



One Woman = One Business

**Why Business and Management Education for
Women Is Essential to Economic Development**

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Women may well be the most important agents of economic development. Investments in their education and training have proven to deliver large social and economic returns, including positive benefits for children’s education (especially girls’); lower infant, child and maternal mortality rates; reduced fertility; and higher labor force participation and earnings among women. This reality is reflected in the World Bank’s recent observation that “The business case for expanding women’s economic opportunities...is nothing short of smart economics.”¹

The global workforce in 2007 was 200 million women stronger than a decade earlier. The 1.2 billion women in the paid labor force now comprise nearly half (46 percent) of the global workforce. Although a growing share of women have waged work, a significant proportion still are self-employed, mainly in micro or small businesses that yield low and irregular income. This is particularly the case in developing economies, such as those in sub-Saharan Africa, where fewer than 2 out of 10 women receive a formal wage.²

These patterns persist in part because women have unequal access to education and training opportunities, which often relegates them to less-well paying, lower status, and less secure forms of work. Substantial gender disparities in equal pay also persist. Further, the barriers to growth that women-owned enterprises face go largely unaddressed, while women’s needs for business and management education continue to be underserved.

Against this backdrop, education that conveys essential business and management skills emerges as a crucial means to improve the capacities of women to start and grow their businesses, to expand opportunities for paid work among low-income and less-educated women, and to fulfill women’s potential as development actors.

Women’s Enterprises Tend to Remain at the Micro Level and Need More than Microfinance to Expand

In many of the least developed and developing countries, 90 percent of all enterprises, including those in the informal sector, are micro and small enterprises (MSEs).³ Women’s share of these businesses is large, but primarily among micro – rather than small – enterprises,⁴ and concentrated in activities traditionally dominated by women such as food vending, informal processing and catering, handicrafts, and tailoring. A range of barriers prevent women in developing countries from growing their enterprises, including:

- *Limited access to education and training.* The continued unequal access to education and training for women and girls at all levels in many developing countries has lifelong

¹ World Bank, 2007.

² International Labor Organization, (ILO), 2008.

³ In Ethiopia, Kenya and Tanzania, 99 percent of micro and small enterprises have fewer than 10 employees. Stevenson and St-Onge, 2005.

⁴ ILO, 2007.

consequences for their ability to participate in the market economy. This is compounded by the fact that there are few business and management education, and training programs in developing countries readily available to women, or women entrepreneurs and managers in particular.

- *Competition.* Women-owned businesses tend to compete in restricted local markets, where excessive competition leads to underpricing of products and reduced incomes for women and their families.
- *Legal and property rights.* In certain countries, laws denying women's rights to own and inherit property inhibit their ability to pledge collateral to obtain formal credit for business investment or other purposes. Even in countries where formal or religious laws permit women and girls to own and inherit property, some cultural practices require that they transfer their property uncompensated to a male family member.
- *Access to capital.* Women entrepreneurs identify obtaining finance as their biggest challenge in starting and growing a business. Most MSE business owners begin by financing their operations with personal savings and loans from family members. Without assets for collateral, women usually cannot access the investment capital needed to grow or expand their businesses beyond the MSE levels.

Of these challenges, the need for finance has been the only issue development strategies have addressed for women entrepreneurs at any scale. According to the Consultative Group to Assist the Poor (CGAP), many microfinance institutions (MFIs) serve a clientele that is exclusively women, and men constitute only a third of microfinance clients globally.⁵ By 2006, the global microfinance industry had grown to extend financial services to more than 100 million clients, and these numbers continue to rise. However, women have noted that MFI loans are too small and group methods of lending do not meet their needs as private entrepreneurs,⁶ meaning that improved financing services are essential.

Equally important, women need non-financial services – such as market information and access, management and financial training, peer networks and leadership skills – to access greater economic opportunities. Women entrepreneurs in developing countries also have identified a need for education and skills, including specialized training, financial advice, business counseling and marketing support for their products and services.⁷

Unfortunately, efforts to equip women with these skills to date have fallen short. Vocational education programs targeting women often have focused on low-return gender stereotyped crafts and services, frequently saturating local markets, without providing market-responsive

⁵ CGAP, 2008.

⁶ Richardson, Howarth and Finnegan, 2004.

⁷ *ibid.*

entrepreneurship and business management skills training. Business development services (BDS) training and support programs to strengthen micro and small enterprises also have been of limited quality, accessibility, and effectiveness,⁸ and few programs have focused explicitly on women's entrepreneurship skills building.⁹

Accessible, quality business and management training is essential for women entrepreneurs to develop and lead their businesses beyond MSE levels, and for women to take on managerial responsibilities in larger enterprises. Many women need this support to gain the confidence, freedom and opportunities to try new ways of doing business¹⁰ – and targeted business and management training programs may be the most effective way for women in developing countries to build these skills.

Business and Management Education Programs Benefit Women, Families and Societies

The benefits conveyed by business and management training for women go far beyond technical skills building. Training programs can equip women with the skills they need to grow their enterprises, which in turn can generate social and economic benefits for women, their families and society as a whole.

In today's global marketplace, a basic education is not enough to compete for better-paying jobs, increase productivity, or achieve the greater social and economic returns that higher levels of education can bring. Increasing the availability of post-secondary business and management training can contribute to the realization of women's social and economic advancement. For instance, improved economic opportunities and earnings can have positive effects on women's self-confidence, status within the household, participation in important household and economic decisions, and even their vulnerability to domestic violence.¹¹

These direct benefits to women are perhaps most evident in the work place. Studies show that women with higher education have an increased probability of joining the formal workforce.¹² To date, the few women who currently are pursuing higher education in most developing countries are largely channeled into relatively low-wage occupations such as teaching and nursing. Expanding women's access to quality business and management education programs can be an important way to ensure they have the skills sets that correspond to market demand in a globalizing economy.

Perhaps the most compelling benefits of education are experienced by the families and

⁸ Esim, 2001.

⁹ Stevenson and St-Onge, 2005.

¹⁰ Commonwealth Secretariat, and ILO, no date.

¹¹ Sen, 2008.

¹² Cameron, Dowling and Worswick, 2001.

communities of women who are educated. Education at secondary and tertiary levels not only increases women's earning capacities¹³ and opportunities, but also translates into benefits for their children.¹⁴ Low-income parents are less likely to send girls to school beyond the primary level largely because they do not perceive the economic rationale for educating daughters who will marry and join another household. Educated and working mothers are more likely to change these perceptions and keep their daughters in school. For instance, it is known that children of working mothers attain higher levels of education than those whose mothers do not engage in paid work.¹⁵ And, as demonstrated in a 41-country study, education of adults, especially women, has a significant impact on the enrollment of children.¹⁶ Further, children are presumed to benefit from the positive role model that an educated mother provides.¹⁷ Finally, the education levels of mothers have been found to have a greater influence on daughters' school enrollment rates than that of their fathers.¹⁸ Enhancing business education for women entrepreneurs and managers may increase the likelihood that their daughters will enroll and stay in school.

Another important benefit of better trained women entrepreneurs and managers is their enhanced potential to grow their businesses and create jobs.¹⁹ Recent studies have shown that women who receive training change business practices in ways that increase profits and grow businesses.²⁰ For instance, a study of microfinance operations found that female CEOs often are associated with greater returns on assets and lower operation costs.²¹ Better managed companies also can lead to the creation of more jobs for others in developing economies,²² suggesting that strengthening the capabilities of women helps to make local and national economies stronger, and even more competitive.

Taken together, this information suggests that investing in women's entrepreneurship and business management skills creates three tiers of benefits: (1) It expands the capacities of women who receive the training, (2) it carries the promise of longer-term benefits to family well-being and community development, and (3) it bolsters the ability of local and national economies to compete in the global marketplace.

Filling the Gap in Business Education and Training: A Role for the Private Sector

It is increasingly clear that developing economies need the assistance and expertise not only of other governments and private donors, but also that of private business and industry, where so much expertise and experience lies.

¹³ Psacharopoulos and Patrinos, 2002, cited in Tembon and Fort, eds., 2008.

¹⁴ U.N. Millennium Project, 2005a.

¹⁵ Inter-American Development Bank, 1999.

¹⁶ Filmer, 1999

¹⁷ U.N. Millennium Project 2005b.

¹⁸ U.N. Millennium Project, 2005a.

¹⁹ Voeten, 2002.

²⁰ Carlsson and Anh 2001.

²¹ Mersland and Strom, 2007.

²² Voeten, 2002.

The public sector is faced with competing demands and limited resources. As governments in least developed countries and emerging market economies grapple with financing primary and secondary education, alongside health and infrastructure shortfalls, the need for higher education remains largely underserved, especially for women. Investments of global business partners in business management education for women can be a key resource for filling this gap.

Several important organizations have stepped forward with direct advice to guide parties interested in fueling enterprise for economic development. The Committee of Donor Agencies for Small Enterprise Development (CDSED), an organization composed of donor governments and international development agencies, identified guiding principles for successful business development services to be delivered locally, highlighting that services should:

- be delivered in a business-like, demand-led, entrepreneurial manner;
- focus on a limited range of core businesses rather than broadly diversified;
- reflect a sound understanding of the client's needs; and
- exhibit a social orientation combined with rigorous institutional performance targets.

CDSED found that such characteristics are best exemplified by private, for-profit providers, who also have the capacity to assist the many not-for-profit providers currently offering business development services and training to become more sustainable and businesslike.²³

The International Labor Organization (ILO) has identified 10 key policies to help women develop their enterprises, including providing access to education, skills and management training (see Figure 1).²⁴ Several of the ILO's key policy objectives are being addressed by The Goldman Sachs 10,000 Women Initiative, a new program launched in early 2008 that is the first of its kind to provide underserved women entrepreneurs, managers and businesswomen in developing countries with access to quality business and management training certificate programs established through global business school and other partnerships, mentorship and post-graduation support. Among corporate sponsors, The Goldman Sachs 10,000 Women Initiative is well-positioned to respond to program measures outlined by the ILO and serve as an example for other models in the business community. Specifically, it seeks to increase women's:

- *Access to enterprise education and skills and management training.* By reaching underserved women, including those who have not completed secondary schooling, The Goldman Sachs 10,000 Women Initiative will reach a largely untapped market of women who have demonstrated talent and motivation, but lack entrepreneurial and business management skills.

²³ Tanburn, Trah and Hallberg, 2001.

²⁴ ILO, 2007.

- *Promotion of women as entrepreneurs.* Legitimizing the contribution that women already make while building their capacity to play a greater role is central to The Goldman Sachs 10,000 Women Initiative. The program also will address another need that the ILO identified, to promote entrepreneurship and business opportunities with high growth potential among skilled and educated women so their businesses thrive from the start.²⁵
- *Access to business development services and information.* Through sharing expertise with and building capacity of business schools in focus countries, the Goldman Sachs 10,000 Women Initiative programs will improve the quality of education for students, including women workers, managers and entrepreneurs.
- *Access to women entrepreneurs' associations, networks and employers' organizations.* Through the establishment of mentoring and networking channels for women, as well as post-graduation support, The Goldman Sachs 10,000 Women Initiative will provide ongoing social capital building and learning opportunities for women entrepreneurs.
- *Access to credit and financial resources.* Through partnerships, The Goldman Sachs 10,000 Women Initiative will seek opportunities for women entrepreneurs to link up with financial services to provide them access to capital for business investment.
- *Research and evaluation of training programs for women entrepreneurs.* A review of business development services studies found that almost no program evaluations focused on examining and improving the impacts of training on women entrepreneurs and their businesses.²⁶ To contribute to the knowledge base on this issue, The Goldman Sachs Charitable Fund has commissioned the International Center for Research on Women (ICRW) to undertake research that expands on the topics raised in this paper regarding the effects of business and management training on women and economic development.

²⁵ ILO, 2007.

²⁶ Zandniapour, Sebstad, and Snodgrass, 2004.

Figure 1

10 program measures to help women grow their business <small>Source: ILO, 2007</small>	Features of The Goldman Sachs 10,000 Women Initiative	Best-suited agents to mobilize these measures
(1) Policy leadership and coordination for women's entrepreneurship		Government, business and civil society in partnership
(2) Regulatory and legal instruments and issues affecting women's enterprises		National and international regulatory and legal bodies, local and cultural authorities
(3) Promotion of women entrepreneurs, including vulnerable and disadvantaged women	✓	Business, civil society
(4) Access to enterprise education, and to skills and management training	✓	Secondary and tertiary education institutions, technical and vocational education training programs
(5) Access to credit and financial resources	✓	Local and national formal and semi-formal financial institutions
(6) Access to business development services and information	✓	Business management and entrepreneurship education programs, universities
(7) Access to women entrepreneurs' associations, business networks and employers' networks.	✓	Women's business associations and networks, employers' networks, mentorship programs
(8) Access to business premises		Industry leaders, business owners, managers
(9) Access to markets		Governments through analysis, information, transportation, regulation, infrastructure
(10) Research on women entrepreneurs and women-owned MSEs	✓	Women's research institutes, universities, program impact evaluators

By empowering academic institutions to apply their knowledge and seek new ways to reach underserved women, programs like The Goldman Sachs 10,000 Women Initiative can go a long way toward filling the gap between the role women in developing countries currently play in the global economy and their potential.

Conclusion

Women are essential agents of economic development. In a globalizing economy, women entrepreneurs and business managers can thrive only if they have access to information, training and business development services that will enable them to succeed in competitive labor markets and fluctuating economic conditions. Women who obtain secondary and higher education are more likely to advance economically and to be effective agents of change within their communities and countries.²⁷ To fulfill this potential, women entrepreneurs and managers need specific investments in developing their business skills. They need these skills to transform from owners of struggling micro and small enterprises to owners and managers of growing and dynamic ones responsive to expanding opportunities in the global marketplace.

Governments and other development actors are providing such training, but much more needs to be done both to expand access and to improve quality. Higher education business and managerial training programs for women are often under-resourced and of inconsistent quality, relevance and accessibility as they compete with many other deserving priorities in low-income countries. Private sector donors have a huge opportunity to fill this gap and enable women to capture the many individual, social and developmental benefits that come with business and management training.

²⁷ Malhotra, Pande and Grown, 2003.

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The mission of the International Center for Research on Women (ICRW) is to empower women, advance gender equality and fight poverty in the developing world. To accomplish this, ICRW works with partners to conduct empirical research, build capacity and advocate for evidence-based practical ways to change policies and programs.

Founded in 1976, ICRW is a nonprofit organization headquartered in Washington, D.C., with an Asia regional office based in New Delhi, India and project offices in Andhra Pradesh and Mumbai, India and Kampala, Uganda. ICRW is supported by grants, contracts and contributions from international and national development agencies, foundations, corporations and individuals.

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