

# Women's Entrepreneurship: Untapped Potential for Development "The Egyptian Case"

• Ghada El Hefnawy

## SUMMARY

يشهد وقتنا الراهن تزايداً ملحوظاً في موضوع مشاركة المرأة في مجال الأعمال الخاصة وبتحقيق البحوث بصفة خاصة نحو النظر إلى أن مشاركة المرأة في هذا المجال قد جعل منها عاملاً هاماً في أحداث التغيير الاجتماعي بدلاً من أن تكون مجرد ضحية أو مشاركة سطحية. إن إزالة العوائق التي تحول دون مشاركة المرأة وإفساح المجال لها يعد عاملاً حيوياً لتنشيط القطاع الخاص وتحقيق الأهداف الاستراتيجية الخاصة بالتنمية القومية وأيضاً أثرت التطورات التشريعية التي شهنتها مصر في تسعينات القرن العشرين في وضع المرأة المصرية. وشكلت العولمة وعملية إعادة الهيكلة والخصخصة تحديات وتدابير متعاقبة في هذا الصدد. والواقع أن مدى تأثير المرأة المصرية سلباً أو إيجاباً بهذه التطورات المتسارعة يتوقف على مستوى تعلم المرأة ومهاراتها وقدرتها على المناقشة على الوظائف وعلى خالصتها الصحيحة ومدى مشاركتها في عملية صنع القرار وعلى المدى الذي تراعى فيه المساواة بين الجنسين. وقد أوضحت الإحصاءات أن المرأة المصرية قد حققت تقدماً خلال العقد الماضي على الرغم من استمرار وجود عدد من التحديات التي تواجه ذلك. ويهدف هذا البحث إلى طرح النقاش بشأن الفجوة النوعية في مجال تنمية الأعمال، وإلى تقصي الأساليب الممكنة التي يمكن أن تدعم دور المرأة في هذا المجال في مصر. ويعتقد أن مناقشة هذا الدور يجب أن تطرح في إطار أوسع هو إطار التنمية والنمو الذي يستلزم في داخله على تنمية مشاركة المرأة في مجال إدارة الأعمال الخاصة.

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بحوث اقتصادية عربية - العددان ٢٧/٢٦ لسنة ٢٠٠٦

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## **1 Introduction**

Women's Entrepreneurship Development (WED) has grown as an area of research (now sometimes called Entrepreneurship for Women or Female Entrepreneurship Development). WED underlines the role of 'women's agency' in development-the view that women are agents of social change rather than passive participants or victims.

From this perspective, women's economic empowerment derives from women's greater overall power and influence at different levels-micro, meso and macro. The entrepreneurial skills potential of women is significant because women play a predominant role in micro enterprise sector. As half of the adult population, they can consistently contribute to enlarging and enforcing entrepreneurship, by demonstrating their capacities and skills in pursuing their own business ventures.

However, women still represent a clear minority of entrepreneurs nearly everywhere. Furthermore, they generally choose to start and manage firms in different industries than those chosen by men. Policies and programs are too often "men-streamed", failing to take account of the specific needs of women entrepreneurs and the obstacles to their entrepreneurial activity and success.

Eliminating obstacles to the creation and development of firms by women and creating a level playing field for women business owners is vital for a thriving entrepreneurial sector and important for national growth strategies. Women business owners are creating new niches for entrepreneurial activity and have the potential to become key players in the new, knowledge-based economy. However, they must adapt to profound changes in the way small enterprises do business, both locally and at the global level.

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Several studies have explored the importance of women entrepreneurs in developed countries, where, special programs that target women's businesses have been implemented. However, in the Arab states, there has been limited research of the role played by women entrepreneurs and few programs to promote them. Indeed, statistical data that capture gender gaps on small businesses and qualitative information on women entrepreneurs are very scarce. However, in recent years, the role of women's entrepreneurship in social and economic development is beginning to be recognized, calling for increasing attention, particularly in the field of small and medium enterprises.

The rapid changes that Egypt has undergone during the 1990s affect the status of Egyptian women. Privatization and structural adjustment, and globalization have presented both challenges and drawbacks. The extent to which Egyptian women can be harmed or can benefit from these rapid changes depends on the levels of female education, skills, accessibility to competitive jobs, health conditions, participation in decision making and the extent to which gender equity is observed. Statistical shows that women in Egypt have made progress during the last decade, but that a number of challenges remain.

This paper intends to introduce the discussion of gender gaps in entrepreneurship development and explore possible actions that could effectively foster women's entrepreneurship in Egypt. The discussion of such issue must be presented in the larger context of gender and development (GAD) and include women's entrepreneurship development (WED).

The paper is divided as follows. After an introduction, section 2 presents a brief review of the literature. Section 3 sheds light on

the background of the study country (Egypt); its economic reform, gender gap and the status of women in the labor market. Section 4 analyses the status of women in business (as entrepreneurs) in Egypt ; characteristics of women in business by age, education, marital status, type of projects and activities, source of finance, women business associations, and the challenges facing them. Section 5 discusses the potentials for women's entrepreneurship development. Finally some conclusions and recommendations are drawn.

## **2 A brief review of the literature**

Along with environmental protection and performance measurement, gender has become one of the key crosscutting issues in development over the past thirty years. In the seventies, as the realization grew that the development agenda had largely ignored women and their often special needs, donors and practitioners adopted a Women in Development (WID) approach that focused on increasing women's participation and involvement in program activities generally designed for men<sup>1</sup>.

The WID movement aimed at more efficient, effective development through incorporating women specific projects into existing development processes. The strategies developed included increasing women's income and productivity and improving women's ability to look after the household. A major drawback of the WID approach, however, was its failure to address gender discrimination, a major obstacle to women's full participation in their societies<sup>2</sup>.



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In the late seventies, a new school of thought appeared. The Women and Development (WAD) perspective was developed in reaction to shortfalls of the WID approach. The WAD proponents argued that women were already integrated into development processes but on unequal terms. They pointed out that development projects increased the demands on women without increasing their access to resources or decision making powers and in effect worked against women's interests 3.

However, over the next two decades it became increasingly clear that women's development projects did not succeed in improving women's conditions. They tended to isolate women from the context of their lives, sometimes ignoring their economic contributions and adding to their labor burden. As a result of a shift in perception, Gender and Development (GAD) became the new strategy for dealing with gender inequities. The GAD approach recognized that the problems of women were perceived in terms of- their being female- rather than in terms of gender- the social roles and relationships of men and women. In addition to socio-cultural, political, and economic contexts, GAD focuses on social relations and interactions between women and men and this enables development practitioners to design more effective programs by taking into consideration women's economic and social responsibilities, opportunities, and constraints.

Although projects continued to be designed according to WID framework, attention shifted from increasing women's efficiency to equity and empowerment. Thus while the WID approach focused on integrating women in development, the GAD approach seeks to empower women by transforming unequal relations between men and women. Thus while the WID approach focused only on women, the GAD approach focuses on the relations between men and women.

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Within the GAD framework, Women's Entrepreneurship Development (WED) has grown as an area of research and programming (now sometimes called Entrepreneurship for Women or Female Entrepreneurship Development. WED underlines the role of 'women's agency' in development - the view that women are agents of social change rather than passive participants or victims. From this perspective, women's economic empowerment derives from women's greater overall power and influence at different levels ? micro, meso, and macro.

The micro sphere is the family and household where intra-familial relationships impact women's economic empowerment. The meso or institutional/ enterprise level comprises any organization outside the family, including schools, businesses, NGO offices, civil society organizations, etc. In many societies the men set up and organize institutions and enterprises and often do not allow women to become involved. The macro sphere is the larger environment in which women live and work. It includes national and international forms and dynamics and involves many inter-connecting structures and dynamics, including laws and regulations, the economy, competition, international trade, availability of finance and credit, the labor market, human capital resource, technology, physical infrastructure, natural resources.

Women's entrepreneurship 4 is gaining increasing recognition in public policy circles. National governments and international organizations alike are coming to realize that fostering women's economic development through enterprise creation can have a positive impact in a number of areas. First and foremost, it enhances economic growth and provides employment opportunities for the owners and their workers. In addition, providing economic opportunities for women can also improve the social, educational and health status of women and their families 5.



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According to IFAD 2003 6, the neglect of women's needs and rights undermines the potential of entire communities to grow and develop. Poverty is therefore deeply rooted in the glaring imbalance between what women do and what they have - in terms of both assets and rights. As women's status increases, so do the benefits to society. Studies have shown, for instance, that the major contributing factor to improved child nutrition is women's socio-economic status, particularly their educational levels. In addition, the countries that have closed the gender gap in education the fastest have experienced the fastest economic growth. Other studies have concluded that when women farmers have direct access to knowledge and technologies, crop yields increase significantly. A World Bank review found that 74% of 54 completed agricultural projects with gender-related action were rated satisfactory for overall outcome, compared with 65% for the 81 projects with no gender-related action. An often-quoted study estimated that a specific project focus on gender increased agricultural productivity and output by more than 20%. Data also reveal that HIV infection rates are higher where gender gaps in literacy are larger.

This emphasis on women's enterprise is also justified, as Mayoux 20017 specifies, in terms of its contribution to development in the future, in particular its contribution to:

\* Economic growth because of women's increasing prominence in the small-scale sector. Increasing the profits and efficiency of women's enterprises is therefore essential to growth within the small-scale sector and the economy as a whole.

\* Poverty alleviation and employment creation because women are generally poorer than men, spend more of their income on



their families, and operate more labor-intensive enterprises using female labor.

\* Economic, social and political empowerment for women themselves through increasing women's access to and control over incomes and working conditions. This then gives them greater power to negotiate wider economic, social and political changes in gender inequality.

### **3 Background of the Study Country: Egypt**

#### **3.1 Egypt's Economic Reform**

In 1991, the Government of Egypt embarked on a major Economic Reform and Structural Adjustment Program (ERSAP), with significant financial support from international donors.

The program was adopted after many years of attempted economic stabilization and reform, beginning with the open door policies of the 1970s to stabilization attempts in the late 1980s in response to the sharp fall in oil prices in 1986. ERSAP included, a stabilization component that aimed at eliminating large, unsustainable fiscal and external imbalances, trade, exchange rate, and financial sector reforms aimed at liberalizing the economy, and an ambitious privatization program. An explicit objective of ERSAP was the reorientation of the economy toward the market and a reduction in the role of the state, including its role as a dominant employer 8.

As shown in Table 1, GDP growth had slowed significantly after 1985. The adoption of ERSAP in 1991 forced the Egyptian government to significantly reduce its budget deficit and close the country's current account deficit, at the cost of much slower

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growth that year. By 1995, growth had recovered and remained relatively steady at 5-6% until 2000.

**Table 1- Macroeconomic indicators, 1985-2001**

	1985	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
GDP growth rate (%)	6.6	1.1	4.4	2.9	3.9	4.7	5.0	5.5	5.4	6.3	5.1	2.9
Current account balance % of GDP	-9.3	10.3	6.4	4.9	0.8	0.6	-1.3	0.2	-3.0	-1.9	-1.2	0.0
Overall budget deficit % of GDP	-10.4	-1.0	-3.5	1.7	0.3	0.9	-1.9	-2.0	-	-	-	-

Source: (Assaad & Arntz 2005).

Note: - ■ not available.

Since early 1980s there were a number of privatization initiatives. But the public sector remained a dominant force in the economy constituting around 37% of GDP, was responsible for about 55% of the industrial production, controlled over 80% of import/ export and about 90% of the banking and insurance sectors. Once the macroeconomic stability was achieved, the Government needed to strengthen signals to the private sector along with deregulation that would attract new and higher level of investment that would promote growth. Egypt's Privatization Program started in earnest with the passage of Law 203, in June 1991 (a number of subsequent laws, amendments and decrees directly and indirectly facilitated implementation of the Program)9,10.

However, the public sector continues to be the chief source of employment for the bulk of the Egyptian labor force, despite over a decade of reform and the government no longer pursuing a policy of guaranteed jobs in the bureaucracy and public institutions.

### **3.2 Gender Gap in Egypt**

In recognition of the importance of establishing gender equality around the world, the United Nations Development Fund for Women (UNIFEM) was established as a separate fund within the United Nations Development Program (UNDP) in 1984. At that time, the General Assembly instructed it to "ensure women's involvement with mainstream activities." The Platform of Action resulting from the 1995 Beijing World Conference on Women expanded this concept, calling it "gender mainstreaming" \_i.e. the application of gender perspectives to all legal and social norms and standards, to all policy development, research, planning, advocacy, implementation and monitoring\_ as a mandate for all member states. In this way, the gender factor is no longer to be only a supplement to development but central to the practice of development 11.

According to the UN Development Program's Human Development report (2004), Egypt ranked poorly on the Gender empowerment Measure (GEM). Out of 78 countries, Egypt's rank was 75, at a GEM-value that is as low as 0.266 (compared to 0.908 for Norway occupying the highest rank). While this GEM value for Egypt in 2004 constitutes some improvement over a value of 0.247 reported by UN's Egypt MDGs 2002, it still indicates the need for greater efforts to achieve greater gender empowerment in Egypt 12.

GEM relates to a number of criteria mostly reflecting the participation of women in political and professional life. The components are parliament-seats held by women (3.6 percent of total), female legislators, senior officials and managers (9 percent of total), female professional and technical workers (30 percent of to-

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tal) and the ratio of estimated female to male earned income (0.38).

Women are among the vulnerable groups affected by the downsizing of the government civil sector under the structural adjustment program. Females are less favored by the private sector due to maternal leaves stipulated by law.

Certain indicators measuring male/female gaps in education indicate that Egypt is progressing towards reducing gender disparities. Female/male gaps have considerably narrowed since the early 1990s. Expressed in terms of females as percentage of males 13:

- \* Life expectancy at birth increased from 103.0 in 1991 to 106.5 in 2002.
- \* Participation in labor force increased from 18.0 in 1996 to 28.0 in 2002.
- \* Literacy increased from 57.0 in 1992 to 67.0 in 2002.
- \* Enrolment indicators increased from 80.4 to 107.1 in primary schools, 79.0 to 93.3 in preparatory schools, 86.0 to 95.4 in secondary schools, and 57.2 to 90.0 in tertiary education between 1992 and 2002. This narrowing-down gap indicates that female enrolment rates have been rising faster than those of males. It is noted that the absolute number of dropouts during 1992/93-1996/98 was more than 100,000 in spite of the decrease in the dropout ratio from 4.3% in 1992/93 to only 1.5% in 1997/98).

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Indicators of the health status of women in Egypt have also improved where life expectancy at birth increased from 65.6 years in 1991 to 72.1 years in 2002 and the maternal mortality rate (per 100,000 live births) decreased from 174.0 in 1992 to 68.9 in 2002. Furthermore, gross enrolment ratios showed perceptible amelioration between 1992 and 2002, rising by 3.7%, 67.8%, and 55% in basic, secondary, and tertiary education respectively.

While the gender gap is narrowing in education, it remains large in labor force participation and employment. It is argued that part of the reason why Egypt is not catching up in per capita GDP growth with other middle income developing countries is that it is not utilizing female human resources to the full, where the female participation in the labor force represents less than 30 percent of the male labor force 14.

The above findings were confirmed by one of the recent "global competitiveness reports" of the World Economic Forum 2005, that attempted to assess the current size of the gender gap in 58 countries, including Egypt. These nations were ranked according to the level of advancement of their female population in five critical areas: economic participation, economic opportunity, political empowerment, educational attainment, and health and well-being. The main findings were that even in light of heightened international awareness of gender issues; no country has yet managed to eliminate the gender gap. Those that have succeeded best in narrowing the gap are the Nordic countries, with Sweden standing out as the most advanced in the world, while Egypt occupied the lowest rank as shown in table 2.

**Table 2- The Gender Rankings in Sweden & Egypt**

Country	Sweden	Egypt
Overall rank	1	58
Overall score*	5.53	2.38
Economic participation	5	57
Economic opportunity	12	50
Political empowerment	8	55
Educational attainment	1	56
Health and well-being	1	49

All scores are adopted on a scale of 1 to 7, with 7 representing maximum gender equality  
Source: Carlos-Lopez & Zahidi (2005).

Table 2 illustrates the overall rankings, as well as the scores obtained in the five dimensions surveyed. Not surprisingly, the first top place is occupied by a Nordic country, characterized by strongly liberal societies, protection of minority rights and comprehensive welfare systems. While women in this country clearly have access to a wider spectrum of educational, political and work opportunities and enjoy a higher standard of living than women in other parts of the world, it is interesting to note that the rates of economic participation and economic opportunity 15 is not necessarily the highest in the world.

Scores for Egypt clearly demonstrate that the basic criteria for gender equality are unmet. As the government of Egypt focused on modernization more than half a century ago, it neglected the needs of women, one of its most important assets. In recent times however, some progress has evidently been made.

### 3.3 Status of Women in the Labor Market in Egypt

As noted earlier, the Egyptian economy has undergone significant changes in the 1990s brought about in part by the implementation of an ambitious economic reform and structural adjustment program, initiated in 1991 as well as by long-term demographic and economic forces. Although much is known about the macroeconomic trajectory of the Egyptian economy over this period, much less is known about the microeconomic impact of the reforms, especially when it comes to their effects on labor markets and, through them, on households, and women 16.

Women's share of the labor force has increased in almost all regions of the world 17. However, according to Egypt HDR 2004 women still represent about one fifth of the labor force (21.8%), and female unemployment was 23.9 % in 2002.

With the growth in women's employment in the world, attention has turned to the quality of their employment: the types of jobs, earnings and benefits.

This concern is especially relevant now as global economic trends are changing the nature of employment opportunities for women and men everywhere. In developing countries, the segmentation of labor markets for women and men and the impact this has on earnings, benefits, poverty status, and development need to be examined more closely.

Reliable long-term trends of labor force participation by sex are hard to obtain in Egypt because of frequent methodological changes in the Labor Force Sample Survey (LFSS), the main source of data on the subject.

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For this reason, the data used for Egypt in this paper is based on UNIFEM's study case of Egypt in its recent report 2005 on the progress of the world's women 18.

This data offers the possibility of identifying workers according to the main employment status categories - formal and informal, and agricultural and non-agricultural. The distinction between informal and formal self-employment, including employers and own account workers, was based on whether an enterprise was registered with a government agency and/or its size.

Throughout the developing world, and Egypt is no exception, informal employment is generally a larger source of employment for women than formal employment. In addition, a greater share of informal employment of women (outside of agriculture) is in self-employment than in wage employment during the period 1994/2000 as shown in table 3.

**Table 3- Self Employment and Wage employment in Non-agricultural Informal Employment by Sex, in Egypt (1994/2000)**

Self-employment as a % of non-agricultural informal employment			Wage employment as a % of non-agricultural informal employment		
Total	Women	Men	Total	Women	Men
50	67	47	50	33	53

Source: UNIFEM 2005.

However, many types of employment belong under the broad umbrella 'informal': informal employers, own-account workers,



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informal employees, casual wage workers, domestic workers, unpaid workers in family enterprises and industrial outworkers (also called home workers). The importance of these distinctions becomes apparent in the statistical analysis examined below.

Table 4 presents information on the composition of informal employment, agricultural and non-agricultural, for women and men in Egypt.

Table 4- Percentage Distribution of Women's and Men's Informal Employment by Employment Status in Egypt

	Non - agricultural	
	Women	Men
Employer	0	3
Own-account	4	7
Wage worker	6	45
Domestic	n.a	n.a
Unpaid family	3	5
	Agricultural	
Employer	0	11
Own-account	0	4
Wage worker	2	15
Domestic	n.a	n.a
Unpaid family	85	10
Total	100	100

Source: Idem

With respect to non-agricultural informal employment, women are more likely to work as wage worker, own-account workers, and unpaid contributing workers in family enterprises. Informal agriculture is a larger share of women's total employment relative to men's. In addition, a large number of women (85%) are employed informally as unpaid workers on family farms and agricultural enterprises. This shifts the overall balance of the gender division of informal employment in Egypt toward agriculture and away from non-agricultural employment.

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In general, formal employment is of much better quality than informal employment. Earnings are significantly higher, incomes are more stable, social protections exist and the risk of poverty is lower. However, labor force segmentation is also apparent with respect to formal employment - with men and women having differential access to the various kinds of formal employment (see tab.5).

Table 5-Percentage Distribution of Women's and Men's Formal Employment by type in Egypt

	Non-agricultural	
	Women	Men
Employer	2	10
Own-account	1	7
Wage worker/private	7	15
Wage worker/public	89	65
	Agricultural	
Employer	0	1
Own-account	0	0
Wage worker/private	0	0
Wage worker/public	1	2
Total	100	100

Source: Idem

As shown in table 5, the vast majority of formal employment is non-agricultural. This is less an indication of the relative importance of agriculture for rural worker livelihoods than a result of the high degree of informality among agricultural employment opportunities. Women have less access to private formal wage employment than men. In Egypt, women in formal jobs are more likely than men to be employed in the public sector.

In addition, Women are not only in different and more precarious types of employment than men but within a given category women's earnings are generally lower than men's as shown in table 6, which presents estimates compiled from a 2003 small and micro-enterprise survey for Egypt.

Table 6 - Average Wages per Worker and Women's Share of Employment for Small and Micro- enterprises by Size, Egypt, 2003 (expressed in 2002 Egyptian pounds)

Size of firm	Average Wages	Women as % of Total Employment
1 worker	112.8	17.1
2 to 4 workers	172.1	9.4
5 to 9 workers	290.1	7.9
10 to 24 workers	1,073.4	5.9
Total (firms of all sizes)	160.1	14.3

Source: Idem

Average workers' wages increase with firm size. However, women account for a decreasing share of total employment as the size of the firm increases. In Egypt, women tend to work in smaller enterprises and therefore earn less relative to men.

In sum, the labor forces are highly segmented in terms of sex and employment status. There is a clear distinction between formal and informal employment, with women more likely to work in informal activities. The public sector is important in providing women access to formal wage employment. However, segmentation is also apparent within the informal labor force. Outside of agriculture, women are more likely to be own account workers, domestic workers and unpaid contributing workers on family enterprises.

#### 4 Women in Business (entrepreneurs) in Egypt

Recent official statistics concerning women in business in Egypt are hard to find. Therefore, this section of the paper relies on a pilot study conducted by the ILO, Business Women 21 and the Center for Economic and Financial Research and Studies in 2000 19. This study is based on a five focus groups of business wom-

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en and women willing to start business in middle and high socio-economic classes in Cairo, Sharqia and Dakahlia governorates. The findings were as follows:

### 4.1 Characteristics of Women in Business

Age characteristics: While participation rates for women in economic activities reaches its peak in the age bracket 15-25 years, table 7 shows that the focus group of the businesswomen is mainly concentrated in the age bracket 30-60 years, and 35-45 for those who are willing to be businesswomen. This means that women running or willing to start a business are elder than the general picture of employed females as this latter category (the majority of working females) enters the labor market in relatively earlier age categories. To start business for this group of women capital, connections, experience and talents are needed.

Table 7- Age of women in business and women willing to start business

Age	Business women	Willing to be business women
	Percent	Percent
20-25	3.8	23.1
25-30	0	15.4
30-35	7.69	0
35-40	15.38	23.07
40-45	23.077	38.46
45-50	7.69	0
50-55	7.69	0
55-60	34.61	0
Total	100	100

Source: Nassar, H. 2000.

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**Educational characteristics:** Table 9 shows that the majority of women in business and more than half of those who are willing to start business have a university or above university degree. This result was expected as all these women were from middle or a high middle socioeconomic class who could finish their education.

Table 8 - Educational status of business women and women willing to start business

ITEMS	Business women	Willing to be business women
	Percent	Percent
Illiterate	0	7.7
Read and write only	3.6	0
General preparatory	3.6	7.7
General secondary	3.6	0
Technical Secondary	0	23.1
Intermediate institute	0	7.7
University or above university	89.3	53.8
Total	100	100

Source: Idem.

**Marital Status:** Most businesswomen are married with a tenth of them widowed, while it was expected to find a proportion of those who are willing to start business single as their average age is younger (Table 9).

Table 9 - Social status of Businesswomen and Women willing to start business

ITEMS	Business women	Willing to be business women
	Percent	Percent
Single	0	15.4
Engaged	3.6	7.7
Married	78.6	76.9
Divorced	7.1	0
Widowed	10.7	0
Total	100	100

Source: Idem.

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**Type of projects or economic activities:** As shown in table 10, Production, trade and advertisement are the main activities for businesswomen, while production and services activities are the aim for women who want to start business. Most women chose this economic activity because it is suitable for their study and interests while others chose it because they have experience in this field of activity or enjoy support by their families.

The support of the women business associations is regarded an important factor in choosing the area of economic activity for women willing to start business. As they are still young and new in business this kind of support is required <sup>20</sup>.

Table 10- Economic activities of females' business

Actual or desired economy activity	Business women	Willing to be business women
	Percent	Percent
Production	25.8	69.2
Services	9.6	15.3
Trade	22.6	7.7
Advertisement	22.6	0
Multidisciplinary	9.7	0
Others	9.7	7.7
Total	100	100

Source: Idem.

Women in production activities work mainly in agricultural activities, the area of food industry and ready made clothes, while women in service business are working mainly in the tourism activities or have a financial or monetary business, which are also the desired areas for women willing to start new business (Tab.11 and 12). These areas are new potential areas that are expanding fast in our economy in the last decade.

Table 11- Nature of Production Activities of Business Women

Nature of production activity	Business women	Willing to be business women
	Percent	Percent
Planting and Agriculture	27.27	6.7
Metal industry	4.55	6.7
Food industry	18.18	33.3
Ready made clothes industry	13.64	13.3
Wood and furniture industry	4.55	6.7
Paper and industry	4.55	0
Chemical industries	-	6.7
Others	27.27	26.7
Total	100.00	100.00

Source: Idem.

Table 12- Nature of Service Activities of Business Women

What is the nature of the service activity?	Business women	Willing to be business women
	Percent	Percent
Tourism	25	9.09
Transportation	12.5	9.1
Providing raw materials	0	18.2
Finance	12.5	9.1
Monetary	18.8	0
Personal services	25	27.37
Others	6.3	27.3
Total	100	100

Source: Idem.

**Source of finance for women in business:** Self finance remains the most important source of financing for women in business and loans are the main means for financing new projects for women willing to start business as shown in table 13. This result was expected as women in business might be more affluent.

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Table 13- Source of finance for women in business

What are your sources of finance?	Business women	Willing to be business women
	Percent	Percent
Self-finance	67.9	13.3
Loan	14.3	6.0
Gameya	10.7	6.7
Sale of things	0	6.7
Others	7.1	13.3
Total	100.0	100

Source: Idem.

### 4.2 Women Business Association in Egypt

Women business associations are a new worldwide trend to support the needs of women entrepreneurs. They are an economic and political recognition of women in business, that are increasing steadily in developed, developing, and transitional countries.

Women's business associations are especially well-placed to offer training in fields where women have expressed special interest, including technical training and business skills. Associations provide the moral and psychological advocacy required to start a small business by creating a safe and growth-oriented atmosphere that is ideal for incubating new businesses. Associations cover a wide spectrum of activities encompassing credit, business skills training, technical and technology training, employment creation, marketing services, legal assistance, psychological counseling, and some social welfare programs. Some organizations, like the Grameen Bank in Bangladesh, specialize in providing micro-credit 21.

In other words, Bonano 22 1999 notes that women business associations can provide access, organization and advocacy as follows:





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**Access:** Women's business organizations can offer access to contacts for sources of credit, access to training in international trade issues, as well as access to the more basic skills of operations management and marketing. In addition it can provide access to industry information and spotlight trends and potential niches.

**Organization:** As women advance within the business community, they have to think seriously about coming together, identifying their interests and then advocating for them. This is true across the spectrum of economic development. As the needs of women entrepreneurs grow, their business organizations need to expand and develop their capabilities and services accordingly.

**Advocacy:** For women's businesses to flourish in the global economy of the future, they need to be represented by organizations that do more than just provide access and networking. Successfully targeted advocacy is critical if women are to overcome the institutional and informal constraints that continue to hamper them in many parts of the world\_in developed as well as in emerging economies. Advocacy can increase access to education and foster the growth and dynamism of women-owned firms. It can help spur reform of laws that hold women back from business ownership and hamper their ability to use collateral to obtain financing.

**Training:** Instruction in managing and developing businesses as well as subjects particular to running a successful business association such as

Most of the associations in developing economies were generally new. But the growth in the number of women's business associations seems to mirror the trend of an increasing number of women who are establishing their own businesses. Greater recognition



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for women in business is without a doubt the key objective these organizations will be pursuing in the 21st century.

In Egypt, the first women business association was established in 1995 followed by several other associations such as:

- El Menia Businesswomen Association
- Suez Businesswomen Association
- The Future Businesswomen Association-Zagazik
- The 10th of Ramadan Businesswomen Association
- El Dakahlia Businesswomen Association
- Alexandria Businesswomen Association
- El Beheira Businesswomen Association
- Kafr El Sheikh Businesswomen Association
- The Egyptian Central Association of Businesswomen
- Businesswomen Association for Development
- The Egyptian Businesswomen Association
- Egypt 21 Businesswomen Association
- The Egyptian Association for Marketing and Development

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- Aswan Businesswomen Association
- El Menoufia Businesswomen Association
- El Wadi El Gedid Businesswomen Association
- Egyptian Junior Business Association

The evaluation of the work and programs of these associations is a hard task due to the lack of information about them.

### **4.3 Challenges facing women in business**

Since Egyptian women represent a large share of the total population, around 49.4%, and an increasing share of the labor force, they are inevitably affected by the macro-economic conditions and performance of the economy. The country's main financial sources\_oil, aid flows, and worker remittances\_have recently been declining, which along with the structural reforms undertaken, has led to the shrinking of public sector, the main employer of the labor force, in particular of women, and will likely be unable to continue to be the main job creator.

At the same time as the shrinking of the public sector, the private sector is not able to absorb the growing women's labor force, and those who manage to find a job are often paid lower wages, face greater insecurity and fewer opportunities for promotion.

Assad et al. 2000<sup>23</sup> note that "a combination of educational policies, public-sector hiring and powerful social norms has resulted in a labor market that is strongly segmented along gender and educational lines." For instance, the poor employment prospects

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faced by females in the private sector can be attributed to a variety of factors, including limited success in Egypt of labor-intensive export industries and perception by private employers that females have a low attachment to the labor force. Furthermore, labor laws impose a number of mandates on employers, such as generous paid/unpaid maternity leave, child care provisions, restrictions on working hours that increase the cost of hiring women.

Slow job creation along with the rapid increase of new entrants to the labor market resulted in unemployment, amounting to 10.2 % of the total labor force and 23.9 % for women in Egypt in 2002 24.

The focus groups organized by ILO, BW21, and CEFRES mentioned before in Nassar's 2001 paper , confirmed several obstacles facing private small and medium enterprises in Egypt. The constraints facing the private SMEs can be largely grouped under the headings of financial and non-financial constraints. The financial constraints include obstacles that inhibit their potential to expand, grow, and increase their investments. These include the difficulties they face in accessing financial services due to the weakness of the institutional infrastructure providing these services, the excessive reliance of most specialized programs on donor and external support and the banks' neglect of the SME sector.

As for the non-financial constraints, SMEs face several obstacles with regards to obtaining the required inputs, producing competitive product, in addition to an inadequate institutional, legal and regulatory environment. While there are numerous programs that seek to address these constraints, there is need for coordination among these programs.

Moreover SMEs in Egypt encounters significant marketing constraints including: the inadequacy of the current marketing channels and networks, lack of information, the inability to employ marketing professionals, the underdevelopment of linkages between small enterprises, large and foreign enterprises as well as limited access to public contracts. Finally, they lack the capacity to influence the decision making and policy formulation processes.

### **5 Potentials for women's entrepreneurship development**

Mayoux 2001 identifies three distinct paradigms of micro and small enterprises (MSE) development for women underlying current debates about best practice:

\* The neo-liberal market paradigm where the emphasis in MSE policy is on small-scale growth-oriented enterprises based on a Western model of individualist entrepreneurship to increase their contribution to market-led economic growth. Women's entrepreneurship development is promoted mainly on the grounds of efficiency and contribution to market growth, which entails a down-playing of constraints on women's enterprise.

\* The feminist empowerment paradigm. Here the focus is on poor self-employed women and workers in the informal sector, and on developing networking and co-operation to address gender and poverty constraints. The paradigm encompasses a fundamental critique of market-led growth and the ways in which this reinforces underlying structures of gender subordination and poverty.

\* The interventionist poverty alleviation paradigm characterizes agencies like the ILO and current policy in the European Union. This paradigm focuses on poverty alleviation and socially re-

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sponsible growth, but is in many ways a very uneasy marriage between promotions of market growth on the one hand and the development critique of gender lobbies on the other.

Studies based on cases from African, European and South-Asian countries find that women entrepreneurs operate in very diverse economic and socio-political environments, and therefore have very diverse needs. Even within particular contexts women differ considerably in access to resources, skills, markets and labor.

As Jones 2001 notes, the key lessons from the experience of WID, GAD, and WED are: 1) the importance of context in assessing women's needs and in targeting women with effective services; 2) the prevalence of women's role as unpaid laborers, especially in rural settings; and 3) the need to empower women at different levels of interaction.

In other words, what are important however, are not only expansion in numbers of women entrepreneurs, but the conditions in which they operate their businesses and the degree to which they benefit from economic activity.

### **5.1 The Enabling Business Environment**

Elson 1999 25 defines labor markets as institutions which are "bearers of gender," that is, as markets structured by practices, perceptions, norms and networks which are "bearers of gender". This same idea was expressed also by Morrisson & Jütting 2005 26, who examined gender inequalities and different aspects of constraints imposed on women by social institutions in developing countries. Their findings confirmed the idea that social insti-

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tutions such as; laws, norms, traditions, and codes of conduct that exist in societies for centuries, are the most important single factor determining women's participation in economic activities outside the household.

Therefore, participation in labor markets does not automatically empower women. The enabling business environment is very important. Several questions arise while discussing the business environment such as:

What are the key elements of the business environment that can affect women differently from men, and do those elements differ in each country, or are they largely the same? What kind of public policies for entrepreneurship might translate into more women starting and growing businesses? How active role governments can or should play in encouraging women's enterprise development? Should policies be gender-specific or gender-neutral? What's the best way to bring about change?

### **The answer for those questions touches on two areas.**

The first area is related to the macro-economic policies necessary to ensure sustained and high rate of growth. This would require macro-economic stability, increasing domestic and foreign investment, and encouraging the private sector to increase its role, relative to that of the state, through reducing the obstacles that hinder private investment 27.

Secondly, SME development should be treated as a national priority designed specially for the youth. It requires the coordination of efforts among all government and non-government actors and

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entities. SME development requires reforming and stimulating the financial sector to address the financial needs of SMEs on sound economic basis. It also requires reforming the educational system in order to provide an adequate supply of skilled labor that is able to assimilate modern production techniques. Moreover, marketing and trade systems have to be further developed in order to enhance the competitiveness of SME products in local and international markets. Finally, significant legal and regulatory reform is needed in order for this vital sector to develop and expand 28.

### **5.2 Efforts to cushion the adverse consequences of Economic reform in Egypt**

Certain actions were taken in Egypt to ease the adverse consequences of economic reform in Egypt as follows:

\* **Social Safety Nets:** The Social Fund for Development (SFD) was established in 1991 in Egypt as a social safety net to cushion the adverse consequences of recent reforms. There are five major programs executed by the SFD. One of these programs is "Enterprise Development" that aims at developing small and medium enterprises in Egypt. This program works to create long-lasting job opportunities through technical assistance, loans, and credit. Despite the existence of a separate unit in the Social Fund for women with major facilities and outreach capacity, the outcome for women is still minimal and did not address the social and economic costs that women face.

\* **Micro-finance Programs:** Micro-finance programs give access to a large portion of those who are deprived of access to official finance, and improve their quality of living. Micro-finance programs also support the private sector in developing countries par-



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ticularly with the declining role of governments in offering this support due to the privatization programs. Most of the micro-finance programs in Egypt are serving both women and men. However, a few programs target women, including the UNDP Mirco-Start Program; and USAID Basheir El-Kheir (Seed of Hope). The supply of micro-finance in Egypt meets only 5% of its estimated demand 29. As Assad et al. 2000 note studies have indicated that there is no clear evidence that the loans have led to an increase in the size of the workforce for micro and small enterprises. However, loans provided to newly established enterprises (start-ups) helped to secure new self-employed jobs for the entrepreneurs receiving the loans. On the other hand, micro-credit is an appropriate intervention for mature women who are constrained from entering the paid labor market but are in need of a source of livelihood, as the analysis has shown that female heads of households have a strong incentive to participate in the labor force but are often confined to self-employment. Supporting these women, who are often poor, with micro-credit programs and other sorts of assistance seems highly justified.

\* The National Council for Women established in 2000, with branches in all governorates, has an agenda for this Five-Year Plan for women empowerment socially (through health and education improvement), economically (through vocational training and micro-credit) and politically (through advocacy, raising awareness and facilitating the issuance of identity cards for women). The issue of bringing back a quota for women in municipal and parliamentary elections would be a viable route for affirmative action in Egypt 30. Recently, the NCW has established with the USAID, a Women Business Development Centre (WBDC) to provide women with the following services:

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- \* Orientation and training to young female graduates to acquire skills in demand by today's labor market.
- \* Information and training on how to establish and manage small enterprises (i.e. preparing feasibility studies, book-keeping)
- \* Assist women in obtaining useful data, information and statistics related to small enterprises and modern marketing technologies.

### **6 Conclusion**

Gender is not synonymous with women, nor is it a zero-sum game implying loss for men; rather, it refers to both women and men, and to their status, relative to each other. Gender equality refers to that stage of human social development at which "the rights, responsibilities and opportunities of individuals will not be determined by the fact of being born male or female," in other words, a stage when both men and women realize their full potential.

The paper attempted to study the gender gap in Egypt, economic participation of Egyptian women in the labor market as well as the status of women in business or as entrepreneurs. Finally we examined the main challenges and potentials for women as agents for development in Egypt.

#### **The main conclusions were as follows:**

- \* Informal employment is widespread in Egypt. Informal agriculture is a larger share of women's total employment relative to men's. In addition, a large number of women are employed infor-

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mally as unpaid workers on family farms and agricultural enterprises. This shifts the overall balance of the gender division of informal employment in Egypt toward agriculture and away from non-agricultural employment.

\* The labor forces are highly segmented in terms of sex and employment status. There is a clear distinction between formal and informal employment, with women more likely to work in informal activities. The public sector is important in providing women access to formal wage employment. However, segmentation is also apparent within the informal labor force. Outside of agriculture, women are more likely to be own account workers, domestic workers and unpaid contributing workers on family enterprises. To the extent that women are concentrated in low-quality employment, their risk of poverty will be exacerbated, all other factors being equal.

\* The usual labor market categories of official data, based on formal employment relations, are wholly inadequate when a large proportion of workers in developing countries such as Egypt work in informal employment relations. The measurement distortions, and hence perception and policy mistakes, are greatest with regard to the work of women, whose work is often unrecorded, and especially precarious and poorly remunerated.

Finally, more information about women-owned business enterprises is surely needed to force policymakers to realize that women are an economic force to be reckoned with. Without a solid base of statistical information, no country will be influenced sufficiently to support and promote the growth of women owned businesses. Part of this process is to document the economic significance of women-owned enterprises in order to establish a constructive dialogue which was the intent of this paper.



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(4) Entrepreneurship is a term that can be used in many ways and has several different definitions. Most narrowly, it refers only to businesses started by their owners with a goal of wealth and job creation. Most broadly, it is used to describe the full extent of business activity. In this report, the terms "entrepreneurship" and "entrepreneurial" are used in a broad sense to refer to business creation and ownership. Thus, in some instances, it can refer to micro-enterprises as well as small- and medium-sized enterprises (SMEs), both non-employer and employer firms.

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