

A STUDY OF SOCIAL AND ECONOMIC ACTIVITIES OF WOMEN ENTREPRENEURS IN PAKISTAN

ABSTRACT

In Pakistan, majority of women entrepreneurs belong to low-income groups working on sub-contracts with multinationals, also known as home-based working women. Lower middle class woman entrepreneur is a new and revolutionary concept in the male dominating society of Pakistan. However, fight against poverty and gender discrimination is the root cause of women coming from the low-income classes. Home-based working women including women entrepreneurs are seen in a new perspective which is both feminist and economic. The present study has been conducted to evaluate the changing role of women in the context of present day social and economic system. A purposive sample for the present study was obtained from the records of two micro-credit giving organizations- the First women's Bank Ltd. and the Orangi Pilot Project (an NGO), Karachi. Data showed that the women entrepreneurs had gained self-confidence as a result of their experience as entrepreneurs, that they had won the respect of their families and their neighbors and that they were hopeful for a better future for themselves and their families. These women entrepreneurs came from marginally well-off households, owned their homes, or their husbands did; and, their homes had various types of basic requirements for a comfortable life, such as electricity, gas, refrigerators, washing machines, sewing machines, sofa sets, televisions, etc. The data acquired and analyzed suggested that the status and role of today's woman has undergone basic changes, not only in her role but also in her behaviour, attitude and her role performance.

Key Words: Women entrepreneurs, social, economic, micro-credit, Pakistan

INTRODUCTION

Research on women entrepreneurs is limited largely to developed countries (Hisrich and Brush 1983; Watkins and Watkins 1983; Cromie 1987; Sundin and Holmquist 1991; Carter and Cannon 1992; Brush 1992; Kaplan 1988; Holmquist and Sundin, 1988). Although studies on women entrepreneurs in developing countries are scarce (Allen and Truman 1993), interest in the economic contribution of women from the low and lower middle class is not new (Shaheed and Mumtaz, 1978; Brownlee and Brownlee, 1976).

In Pakistan, women entrepreneurs from low-income groups are a sub-group of the larger entity known as home-based working women. The term “home based working women” applies to those women who process or produce marketable goods on behalf of (men) entrepreneurs. There is no authentic data available on the home-based working women in Pakistan. However, according to World Bank in 1989 there were 1.5 million home-based working women in Pakistan and this estimate has reached to 12 million in 2007. According to estimate of 1989, about half of Pakistan’s home-based women are women entrepreneurs (Alavi, 1991; Weiss, 1992). In Pakistan’s peculiar male dominated society, the woman entrepreneur may get substantial help from the men of the family for her contacts with the marketplace. Yet, ideally it should be the woman entrepreneur herself who would be the decision-maker, investor, receiver of her income and finally, it should be she herself who will have complete control over her income.

The role of a lower middle class woman entrepreneur in the traditional Pakistani society is new and revolutionary, since according to Alavi (1991) the urban lower middle class women were among the most oppressed of women in Pakistan being confined to the four wall of their homes. However, recognition of the spirit of enterprise among the women coming from the low-income classes has its origins in the fight against poverty and gender discrimination (Khandker, 1993). Women entrepreneurs are also seen as the spear-headers of a new social order in which legitimate opportunities for economic betterment are not denied to any one on account of gender and poverty (Rani, 1996). Home-based working women including women entrepreneurs are seen in a new perspective which is both feminist and economic. Home-based working women and

women entrepreneurs (some do not make any distinction between the two) not only contribute substantially to the total household income but are also seen as more reliable and stable providers for their families leading to the proper physical and social development of children (Shah, 1999; Kazi and Raza, 1988).

The governments in developing countries have taken measures to aid the working women whether they are working in their own homes for the informal sector of the economy or in the factories for the formal sector. One of these measures is the institution of micro-credit or micro-finance services for the home-based working women, many of whom can be classified as women entrepreneurs (Khatoon, 1995; Bundell, 1997). The movement to arrange affordable soft loans for the poor actually began as an unconventional anti-poverty measure by an NGO in India. Soon, with the emergence of Grameen Bank in Bangladesh it became associated with the emancipation and empowerment of women.

The reason was that women were the main participants and beneficiaries of Grameen Bank's participatory small loans programme for the poor. Also, women's own traditional methods of participatory mutual financing to meet urgent family needs and arrange seed money for small enterprises fitted very well in the model developed by the Grameen Bank and followed by many countries of the region and other parts of the world (Yunus, 1998).

In Pakistan, microfinance is gaining importance as an effective tool of social mobilization and poverty alleviation. Currently in Pakistan, a variety of institutions ranging from NGOs to private and government sponsored rural support programmes are delivering microfinance services to the poor. Two Commercial banks i.e. First Women's Bank and Bank of Khyber are also providing lines of credit for the microfinance sector. (Anonymous, 2005). The last decade has seen a number of initiatives using micro-credit as a tool for poverty alleviation. Examples include the Pakistan Poverty Alleviation Fund (PPAF), the National Rural Support Programme (NRSP), other Rural Support Programmes (RSPs), and more recently, the Khushali Bank. These programmes have tried to target women in their lending programmes. Some non-governmental organizations are also extending micro-credit along with their rural support programmes. Kashf, Sungi, Orangi Pilot Project (OPP) and Development Action for Mobilization and Emancipation (DAMEN) are a few of the known organizations working in this field. However, the microfinance service market in Pakistan remains underdeveloped and serves only 7 to 8 percent of these potential clients.

In the third world, women from the privileged classes have emerged as business and professional women no doubt. But, their activities even as politicians and heads of states are more a dynastic affair rather than an indicator of basic social change involving change in the traditional role of women in the society as a whole. Therefore, the study on which this work is based treats the emergence of women entrepreneurs as a large enough group from among the low and lower middle-income classes and groups as a significant catalyst in changing the role of women in traditional societies. It should be noted here that the women entrepreneurs are set apart from family labour such as in agricultural and traditional artisan families in the rural areas and small towns of Pakistan. Therefore, the women entrepreneurs as meant in this study are mostly found in the urban centres of Pakistan. The study on which this work is based was conducted to delineate the change in the status of women in Pakistani society. As indicated earlier, women in the Pakistani society have never been socialized to participate in the market economy independently. The emergence of women entrepreneurs from among the lower and lower middle income groups of urban Pakistan is a significant development.

OBJECTIVES OF THE STUDY

The basic question to which this study addressed itself was: Was micro credit instrumental in strengthening the role of woman as an entrepreneur? The objective of the study had to be broken into the following components

- a. Women entrepreneurs' own evaluation of the loans made available to them for business purposes.
- b. To find out if the loans obtained by the women entrepreneurs were really used for the purpose for which they were originally granted to them.
- c. Typologies of small scale, home based industries operated by the loan taking women entrepreneurs.
- d. To find out if the women entrepreneurs operated their enterprises according to business principles.
- e. To find out if successful enterprises with the help of loans made the women entrepreneurs more self assured, confident and forward-looking.
- f. The impact of the economic success of the women entrepreneurs on their social status and standard of living.

DATA COLLECTION AND METHODS

In Karachi, the population of women entrepreneurs as defined for this study was not known. In the present research, in order to obtain a purposive sample of women entrepreneurs, the study was combined with micro-credit. The micro credit delivering institutions know who is an entrepreneur and who is not. It was with this understanding that the First Women's Bank Ltd. and the Orangi Pilot Project were approached for their lists of borrowers who in their judgment were women entrepreneurs. Thus for the study, a sample size of 200 was determined for useful statistical manipulations. It was also decided to divide the sample equally between the First Women's Bank and the Orangi Pilot Project, i.e., 100 addresses each.

For this study, the survey method was employed to obtain the data. Illiteracy is widespread in Pakistani society. Therefore, for the survey of women entrepreneurs, a detailed interviewing schedule was developed containing 60 close ended and 15 open ended questions.

Finally, it must be mentioned that the data from 11 respondents of the Orangi Pilot Project's list and 10 from the list provided by the First Women's Bank had to be discarded because they turned out to be cases of men using the names of the females of their households to obtain loans on easy terms. Thus the study contained 89 respondents of OPP and 90 respondents of the FWB.

RESULTS AND DISCUSSION

The data showed that there were a number of similarities in the personal characteristics of the respondents of OPP and FWB. The mean age of the women entrepreneurs was 37 years. The majority of the women were married being 92.1% in the OPP sample and 93.3% in that of the FWB. In our culture the trend prevails that usually women get into any profession or work after marriage. The majority of the respondents were either illiterate or less educated. On the whole there were 12.8% of the respondents who were

graduates. It is interesting to note that the respondents, with no or meager formal education could operate their businesses successfully.

The heads of the households of the respondents were found to be involved in different types of occupations. The income of nearly half (50.8%) of the respondents in the two samples was in the range of Rs 2001-3000 per month (This was before the onset of high inflation in Pakistan). This income was meager and indicated that the majority of the respondents were below the poverty line. Low income was one of the basic reasons for these respondents to take up some sort of work to earn money.

Traditionally, our social system is male dominant, and therefore, it is evident that majority of our households in our country has husbands as the head of the households. However, this trend, especially among the educated professional classes, is changing and more or less a democratic trend is setting in.

Most of the respondents had large family with 3-6 children. It was also found that 89.9% respondents in the OPP and 85.6% in the FWB had nuclear families. In both the samples mostly one male and one female, earning members were present. The above statistics, thus, indicated a nascent change in our family system: nuclearization, desire to have smaller families, and the presence of more than one earning members.

It was found that 91.0% and 91.1% respondents respectively in OPP and FWB samples owned their houses they lived in, either by themselves or owned by their husbands. Most of the respondents were found to possess various types of basic requirements in their homes for a comfortable life, such as, refrigerators, washing machines, sewing machines, sofa sets, televisions, etc.

Table 1

The various types of work in which the respondents were involved for business

Types of work	Orangi Pilot Project (Percent)	First Women's Bank (Percent)
Stitching	49.4%	33.4%
Making household items	14.6%	4.4%
Running shops (food items, general items, beauty parlours, boutiques, etc.)	32.6%	60.0%
Packing	3.4%	2.2%

Fixed time given to work	57.3%	62.2%
With business work, do the routine house work	87.6%	92.2%
Started work on self-motivation	70.8%	87.8%
Working for more than 5 years	60.7%	25.6%
Acquired training	44.9%	43.3%

The respondents were found to be involved in various types of work, such as stitching and various handicrafts, preparing food items, preparing decoration pieces or running their stores (Table 1). It was found that 87.6% respondents from OPP and 92.2% from FWB kept themselves busy in doing one or another type of work and produced articles of daily use to supplement or to contribute to household income. Besides doing this work, they also did the usual domestic chores

According to home based working women, traditionally the domestic activities were their expected responsibility and so they did it beside their economic activity, and also because financially they were not able to hire help for domestic work. However, their daughters, if they had any, helped them both in work and in their domestic responsibilities.

More than 50.0% of the respondents in both OPP and FWB had not acquired any formal professional training in the trades they were engaged in. However, the ones who had acquired training were either from their family members, or while working in shops or factories and/or from some training institutions or centers. However, the respondents felt that there was a need for acquiring some sort of professional training before starting their own businesses independently. It was felt that arrangements should be made for the training of un-skilled entrepreneurs and their workers.

As shown in Table 1, 53.7% of the respondents in OPP and 62.2% of the respondents in FWB had fixed timings for business work while the remaining respondents worked according to the availability of time. Table 1 also indicates that among the respondents, 70.8% in OPP and 87.8% in FWB samples, started working on self-motivation. This shows that women in the two samples were themselves aware that they should work to supplement their household incomes.

Table 2**Percentage of respondents who answered yes to the loan related questions**

Loan related questions	Orangi Pilot Project (Percent)	First Women's Bank (Percent)
Loans were taken in the last 4 years	93.3	100.0
Loans taken above Rs. 20,000	42.7	100.0
After taking loans the same businesses were continued (for which the loans were granted)	96.6	100.0
Took any loans prior to these loans	52.8	15.6
Faced no difficulties while taking loans	98.9	62.6
Prior to taking loans, awareness of loan policy	98.9	100.0
Businesses have promoted after taking loans	100.0	100.0
Following business principles by keeping separate business accounts	22.5	34.4
Returning the loans as per rules	100.0	84.4

The data in Table 2 indicates that majority of the respondents in both samples took loans to develop their existing businesses and 100% from OPP and 100 % from FWB admit that their businesses have promoted. In fact the women entrepreneurs had no idea about the loans but when they came to know about it, they took the advantage of loans and utilized the money in expanding their businesses. They, however, seem confident that without taking loans their business could not be expanded as they lacked money to invest. There were women who took loans according to their specific needs which were less than Rs. 20,000 and there were those who took loans up to Rs. 25,000/= for their

businesses. But, the status of returning loans was encouraging. 100% from OPP and 84.4% from FWB usually returned their loans regularly and on time, none of them were found to be defaulters. It is interesting to observe that the women borrowers are not defaulters as the men borrowers are. Although Table 2 shows that 98.9 % respondents from OPP and 62.6% from FWB did not face any difficulty in taking loans, however this was the case with women who personally knew loan-giving authorities. While the other women had difficulty in finding guarantors and had to visit the Bank several times to receive loans. The respondents in both samples were aware of the loan policies and felt that the loan policies need to be made easier and through relevant sources should be publicized for the benefit of the entrepreneurs.

As shown in Table 2, the respondents have reported that their businesses have made progress after taking loans. However, the respondents strongly felt that the policies of loans are useful for small business people to start their business. When a small business had been established, there is a need that the bank should provide facility for a bigger amount of loan. As regards the future plans for businesses, 51.7% respondents wanted to improve their businesses in OPP sample, while in the FWB sample, 37.8% respondents desired to improve their businesses and suggested that the loan facility should be extended. The common suggestions to improve the loan policies included that the loan giving agencies and banks should simplify their loan procedure, which is cumbersome and complicated and that the duration of loan return should be extended.

Regarding the separate account of the business, it was found that 22.5% in OPP and 34.4% in FWB were keeping separate account of their business income. The remaining respondents, who do not keep separate account of their business, felt the necessity for it in order keep the track of profit and loss.

Regarding the knowledge where their products are sold, 68.5% respondents in OPP and 63.3% in FWB said that their products were sold in the domestic market. On the whole 3.4% were of the opinion that their products were exported. They were also aware that their products were purchased by the middlemen at cheaper rates and sold at much higher prices. They suggested that the system of middlemen should be eliminated and direct selling to the customers or even exporters should be encouraged. In both the samples, the women felt that the profit level in their business would be higher if marketing of their products was well organized. In that situation the loans may not be needed as the reinvestment of profits and savings may improve the financial position of the women in this business.

Table 3 indicates that 97.8% in OPP and 98.9 % in FWB respondents felt that their status improved in the neighborhood as well as in the family due to their financial position having become better after they started their business. In fact their better economic position ensured more stability to their business enterprises, and therefore, more respect. This earned them better command over their familial matters. Among the respondents, 77.5% in OPP and 53.3 % in FWB indicated that they got help from their families, in one way or the other in setting up their businesses. In fact, it is possible to suggest that the home-based work done by women becomes a kind of family-based activity. The women

entrepreneurs do not have to hire help from outside. Neither can they afford to do so because of an unfavourable margin of profit. They have to depend on their own family members as help in their enterprises. In some cases however, they do hire help from the neighbourhood when doing so becomes viable or profitable.

The respondents 86.5% in OPP and 87.8% in FWB expressed satisfaction over the success of their entrepreneurship. They are happy that they have been able to change their life style due to the extra income always at hand to meet the eventualities and extra expenditures which come unaware and which otherwise they would meet through loans.

Table 3

Percentage of respondents who answered “yes” to the questions about family, social and financial status

Questions about family, social and financial status	Orangi Pilot Project (Percent)	First Women Bank (Percent)
Improvement in social status	97.8	98.9
Financial position is better than before	100.0	100.0
Assisted in work by family members	77.5	53.3
Children should help in business work	95.5	90.0
Satisfied with profit in business	86.5	87.8
Work has affected health	20.2	10.0

Neighboring women visit to get guidance for business	76.4	68.9
Not interested in sharing business with other women	79.8	68.9
Savings from business income	49.4	50.0

Table 3 also shows that 76.4% and 68.9% of the respondents, respectively in OPP and FWB were being visited by their neighbours for technical assistance and guidance in order to start their business. However, majority of the respondents were not interested in sharing their business with other women and would prefer to work alone. They did not want to share with other women primarily due to lack of confidence and fair play in business.

Table 3 indicates that there were very few respondents (20.2% in OPP and 10.0% in FWB) who said that their health has been affected by their work. The reason for those whose health has been affected was either overwork or improper sleep.

As indicated in Table 3 the respondents have developed the habit of savings. The respondents (49.4% OPP and 50.00% FWB) felt that their enterprises help them to save money because otherwise in the husband's income alone there can be no savings. They consider their earnings as a sort of compulsory savings. The purpose of saving was for the daughter's wedding or for future use. However, among those who could not save was due to the expenses on the education of their children.

In general, the impression by the interviewers was that the respondents were found to be clam and at ease while interviewing. They were found to be well-dressed and during interview were in pleasant mood. Their houses were clean and the environment in the house was peaceful. This indicates that the increase in the earnings had improved not only their homes but also the attitudes of women. Although these women entrepreneurs were making money from their businesses the biggest constraint to growth remained the availability of credit. The lack of management skills and marketing did not allow these women to expand beyond a certain point. Therefore, special services were needed to promote the cause of women entrepreneurs, such as easy flow of credit, technical assistance, upgrading of their managerial and marketing skills, networking and regular exhibitions of products prepared by women entrepreneurs.

The data acquired and analyzed herein indicate that the traditional role of women has now changed and the process of change is continuing. The status and role of today's woman has undergone basic changes, not only in her role but also in her behaviour, attitude and her role performance. However, there are some suggestions for future implementations in order to motivate more women to enter into business in order to improve their economic and social conditions. The arrangements for the training of women entrepreneurs should be made and better educational facilities should be provided for their children, particularly professional training may be arranged for them to take up their parents trade. The loan facilities should be made within the easy approach and the Banks may be motivated to provide loans on easy terms and in due time. Better facilities should be provided to help the women entrepreneurs for marketing of raw materials and sale of products. The Government should arrange an exhibition for the items made by these women. This will be an encouragement for the working women.

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