

Barriers to Development and Progression of Women Entrepreneurs in Pakistan

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In Pakistan, women entrepreneurs do not enjoy the same opportunities as men due to a number of deep-rooted discriminatory socio-cultural values and traditions. Furthermore, these restrictions can be observed within the support mechanisms that exist to assist such fledgling businesswomen. The economic potential of female entrepreneurs is not being realised as they suffer from a lack of access to capital, land, business premises, information technology, training and agency assistance. Inherent attitudes of a patriarchal society, that men are superior to women and that women are best suited to be homemakers, create formidable challenges. Women also receive little encouragement from some male family members, resulting in limited spatial mobility and a dearth of social capital. The research suggests that in order to foster development, multi-agency cooperation is required. The media, educational policy makers and government agencies could combine to provide women with improved access to business development services and facilitate local, regional and national networks. This would help integration of women entrepreneurs into the mainstream economy.

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Many of the recipes for success of women entrepreneurs have been garnered from studies conducted in developed countries (Lerner et al., 1997). There is a dearth of research on this subject within developing countries (Allen & Truman, 1993). An International Development Agency commissioned research focuses on women's concerns from a macro perspective (Wees & Romijn, 1987). These studies, however, critically omit

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the formation of an in-depth understanding of the nature of women's entrepreneurship within developing economies, failing to assess the impact and role of social structures, work, family, and organised social lives that can vary widely in developing countries (Aldrich, 1989; Allen & Truman, 1993).

A different approach is required when assessing developing countries such as Pakistan, where social and familial control over women, economic dependence on men and restrictions on mobility create differential access between males and females with respect to education and other key supporting services.

The status of women in Pakistan is not homogenous because of the interconnection of gender with other forms of exclusion in society. Religious prescriptions, cultural norms and practices related to women's status and role vary widely and are sometimes contradictory. Additionally, feudal, capitalist and social mores can restrict the operations of female entrepreneurs throughout their working lives. Arguably a woman's situation, in comparison to a man's, is one of systemic subordination determined by the forces of patriarchy. These practices greatly restrict the availability of occupational opportunities open to women throughout Pakistan. Professionally, women have to adhere to two significant mores, namely *pardah* (veil)—literally a 'curtain' representing a system based on seclusion of women—and enforcement of 'high' standards of female modesty. Female seclusion and gender segregation is the norm in many South Asian societies. The *burqa*, often worn by Muslim women, has been described by Papanek (1982) as a portable means of seclusion. Female entrepreneurs also need to observe the notion of *izzat* (honour), as women are considered to be the repositories of their families' honour, and their chastity and good reputation are highly valued and guarded (Shaheed, 1990, p. 27).

Objectives

This study aims to present a micro-level perspective of the gender related challenges faced by women entrepreneurs in the context of the socio-economic landscape of Pakistan. Evidence implies that women entrepreneurs, in addition to experiencing gender-neutral constraints such as the lack of access to capital, land, technology, training and government

assistance, also experience gender-related constraints. The research catalogues some specific challenges, emanating from feudal, tribal and geographical traditions. These wide-ranging practices are often justified for the maintenance and promotion of religious values.

This study aims to contribute to a deeper understanding of women's entrepreneurship in a challenging cultural setting and assist policy makers and development agencies in addressing the specific needs of female entrepreneurs. This study also catalogues the constraints that can hamper female entrepreneurship, and proposes practical methods to nurture the entrepreneurship potential of women within an Islamic society.

With these aims and objectives in mind, the research posed three specific questions:

1. Which specific gender-related factors influence the entrepreneurial capabilities of Pakistani women?
2. What effect does the practice of *pardah* (veil) and *izzat* (honour) have upon the performance of these female business owners?
3. What policies could promote the entrepreneurship potential of women in an Islamic society like Pakistan?

Method

A series of in-depth and one-on-one semi-structured interviews were conducted with a sample of 256 women entrepreneurs in five major cities of Pakistan. The rationale for this choice was two-fold. First, the indigenous researcher was able to bank upon his understanding of how the respondents view and experience the world so as to supplement and adequately interpret the data. The second was to enable the researcher to capture data efficiently and expedite access to meaningful qualitative analysis over a relatively short period of time. It was important to encourage the participants to discuss what *they* believed was relevant from their perspective within the time permitted and the practicality of access granted to the researcher.

The sample was drawn via information sourced through the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Export Promotion Bureau (EPB), Small and Medium Enterprise Development Authority (SMEDA), First Women's Bank Limited (FWBL), WEXNet-2001, backed up by information sourced through local directories and

yellow pages. Several participants provided further names of potential participants, who were subsequently included in the study. Participants from five major cities of Pakistan—Karachi, Lahore, Rawalpindi/Islamabad, Quetta and Peshawar—were organised within a stratified sample framework. The respondents worked in the manufacturing, retailing and services sectors. A minimum of twenty-five women entrepreneurs from each city and specific operational sector were sampled.

The interviews took place at the respondents' business premises or at WEXNet (an exhibition organised by the EPB and the FPCCI). The researcher was able to draw upon his previous experience whilst employed in a leading business school and through providing business development services to women entrepreneurs in conjunction with the EPB and the FPCCI. This not only helped to secure good response rate, but also provided respondents with the necessary assurance so that they expressed themselves more freely and openly.

The interviewees were either owners of, or held a controlling interest in, an enterprise and managed it on a day-to-day basis. From the 265 people contacted, only four declined, three were unavailable and in two cases, it was not possible to arrange a meeting. A total of 256 interviews were conducted; of these, 239 were held on one-on-one basis, where only the researcher and the respondent were present. For the balance seventeen interviews, nine were conducted in the presence of the respondents' employees and eight in the presence of their children or siblings. All the interviewees were assured that all information they provided would be treated in the strictest confidence, and that no names would be cited in the study. This measure was utilised to increase the reliability and credibility of information provided during the interviews.

Structural Profile

Data showed that a significant number of the women entrepreneurs (34 per cent) owned or managed micro enterprises. Some 36 per cent of the businesses could be categorised as 'small businesses' and 10 per cent of the entrepreneurs controlled small to medium enterprises. These results are close (within +/- 5 per cent) to the structural profile of the women entrepreneurs described in a study conducted by the International Labour Organization (ILO) in 2001 (Goheer, 2002). The majority of the businesses (82 per cent) operated within the traditional sectors of textiles

and apparel, education, food, beauty and health. A significant number of the female entrepreneurs (47.7 per cent) were concentrated in the services sector and operated at the local market level, marketing a vast majority of these services to predominantly female customers. This is in line with women's enterprises in other Islamic countries, where the initial investment is relatively small as life experiences, hobbies and interests develop into fledgling businesses (Al-Riyami et al., 2003). Service provision operates in sectors where male–female interaction is either non-existent or at the minimum level (as in the education, beauty and food sectors). Within the manufacturing sector, female entrepreneurs (34.4 per cent) primarily operated in the apparel and textiles sectors, wherein the majority of their employees were females, only 19.9 per cent were engaged in the retail sector. This is probably the result of the increased incidence of male–female interaction; a particularly pernicious constraint given this sector offers many business people entrepreneurial opportunities across the globe.

Personal Profiles

The personal profile of the respondents is presented in Table 1.

TABLE 1
Personal Profile of Pakistani Women Entrepreneurs

| <i>Variable</i> | <i>N</i> | <i>Percentage</i> | <i>Mean</i> |
|---|----------|-------------------|-------------|
| Education level/high school | 212 | 82.8 | – |
| Education level/university (Bachelor) | 135 | 52.7 | – |
| Education level/university (Master) | 39 | 15.2 | – |
| Area of university education: management, economics, etc. | 39 | 15.2 | – |
| Previous entrepreneurial experience | 23 | 8.9 | – |
| Previous managerial occupation | 56 | 21.8 | – |
| Previous experience in industry | 66 | 25.7 | – |
| Involvement in the start-up | 244 | 95.3 | – |
| Membership in women's association | 77 | 30 | – |
| Age of entrepreneur | | | 39 |
| Marital status: currently married | | 77 | – |
| Number of children | | | 3 |
| First child's age | | | 16 |
| Father and/or husband in business | 179 | 69.9 | – |

(*N* = 256)

The prevailing literacy rate has a profound effect in informing Pakistani women of their rights (Shah, 1986). The study confirmed that those women who had a higher level of education were more likely to become entrepreneurs, indeed the fact that 82 per cent of the sample benefited from being at least high school graduates supports this proposition; 52.7 per cent of the respondents held bachelor's degrees and a smaller percentage (15.2 per cent) of the respondents had postgraduate qualifications. Another significant finding is that their close relatives possessed above-average levels of literacy and numeric skills. However, only 15.2 per cent of the respondents had taken a formal management education programme, 21.8 per cent of the respondents had managerial experience and 25.7 per cent of the respondents benefited from previous work experience in industry.

Another significant finding is that almost 70 per cent of the respondents had close male relatives working in business at the time of the start-up of their business. These relatives also greatly supported their daughters and wives in the start-up phase, or at least encouraged them to 'take the plunge'. Most of the respondents (77 per cent) were married with children, but only became entrepreneurs when their children were older. This finding is consistent with the strong family orientation prevalent in Pakistani culture and the tolerance of working women as long as they continue to give priority to their family responsibilities. Only 15.2 per cent of the respondents had studied business related subjects at the university level, which, to some extent, is explained by the fact that women in universities were advised by family members to study non-commercial subjects. Some 13 per cent of the interviewees were members of a women's association and received support and succour from their peer group. The majority (87 per cent) did not benefit from access to a peer support group.

The respondents can be sub-divided into three specific groups: personal freedom seekers (20.3 per cent), personal security seekers (48 per cent) and personal satisfaction seekers (31.7 per cent). Common underlying influences that shaped their enterprises were: family encouragement, ambition, independence, enjoyment, finance, economic necessity, challenge, corporate downsizing, job dissatisfaction, utilisation of knowledge or skills, and a pressing need to gain self-recognition (Al-Riyami et al., 2003; Shabbir & Gregorio, 1996).

A total of 48 per cent respondents expressed their need to maintain or improve their personal as well as their family's socio-economic status.

In many cases, this was triggered by an unhappy event, such as the death or retirement of their husband. Other 'push' factors like high unemployment rates, fierce competition for a limited number of jobs, meagre salaries, long working hours and poor working conditions (Goheer, 2002) forced women to become self-employed. The decision was largely driven by need.

A significant number of women (the personal satisfaction seekers) in this study (31.7 per cent) were no longer content with their role as a homemaker. They took the decision to manage their own enterprise in order to prove to themselves and to others that they were useful and productive members of society. Most of the respondents within this category were relatively older women in their forties and early fifties with little or no previous formal work experience.

Only 20 per cent of the sample (the personal freedom seekers) made a conscious decision to enter business in order to benefit from the freedom to choose their own kind of work, hours, environment and colleagues. The women in this category had previously experienced frustration in paid work and now desired the opportunity to gain greater control over their working environment and the type of employment (Shabbir, 1995).

Based on the findings of this study and with reference to the literature (Goheer, 2002; Rajivan, 1997; Shabbir, 1995; Shah, 1986), one can begin to construct a profile of a typical Pakistani woman entrepreneur: a woman in her thirties or early forties, holding a university/high school education (though often unrelated to business), concentrating on a single enterprise and unwilling to diversify into multiple business areas. Many respondents reported that they were initially reluctant to enter into business and often struggled to deal with their multiple roles—running their enterprise, managing homes as well as raising children. They did, however, often benefit from a supportive family. Respondents, however, reported that they had to develop coping strategies within a largely unsupportive society, which often viewed women's enterprise as secondary in importance compared to managing and nurturing their families.

Challenges

An important question in entrepreneurship studies is whether women entrepreneurs face specific problems in setting up a business that are significantly different from those faced by male entrepreneurs. Women

entrepreneurs experience a number of problems and issues that are greater than those faced by small business people in general. In order to examine the extent of consistency with previous research studies (see Carter & Rosa, 1998), issues were divided into gender-neutral and gender-related categories.

The interviewees were also asked to describe, in descending order, the three biggest challenges faced in both the start-up and growth phases of their business enterprise.

The greatest gender-neutral challenge cited was access to capital, followed by lack of business management skills, and restrictive government regulations whilst operating in the start-up phase. Again, access to finance was cited as the most difficult challenge, followed by the availability of the market and lack of technical skills in the development (growth) phase. In addition to gender-neutral problems, female entrepreneurs had to overcome structural immobility issues imposed upon them through the preponderance of the practices of *pardah* and *izzat*. Their lack of access to capital can pose a significant problem as it can constrain the female entrepreneur as she begins to mobilise by raising the requisite start-up working capital, credit guarantees and investment capital. Although not necessarily the norm, there is evidence to suggest that a discriminatory attitude is displayed by some bankers (ibid.).

The combination of both gender-neutral and gender-related constraints presents the potential and established female entrepreneurs with several challenges. These challenges and issues can seem to be daunting; so daunting that only extremely determined and motivated individuals will be able to withstand the considerable pressures and clear the barriers facing them as they establish their business enterprises. If such an individual does not enjoy the support of her family, then it would appear nigh impossible for her to succeed in the long term. There is, therefore, a compelling case for the establishment of a support network to assist fledgling entrepreneurs, especially in the start-up and early growth stages of enterprise development.

Many female entrepreneurs are reluctant to approach banks because of the limited availability of collateral, making it difficult for them to formulate and develop a viable business plan. They often face a challenging set of social mores while interacting with male bank officials. They often resort to raising most of the capital from their personal savings,

from family and/or from friends. Because of the risk of limited earnings in the start-up phase, many women entrepreneurs find it difficult to access significant start-up capital. Most often, it is possible for a female entrepreneur to start a business if her family has the start-up capital readily available. Government and other support agencies need to provide the essential seed funding to encourage more female entrepreneurs to enter the market. A structured provision of improved access to business start-up capital would help to alleviate the problem.

The restricted interaction of female entrepreneurs with male members of society limits the opportunities to acquire business management and technical skills, as there are very few institutions/organisations providing specific training for women. They also face severe competition when embarking on gaining access to the marketplace. Males are able to move more freely in the society and interact with their peers. Within the wider areas of society such as administration and government agencies, men relate to women differently than they do to their male colleagues. Women are often encouraged to stay longer when they are attending official meetings, resulting in unnecessary delays in receiving responses to their queries.

Not surprisingly, spatial mobility was cited as the most challenging factor when starting a business. Female entrepreneurs found it difficult to move around because of inadequate public and private transportation facilities. They also found it challenging to move around unencumbered; women do routine work in offices from nine to five, but they cannot move around as freely as their male colleagues/relatives while conducting business.

The respondents concurred that one of their most daunting challenges was dealing with a less educated male-dominated labour force. Some of them could be rude, unsupportive and unwilling to accept the authority of a woman. Female entrepreneurs were, therefore, required to be forthright in managing this type of labour to achieve their business objectives. Many males still possessed a schema of socio-cultural values preventing them from readily accepting instructions from a female manager.

Another major gender-related challenge for women entrepreneurs was that of proving their credibility to both their suppliers and customers. The respondents agreed that the acceptance of their authority was a major problem they needed to overcome. It was exacerbated if the female entrepreneur worked in a non-traditional sector. They often had to deal with a situation where neither suppliers nor customers took them seriously and

seemed to believe that these women entrepreneurs will not be able to achieve their targets. More seriously, some suppliers and customers believed that female entrepreneurs would not be able to pay them on time or meet the required production lead times. Therefore, female entrepreneurs had to work much harder to convince customers, suppliers and even their employees that they were capable of running an effective and efficient business enterprise (Shabbir, 1995).

All entrepreneurs, regardless of gender, require information, capital, skills and labour to successfully establish and develop their businesses. While they hold some of these resources themselves, entrepreneurs often need to seek additional resources by accessing their contacts. These contacts can provide successful routes by which entrepreneurs can gain access to social capital, and thus represent a key component of beneficial networks (Burt, 1992). With respect to social capital and networks, some research indicates gender-specific deficits in the contacts of female entrepreneurs, even in developed economies, demonstrating the limited outreach and diversity of women entrepreneurs' networks (Cooper et al., 1995). This is evident in Pakistan where women entrepreneurs find it difficult to commute, meet their colleagues and get together at a convenient place outside their homes. Many of them cite the lack of networks enabling them to exchange important information, to discuss pertinent issues and to seek advice on common topics. The respondents felt that networks would provide them with an effective support framework, helping them to establish their enterprise.

Policy Recommendations

The research suggests that many of the problems/challenges faced by Pakistani women entrepreneurs originate from the structurally enforced inferior status of women within an Islamic society. They are underestimated as economic agents; the gender bias is embedded in the regional, tribal and feudal culture present within an Islamic society.

Female entrepreneurs have to overcome the significant challenges posed by the mores of *pardah* and *izzat*, placing severe restrictions on their mobility and their interaction with men at work. Traditionally, doubts could be cast on their good reputations and even adversely affect their marriage prospects in some quarters of the society (Hibri, 1982; Shah, 1986).

The key point worthy of consideration is that there is nothing in the *Quran* (The Holy Book for Muslims) or in the *Hadith* (sayings of The Prophet Muhammad) which prevents women from working outside the home. The *Quran* cites the example of Bilqis (the Queen of Sheba), reporting her political skills, the purity of her faith and her independent judgment. No specific Quranic injunction prohibits women from managing and owning an enterprise. *Hadith* literature is replete with examples of women leaders, jurists, scholars, and women who participated fully in public life.

Pakistani society's inclination to deny women the right to work because of religion is an unrealistic proposition. Women have been denied the right to access education even though Islam has made it compulsory for men and women to pursue knowledge. Islam has given women the right to own property and businesses, to maintain their 'maiden names', to choose their spouses, to divorce, to hold political office, and to enjoy equality in honour and respect (Ahmed, 1992). The right to work is also an inalienable right of women, which Islam has never prevented. If this right is denied, it will deprive women of the ability to make a choice in many areas and affect other inter-related rights such as mobility, decision making and entering politics (Jalal, 1991). The following steps need to be taken to improve women's entrepreneurship opportunities:

1. As a priority, a 'true interpretation' of the status of women in an Islamic society should be fostered where current thinking should be modified at the school level to promote the inclusion of women in economic activities. A positive change in the portrayal of stereotypical images of women in society together with general support and encouragement from family would help young women to develop entrepreneurial ambitions.
2. Inadequate public transport plays a major role in restricting the mobility of women in Pakistan. Transport facilities such as buses and vans continue to segregate genders by providing separate seating for men and women; only two or three rows are available for women using public transport. There is a need to change this system. Government should take the lead in revising the provision of these services, enabling more women to access transport and travel more freely in the course of running their enterprises.

3. The media could play a pivotal role by portraying the appropriate images of a modern 'Muslim woman' by publishing images of inspirational and positive role models of successful women entrepreneurs. This would not only provide a source of inspiration for women to make specific career choices, but will also create an environment for family members to provide encouragement to female entrepreneurs to establish their enterprises.
4. Women generally have less access to external funding than men; women's businesses tend to be concentrated in the services sector, which usually require smaller initial capital outlay as well as less technical knowledge. The government has taken a few steps in improving their access to finance such as incorporating the First Women's Bank (a commercial bank for women operated by women) and establishing the Pakistan Poverty Alleviation Fund (for the provision of micro-credits to women). However, there is a need for more flexible banking policies, especially for women, to encourage the supply of collateral and to support development of their viable business plans.
5. Research suggests that women-only training can play an important role in developing the next generation of business leaders and enhance their careers (Vinnicombe & Singh, 2003). The non-availability of women-only training opportunities was often cited by the interviewees to be a major constraint to the development of their business management skills. Women-only entrepreneurship training initiatives in addition to (and not as a substitute for) other entrepreneurship courses, together with mentoring and coaching, could make a significant difference. Female entrepreneurs could thus develop hands-on techniques for running a business in a socially acceptable and culturally viable environment. Literature confirms that women are more likely to develop more affective interpersonal skills when they undertake women-only capacity building activities (Vinnicombe & Singh, 2003; Simpson, 2000). Subsequently, they might be able to perform more effectively in mixed training activities.
6. In parochial commercial environments, there may be limited support to forecast market and financial trends, principally because of lack of data. Business support institutions such as the EPB, FWBL and the SMEDA should develop mechanisms to support

women entrepreneurs and assist them in gaining access to international markets. Making the entrepreneurs aware of international demand cycles and underlying trends and opportunities through capacity building/training and participation in trade delegations and exhibitions would be steps in the right direction.

7. Successful women entrepreneurs could assist in supporting the establishment of mentoring networks in order to facilitate the development of fledgling female entrepreneurs. Regrettably, existing organisations such as chambers of commerce and women entrepreneurs' associations are constrained by limited membership and do not yet uniformly cover all regions. These forums need to play a more active role by providing the business development services (BDS) required by female entrepreneurs at their vulnerable stage of business development.

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