	1. Limited access to credit
2. Rising Female employment level - across all regions	2. Gender inequality
3. Innovation and Higher Emotional Intelligence	3. Societal barriers
4. Greater Internal motivation	4. Content and accessibility of education
5. Being a working woman	5. Socio-economic changes
	6. Fear/risk aversion
	7. Lack of self confidence
Opportunities:	Threats:
1. EU Reforms	1. Inadequate state policies
2. Special credit schemes	2. High taxes
3. Role of NGO's like KAGIDER	3. Lack of business support systems
4. Angel Investment Initiatives	4. Lack of holistic policies
5. Government targets for female employment	
6. Private sector support	

Works Cited

- Augusto Lopez-Claros & Saadia Zahidi. (2005). *Women's Empowerment: Measuring the Global Gender Gap*. Retrieved May 16, 2013, from World Economic Forum: http://www.weforum.org/pdf/Global_Competitiveness_Reports/Reports/gender_gap.pdf
- Ecevit, Y. (2007). *A Critical Approach To Women's Entrepreneurship In Turkey*. Retrieved May 17, 2013, from International Labour Office: <http://natlex.ilo.ch/public/english/region/eurpro/ankara/download/womenentr.pdf>
- ETF. (2010). *Small Business Act for Europe*.
- ETF-European Training Foundation. (2013, February 8). Retrieved May 16, 2013, from Women's Entrepreneurship Issue: http://www.etf.europa.eu/web.nsf/pages/New_policy_briefing_urges_action_for_women_entrepreneurs_EN
- European Training Foundation. (2013, March). INFORM-Women's Entrepreneurship issue. Europe.
- Forbeshomen. (2011, 08 18). *The Importance of Women Entrepreneurs*. Retrieved 05 01, 2013, from Forbes: <http://www.forbes.com/sites/shericaplan/2011/08/18/the-importance-of-women-entrepreneurs/>
- ILO. (2010). *Women's employment*. Retrieved 05 02, 2013, from <http://www.ilo.org/public/english/region/eurpro/ankara/areas/women.htm>
- KAGIDER. (2013). *Women Entrepreneurship – engine for job creation in SEE Countries*.
- KEIRETSU FORUM. (2013, February 11). Retrieved May 15, 2013, from 'KEIRETSU FORUM puts angel investor money in startups' reach': <http://www.keiretsuforum.com/tag/angel-investing/page/2/>
- OECD. (2004). *PROMOTING ENTREPRENEURSHIP AND INNOVATIVE SMEs IN A GLOBAL ECONOMY*.
- OECD-Organization for Economic Co-operation and Development. (2004, June 3-5). *WOMEN'S ENTREPRENEURSHIP: ISSUES AND POLICIES*. Retrieved May 15, 2013, from <http://www.oecd.org/cfe/smes/31919215.pdf>
- Redzuan, F. N. (2011). *The Relationship Between Gender and Emotional Intelligence*. Retrieved May 15th, 2013, from IDOSI Publications: [http://www.idosi.org/wasj/wasj15\(4\)11/14.pdf](http://www.idosi.org/wasj/wasj15(4)11/14.pdf)
- The New York Times. (2011). *Women Still an Untapped Labor Force in Turkey*. Retrieved 05 02, 2013, from http://www.nytimes.com/2011/05/05/world/middleeast/05iht-M05-WORK-WOMEN.html?_r=0
- Vos, A. (2008, May). *Human Resource Development Country Analysis: Turkey*. Retrieved May 17, 2013, from ETF Working Paper: [http://www.etf.europa.eu/webatt.nsf/0/C12578310056925BC12574B90057A75E/\\$file/NOTE7J5LQL.pdf](http://www.etf.europa.eu/webatt.nsf/0/C12578310056925BC12574B90057A75E/$file/NOTE7J5LQL.pdf)
- Wube, M. C. (2010, August). *FACTORS AFFECTING THE PERFORMANCE OF WOMEN ENTREPRENEURS IN MICRO AND SMALL ENTERPRISES*. Retrieved May 18, 2013, from BAHIR DAR UNIVERSITY PUBLICATIONS: <http://www.unevoc.unesco.org/e-forum/thesis%20final.pdf>