

Women Entrepreneurs in Micro, Small & Medium Enterprises: Some evidence from Asian developing countries

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INTRODUCTION

In developing countries, including in Asia, micro, small and medium enterprises (MSMEs) have a crucial role to play because of their potential contributions to employment creation, improvement of income distribution, poverty reduction, export growth of manufactured products, and development of rural economy. Beside these contributions, MSMEs are also considered as an important place for women, especially in rural areas, to be actively involved in economic activities, not only as hired workers but, more importantly as entrepreneurs. In other words, MSMEs can provide an avenue for the testing and development of women ability as entrepreneurs. It is also generally believed that, together with other actions to improve access to opportunities and resources (e.g. education, healthcare, technology, credit, employment), women's entrepreneurship development in Asian developing countries, as in other parts of the developing world, has also a tremendous potential in empowering women² and transforming society in the region.

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² The United Nations Population Fund defines women's empowerment through five major components: women's sense of self-worth; their right to have and determine choices; their right to have access to opportunities and resources; their right to have the power to control their own lives, both within and outside the home; and their ability to influence the direction of social change to create a more just social and economic order, nationally and internationally (UNDP, 2008b).

The main aim of this paper is to examine development of women entrepreneurs in MSMEs in Asian developing countries. Although the development of MSMEs in general and the involvement of women as entrepreneurs in these enterprises in particular are also important issues in African and Latin American regions, the selection of Asian developing countries as a region of comparison in this study is simply because in the literature, Asian has been the leading regional study not only for MSMEs but also women entrepreneurs. That is why in the women/gender study literature in the developing world, dealing with various issues e.g. poverty, women modernization, women empowerment, women participation in a modernizing economy or social changes, publications are more available for Asia than for the other two regions. Within the Asian region, more attention has been given (and hence more literature is available) to South Asia (e.g. India, Pakistan, Nepal, Bangladesh) for two main obvious facts: seriousness of poverty and socially, politically and economically suppressed women. This is also the motivation of many other women study scholars such as Das (2000), Dhameja et al. (2002), Raju (2000), Sasikumar (2000), Sharma and Dhameja (2002) who have also focussed their research in this part of Asia.

In the literature of women entrepreneurs in Asia, so far not so much attention has been given to Indonesia. This study therefore aims to fill the gap by adding new information on women entrepreneurs in Indonesia. This study also provides new world wide data on gender development in the region from UNDP and World Economic Forum (WEF).

Specifically, by limiting the period for comparison between 1990 and 2008, this paper addresses three research questions. First, how important are MSMEs in the region? Second, how representative are women entrepreneurs in MSMEs in the region? Third, what are the main barriers faced by women to become entrepreneurs as well as by women entrepreneurs to carry out their businesses in the region?

Methodologically, this paper addresses all these questions by analyzing available secondary data on women entrepreneurs (though they are very limited or even not available in some countries) and reviewing existing key literature on the issue.

RECENT DEVELOPMENT OF THE MSMEs IN THE REGION

Asian developing countries have touted MSMEs as the engine of economic growth and development, the backbone of national economies, the highest employment-generators, and a potential tool of poverty alleviation by creating self-employment avenues. In Southeast Asian countries alone (i.e. Indonesia, Malaysia, Thailand, Singapore, the Philippines, Brunei Darussalam, Lao PDR, Cambodia, Vietnam, and Myanmar),

notwithstanding various definitional issues and data problems, by combining all sources which are available, there is an (rough) estimated total of around 52 million MSMEs, with Indonesia as the largest contributor. According to the “ASEAN Development Blueprint for SMEs 2004-2014”, these enterprises employ about 75%-90% of the domestic workforce, especially adult persons and women (Lim 2008). These enterprises play strategic roles in private sector development, especially in the aftermath of the 1997 Asian Financial Crisis. In some member countries, as their economies modernize or industrialize, SME provide the much-needed inter-firm linkages required to support large enterprises (LEs) to ensure that they remain competitive in the world markets. In this region as well as in East Asia (e.g. China and South Korea), the total number of MSMEs account, on average, for more than 99% (Table 1).

MSMEs’ contribution to total value added or gross domestic product (GDP), on the other hand, are much smaller than their share in total employment. This is indeed a general characteristic of MSMEs in developing countries as compared to those in developed countries. In developing countries, MSMEs are not yet so importance from output contribution perspective due to their low productivity because they lack of advanced technologies, sophisticated methods of production and skilled workers. However, in some individual countries, MSMEs have GDP shares on average above 50%, such as Cambodia at almost 77% in 2001, Indonesia which ever reached almost 57% in 2003, and Brunei at 66% in 1995. In China, the ratio is about 60% (Table 2).

Table 1: Number of MSMEs in Selected Asian Developing Countries

Country	Number ('000)	Year	% of total enterprises (last year)
Brunei Darussalam	30.000	2004	98
Cambodia*	0.369 1.000 24.097 25.406 25.985 28.747	mid 1950s 1958 1998 2000 2003 2005	99
Indonesia	39,767.3000 37,858.1000 43,466.8000 48,936.8000	1997 1999 2003 2006	99.9
Lao PDR	22.000 25.993	1998 2004	99.4
Malaysia	516.855 518.996	2003 2005	99.2
Myanmar	34.000	1998/99	96
Singapore	72.000	2002	97.8
Thailand	779.033 1,639.427 1,995.929 2,274.525	1997 2001 2003 2006	99.8
Philippines	68.000 72.696	2001 2003	99.5
Vietnam	59.831 98.233	2002 2005	96.8
India	6.79 7.65 8.97 10.11 11.34 12.34	1990/91 1993/94 1997/98 2000/01 2003/04 2005/06	90.0-99.7
China	2,370.260	2007	99.7
Pakistan	2,880.000	2005	90.0
Bangladesh	6.000.000	2003	99.0
Nepal	3,485*	2000/01	98

*Note * in manufacturing only for enterprises with 10 or more workers.*

Sources: Tambunan (2007, 2008), Shahid (2008), Das (2007), Sang (2007), Xiangfeng (2007), Cuong, et al (2007, 2008), Pandey (2007), Upadhyay (2007), Mintoo (2006), Nepal, et al (2006).

Table 2: MSMEs' Contribution to GDP in Selected Asian Developing Countries (%)

<i>Country</i>	<i>1990</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Brunei Darussalam ¹⁾	... ³⁾	66	...	...	...	...	...	...	...	...	...	...	...
Cambodia ²⁾	60	37.5	51.2	60.5	64.5	76.7	...	...	...	...	...
Indonesia	...	...	...	...	...	...	54.7	54.8	57	56.8	55.4	53.5	53.3
Malaysia	20	30	27.3	...	...	...	...	...	...	47.3	...	38.9	...
Singapore	...	...	...	...	...	...	...	...	34.7	...	...	...	...
Thailand	...	...	...	...	...	...	39.5	39.3	38.8	38.1	37.8	38.3	38
Philippines	...	32.2	...	...	...	...	...	...	...	...	...	...	...
China	...	...	...	...	...	...	...	...	...	...	59.6	60	60
Vietnam	...	...	...	...	...	...	...	...	...	39	...	...	...
Pakistan	...	...	...	...	...	...	...	30-40	30-40	30-40	30-40	30-40	30-40
India	...	...	...	...	...	...	...	...	...	...	...	...	7
Bangladesh	...	...	...	...	...	...	...	...	...	25	...	...	...
Nepal	8.85 ⁴⁾	10 ⁵⁾

Note: 1) non-oil and gas GDP; 2) SEs only; 3) no data available; 4) 1991/92; 5) 1998/99

Sources: see Table 1

DEVELOPMENT OF WOMEN ENTREPRENEURS IN THE REGION

As in other parts of the world, development of women entrepreneurs in Asian developing countries has also a tremendous potential in empowering women and transforming society in the region. Yet in many countries, especially where the level of economic development, reflected by the level of income per capita and the degree of industrialization, is still low, this potential remains largely untapped. Sinhal (2005), for instance, observed that less than 10% of the entrepreneurs in South Asia, comprising Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, being women.³

Existing literature from Asian developing countries⁴ suggest that there are three categories of women entrepreneurs, i.e. “chance”, “forced” and “created” entrepreneurs (Table 3). These different categories are based on how their businesses got started, or what are their main reasons or motivations to open their own businesses. Chance entrepreneurs are those who start a business without any clear goals or plans. Their businesses probably evolved from hobbies to economic enterprises over time. Forced entrepreneurs are those who were compelled by circumstances (e.g., death of a spouse, the family facing financial difficulties) to start a business, their primary motivation, hence, tend to be financial. Created entrepreneurs are those are “located, motivated, encouraged and developed through, for instance, entrepreneurship development programs. According to one study by Das (2000), the most common reasons given were either financial reason or to keep busy. He found that only about one fifth of women were drawn to entrepreneurship by “pull” factors, for instance, the need for a challenge, the urge to try something on their own and to be independent and to show others that they are capable of doing well in business.

³ See also, e.g. Das (2000), Raju. (2000), .Dhameja et al. (2002), Goheer (2003), Ganesan. (2003), Giovannelli et al. (2003), and Sinha (2003).

⁴ See, among others, such as Das (2000), Raju. (2000), Sasikumar. (2000), Seymour (2001), Walokar. (2001), Sharma and Dhameja (2002), and Sinha (2003).

Table 3: Categories of women entrepreneurs (by reasons/motivations for starting the business) in Asian Developing Countries

Category	Main reason/motivation
Chance entrepreneurs	-to keep busy -was hobby/special interest -family/spouse had business
Forced entrepreneurs	-financial/needed the money
Created or pulled entrepreneurs	-control over time/flexibility -challenge, try something on one's own -show others I could do it. -to be independent -self satisfaction -example to children -employment to others /do something worthwhile

Source: Das (2000)

It is often stated in the literature that the degree of women entrepreneurship development is closely related to the degree of gender equity, which in developing countries is generally lower than that in developed countries. Although, within the developing countries, the degree varies by country, depending on many factors, including level of economic development, reflected by the level of income per capita, and social, cultural and political factors. Gender equity has many dimensions and it is not easy to measure, due to the lack of accurate, gender discriminated social indicators in many countries, especially in the developing world.

Two indices often used to measure gender equity are Gender Development Index (GDI) and Gender Empowerment Measure (GEM) constructed by UNDP. GDI is HDI adjusted for gender inequality, and HDI (human development index) measures the average achievements of the country in terms of the extent to which people lead a long and healthy life, are educated and knowledgeable, and enjoy a decent standard of living. GDI measures achievements in the same basic dimensions as HDI but in addition captures inequalities between women and men. The GEM

is concerned with the opportunities available to women vis-à-vis men as regards participation in the economic and political life of a country. Together GDI and GEM attempt to capture the level of development of women and the extent to which women are free from discrimination in building their capabilities and in gaining access to resources and opportunities.

Based on the Human Development Report 2007/2008 from UNDP, Table 4 shows these two indices for several Asian developing countries. In the category of high human development (based on HDI rank), there are only three Asian developing countries led by South Korea with the highest GDI rank (no data available for Singapore). Other important Asian developing countries are found in the middle human development category, with three countries from South Asia are in the lowest rank. For the GEM rank, Singapore is the highest as compared to Nepal with the lowest rank. With these indices, it can thus be expected that in Singapore women would have more freedom than their counterparts in Nepal and other Asian developing countries to become entrepreneurs. Similarly, in South Korea, for instance, more women entrepreneurs can be found in modern businesses than those in Nepal, since women education in the first country is better than that in the second one.

World Economic Forum (WEF) also produces annual report on global gender gap ranking, based on gender gap index (GGI). The index is based on four critical areas of inequality between men and women: 1) economic participation and opportunity: outcomes on salaries, participation levels and access to high-skilled employment; 2) educational attainment: outcomes on access to basic and higher level education; 3) political empowerment: outcomes on representation in decision-making structures; and 4) health and survival: outcomes on life expectancy and sex ratio. The index scores are on a 0 to 1 scale (0.00= inequality, 1.00= equality) but can be roughly interpreted as the percentage of the gender gap that has been closed. The index scores can be interpreted as the percentage of the gap between women and men that has been closed (Table 5).

Table 4: Gender Development Index (GDI) and Gender Empowerment Measure (GEM) in Selected Asian Developing Countries, 2007/2008

Country*	GDI Rank	HDI Rank-GDI Rank**	GEM Rank
<u>High Human Development</u>			
Singapore	..	..	16
South Korea	26	-1	64
Brunei Darussalam	31	-2	..
Malaysia	58	1	65
<u>Middle Human Development</u>			
Thailand	71	0	73
China	73	1	57
Philippines	77	4	45
Sri Lanka	89	-1	85
Vietnam	91	3	52
Indonesia	94	1	..
India	113	0	..
Lao PDR	115	-1	..
Cambodia	114	1	83
Pakistan	125	-7	82
Bangladesh	121	1	81
Nepal	126	4	86

*Notes: * based on HDI rank; ** the HDI ranks used in this calculation are recalculated for the 157 countries covered by the survey for the Human Development Report 2007/2008 with a GDI value. A positive figure indicates that the GDI rank is higher than the HDI rank; a negative the opposite*

Source: UNDP (2008a).

Table 5: The Global Gender Gap Index 2007 Ranking and 2006 Comparisons in Selected Asian Developing Countries

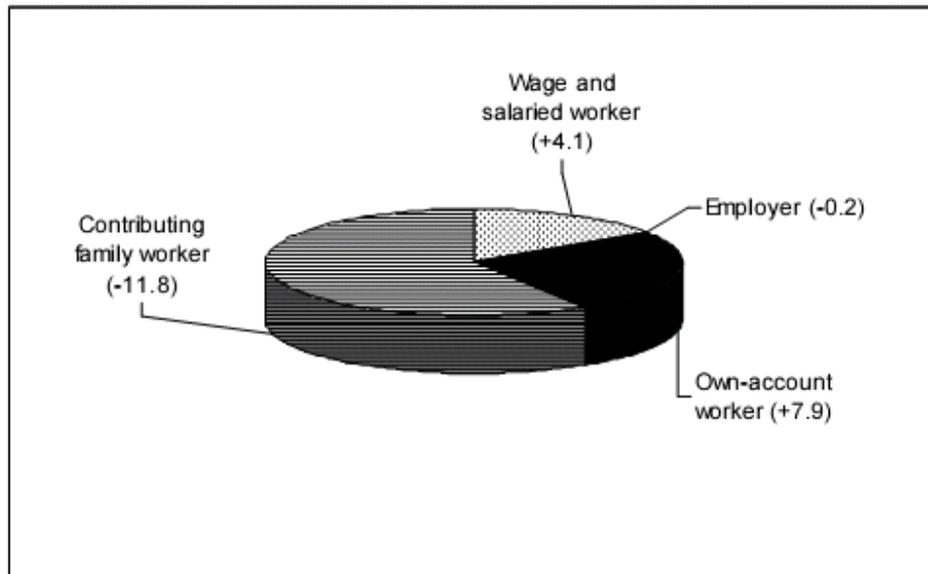
Country	Gender Gap Index		Subindexes			
	2007 Rank (among 128 countries)	2006 Rank (out of 115 countries)	Economic Participation and Opportunity	Educational Attainment	Health and Survival Subindex	Political Empowerment
			Rank	Rank	Rank	Rank
Philippines	6	6	2	1	1	14
Sri Lanka	15	13	94	56	1	7
Vietnam	42	...	11	103	91	42
Thailand	52	40	21	81	1	110
China	73	63	60	91	124	59
Singapore	77	65	55	98	115	71
Indonesia	81	68	82	93	81	70
Malaysia	92	72	93	71	97	101
Korea, Rep.	97	92	90	94	106	95
Cambodia	98	89	52	112	1	105
Bangladesh	100	91	116	105	122	17
India	114	98	122	116	126	21
Nepal	125	111	114	122	117	83
Pakistan	126	112	126	123	121	43

Source: WEF (2007).

Another important institution which produces annual report on global employment trends for women is the International Labour Office (ILO). Its 2008 report shows that most regions in the world are making progress in increasing the number of women in decent employment, but that full gender equality in terms of labour market access and conditions of employment has not yet been attained. According to the report, economic empowerment for women has a lot to do with their ability or inability to participate in labour markets and with the conditions of employment that the women who do manage to find work face. The report shows that labour force participation rates in South Asia have traditionally been low due to the low rates for women. Compared to 100 men active on labour markets only 42 women participate by either working or looking for work. The low participation is also reflected in the employment-to-population ratios: in 2007, only 3.4 out of 10 women of working-age actually worked (34.1%), and over the last ten years the female employment-to-population ratio slightly decreased. For the same period, the share of women as own-account workers increased by 7.9 % and as employer declined by 0.2% (Figure 1).

Figure 1: Distribution of female status in employment in South Asia, 2007

(% change from 1997 in parentheses)

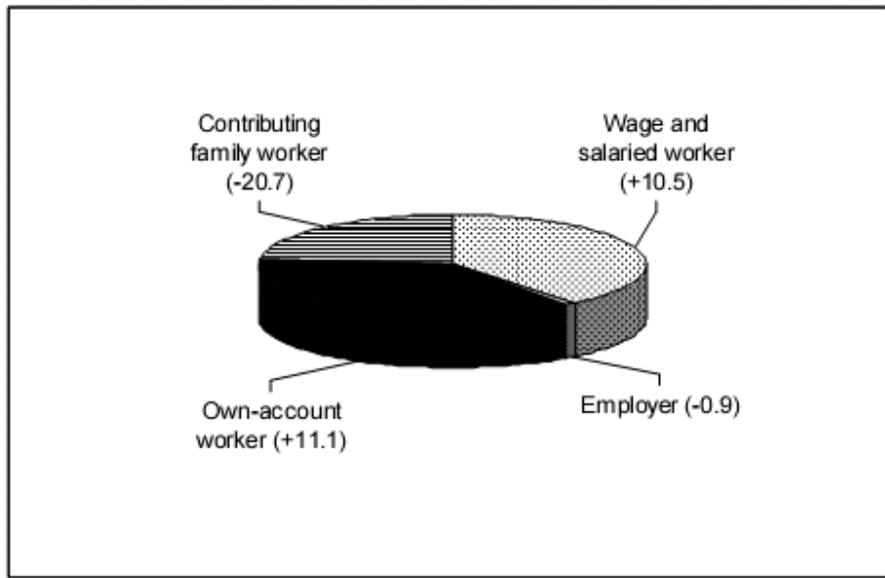


Source: adopted from Figure 9 in ILO (2008).

Whereas, according to the report, East Asia, which has been the most successful region in terms of economic growth over the last decade, is also the region with the highest regional labour force participation rate for women, low unemployment rates for both women and men and relatively small gender gaps in sectoral as well as status distribution. In this region, the gender gap in economically active females per 100 males continues to be among the smallest in the world. Per 100 active men there are 79 women participating in labour markets. Between 1997 and 2007, the shares of women as own-account workers (i.e. self-employed without employees) and as employer (i.e. self-employed with employees), respectively, increased by 11.1% and declined by 0.9% (Figure 2). Those changes in shares of women as own-account workers and employers can be seen as the development of women entrepreneurship.

Figure 2: Distribution of female status in employment in East Asia, 2007

(% change from 1997 in parentheses)



Source: adopted from Figure 9 in ILO (2008).

MAIN BARRIERS

In Asian developing countries, as in any other part of the world, though the entrepreneurial process is the same for men and women, there are however, in practice, many problems faced by women, which are of different dimensions and magnitudes, which prevent them from realizing their full potential as entrepreneurs. Entrepreneurship by definition implies being in control of one's life and activities. It is precisely this independence that societies in the region have denied women. According to Sinhal (2005), the situation is more critical in South Asian countries, as compared to other parts of Asia. The business environment for women, which reflects the complex interplay of different factors (e.g. psychological, social/cultural, religion, economic and educational factors) in the South Asian region ultimately results in the disadvantaged status of women in society. Women remain far behind men in enjoying

freedom and other basic human rights, let alone participating with men on an equal footing in economic activities.⁵

In Bangladesh, for instance, a large number of women's enterprises are operating on an informal basis and they are not identified in the country's economy. These enterprises lack the basic forms and information, marketing opportunities, regulatory and social supports (ADB, 2001). In Nepal and Sri Lanka, problems faced by women entrepreneurs are mainly low access to credit and marketing networks, lack of access to land and property and reduced risk-taking capacity, lack of access to modern technology, lack of personal security and risk of sexual harassment, severe competition from organized units both in the domestic as well as the international markets, low level of self-confidence, and social and cultural barriers such as exclusive responsibility for household work, restrictions on mobility (ADB, 1999a,b).

To sum up, based on studies by Sinhal (2005), Acharya (2001), Roomi (2006), Suharyo (2005), and yet many others, Table 6 provides an overview of constraints faced by women-owned SMEs with respect to main aspects of business, i.e. access to finance, market, training, infrastructure, and technology.

⁵ See also other earlier studies on women entrepreneurs in the region, e.g. Das (2000), Sasikumar. (2000), Dhameja et al, (2002), Goheer (2003), and Ganesan (2003).

Table 6: Main Constraints Faced by Women-owned SMEs in South Asia

Aspect of business	Main constraints
Access to Finance	<ul style="list-style-type: none"> * Discriminatory national laws * Prejudice against women and women-owned businesses * Difficulty in providing collateral (women do not own assets in their own right) * Lack of credit / banking history (due to past, informal nature of businesses) * Need for credit plus business planning and advisory services
Access to Markets	<ul style="list-style-type: none"> * Prejudice against women * Difficulty in traveling to make contacts * Sexual harassment
Access to Training	<ul style="list-style-type: none"> * Training needs are often overlooked * When identified, women's needs may not be met (for example, time of training, content, method of delivery)
Access to infrastructure	<ul style="list-style-type: none"> * Bias against women's businesses * Few or no contacts in the bureaucracy
Access to technology	<ul style="list-style-type: none"> * Older women and women with low levels of education and literacy are particularly disadvantaged * Lack of English language skills * Bias against women's involvement in technical matters.

Source: Acharya (2001), Sinhal (2005), Roomi (2006), and Suharyo (2005), many other previous studies cited in the text and footnotes.

A COMPARATIVE STUDY: Women entrepreneurs in Indonesia and Pakistan

Within the region, Indonesia and Pakistan are two good compared countries for four main reasons: First, as less developed and Muslim countries, women in these two countries are handicapped in society. Therefore they face many challenges, as they do not enjoy the same opportunities as men. Second, both governments have been doing efforts to empowering women by giving them better access to opportunities and resources. Moreover, both countries have committed to the Millennium Development Goals (MDGs). Third, politically, both recently have become democratic countries and each ever had a female leader. Fourth, there are different with respect to education and economic participation/opportunities of women as shown in Table 5, in which women in Indonesia are in a better position than their counterparts in Pakistan.

In Indonesia, women representing half of the nation, a mostly similar condition throughout the world. Although women are left behind compared to their men counterpart in all aspect of life, there has been significant improvement. In 2000, for instance, according to the 2000 Human Development Index (HDI) which represents the quality of human resources, for the GDI (which accounts the contribution of women in the overall quality index of human resources) Indonesia was at the 110th in the rank of 173 countries. This condition has strengthened the commitment of the nation to improve the role and position of women in national development and life through a philosophy of gender equality and justice. The commitment was articulated firmly in the 1999 State Guidelines that articulates direction: (i) to realize the status and roles of women in the state and nation's life through national policies that could be maintained by the institution which competent of struggle for the realization of gender equality and justice; and (ii) to enhance the roles and sustainability of women's organizations by maintaining the unity and historical values of women's struggle in continuing women's empowerment efforts and achievement of family welfare. As a result, the Indonesian position for the GDI increased to the 94th in the rank of 157 countries (see Table 4).

In fact, women entrepreneurs especially in MSMEs in Indonesia have been increasing since the 1980s during the new order era (1966-1998) when the country achieved rapid economic growth leading to rapid increase in per capita income. Data from the National Labor Survey confirm this, looking at self-employed category by gender (Table 7).

Although, there are more males than females who are self-employed in businesses with or without employees, or the share of females engaged in businesses is lower than that of male entrepreneurs. According to a number of studies (e.g. Manning, 1998; Oey, 1998; Parawansa, 2002), the reason for the increasing number of women-owned enterprises are partly due to the increase of women's educational level, and to the economic pressure the women faced in their households.

Table 7: Status in Employment, by gender in Indonesia, 1990-2006 (%)

	1990	1995	1996	1997	1998	1999	2002	2006
Male								
Wage and salaried workers, or employees	31.9	39.1	38.4	39.4	36.1	36.2	29.4	35.2
Self-employed with employees (employer)	1.1	2.1	1.8	2.2	2.3	3.4	4.1	4.0
Self-employed without employees (own-account worker)	53.6	50.1	52.1	50.3	52.7	51.9	59.4	53.2
Contributing family workers	13.5	8.7	7.7	8	8.8	8.5	7.0	7.7
Female								
Wage and salaried workers, or employees	22.8	29.2	27.4	29	27.7	28.1	37.3	31.5
Self-employed with employees (employer)	0.3	0.7	0.8	0.8	0.8	2	1.1	1.1
Self-employed without employees (own-account worker)	30.2	36.8	38.5	34.5	34.9	35.8	25.4	33.2
Contributing family workers	46.6	33.3	33.4	35.7	36.6	34.2	36.2	34.1
Male + Female								
Wage and salaried workers, or employees	28.4	35.6	34.2	35.5	32.9	33.1	32.3	33.9
Self-employed with employees	0.8	1.6	1.4	1.7	1.7	2.9	3.0	3.0
Self-employed without employees	44.5	45.4	46.9	44.3	45.9	45.7	47.2	46.2
Contributing family workers	26.3	17.4	17.5	18.5	19.5	18.3	17.6	16.9

Source: National Agency of Statistics (BPS)

Data on owners of MSMEs by gender in Indonesia are only available in manufacturing industry, which show two interesting facts (Table 8). First, it reveals that only about 29% of total MSMEs in the sector are operated by women. Second, the rate of women entrepreneurs tends to decline by size: in micro enterprises (MIEs) and small enterprises (SEs) the rate is higher than that in medium enterprises (MEs). If total number of enterprises by gender of entrepreneurs or owners can be used as an indicator of current state of the art of women entrepreneurship development, then the table may suggest that becoming an entrepreneur, especially in larger, modern and more complex businesses in Indonesia is still dominantly a man culture.

Table 8: MSMEs in Manufacturing Industry by Gender of Entrepreneur/Owner in Indonesia,

2006 (%)

Sex	Size		
	MIEs & SEs	MEs	MSMEs
Male	77.33	83.75	71.01
Female	22.67	16.25	28.99
Total	100.00	100.00	100.00

Source: National Agency of Statistics (BPS).

The main reason for this observed declining trend of the rate of women entrepreneurs in manufacturing industry by size is because of a number of constraints faced by women entrepreneurs to expand their business, such as lack of education and capital constraints (see Section IV). The Indonesia government, as governments in other Asian developing countries, has been trying to reverse this trend by many concrete actions, including improving access for women to higher education through a quota system in universities and providing many vocational trainings especially for rural women. Also several initiatives for empowerment of women have been taken by the NGOs, including assisting women entrepreneurs in managing their businesses. (Parawansa, 2002).

With respect to sectoral distribution within the manufacturing industry, most of women entrepreneurs are in the food, beverages and tobacco industry, followed by textile, garment and leather, and non-metallic mineral products. In basic metal and fabricated metal products, the proportion of women entrepreneurs is always very small, not more than 1%. This indicates that women entrepreneurs

in manufacturing industry tend to do businesses that do not require high skills and expertise. Within MSMEs, a majority of women entrepreneurs are found in MIEs, employing 5 or less people (and in many cases are non-employing). They choose MIEs simply because this economic activity is characterized by an easy entry and exit, and low capital, skills, and simple technology requirements (Tambunan, 2006, 2007).

Although, in Indonesia gender mainstreaming policies are positively affecting the creation of female entrepreneurship, in general, women entrepreneurs still face at least four main constraints. First, low level of education and lack of training opportunities that make Indonesian women severely disadvantaged in both the economy and society may play an important role. It is especially true for women living in rural areas or in relatively backward provinces (Suharyo, 2005). Second, heavy household chores. Especially in rural areas, women have more children, and they are more demanded to do their traditional role as being responsible for housework and child care, and therefore they have fewer hours of free time than men, both during the weekend and on weekdays. Third, there may be legal, traditions, customs, cultural or religious constraints on the extent to which women can open their own businesses. Especially in rural areas rather isolated from big cities like Jakarta, Islamic-based norms have stronger influence on women daily life. This makes female behavior or attitude in rural areas less open than male (or than urban women) to “doing modern business” culture. Fourth, lack of access to formal credit and financial institutions. This does not say that when credit is available for women, then women entrepreneurs will success automatically, because other three factors mentioned above also play a role. In other words, none of the four main factors play as the dominant role in influencing the development of women entrepreneurs in Indonesia. This is indeed is a key concern of women business owners, in fact not only in Indonesia but also in Pakistan other Asian developing countries. This constraint is related to ownership rights which deprives women of property ownership and, consequently, of the ability to offer the type of collateral normally required for access to bank loans. In Indonesia, men are still perceived as the head of the family, and thus, in general, men are still perceived as the owner or inheritor of family assets such as land, company and house.

Although Pakistan has some similarities with Indonesia, including that both are Muslim countries, the business environment for women in Pakistan is more complex than in Indonesia, which make women in the first country are less free to do their own businesses compared to women in Indonesia. The unfavourable business environment for women in Pakistan is made up of the complex interplay of social, cultural, traditional and religious elements. This aspect of the environment in Pakistan has taken shape over many centuries; it is anchored in the patriarchal system and clearly manifested in the lower status of women. The gender bias of this type of system is rigid and deep-rooted, especially in rural areas, as it draws legitimacy from the perpetuation of a traditional mind-set, established rituals and a firm belief system. Although in Indonesia, rural women

are more handicapped in society than those in urban or big cities, Indonesian rural women in general have more freedom than their rural counterparts in Pakistan. Culturally in Pakistan, men and women are segregated, even in public transports, and this is especially evident in rural areas; but not in Indonesia, except in mosques during pray time and in *madrasah*, i.e. school for learning Islam religious.

Many studies show that these social, cultural, traditional and religious elements are still strong in preventing women from being entrepreneurs in Pakistan. For instance, based on a survey of women entrepreneurs in the formal sector in 2002, Goheer (2003) shows that the likelihood of a Pakistani woman being in business was greater if she lived in a nuclear family structure, while the predominant mode in Pakistan is an extended family structure. Living in a nuclear family structure would mean that women have relatively less interaction with the older generation and are less constrained by their social/cultural influences.

Roomi and Parrot (2008) find that women entrepreneurs do not enjoy the same opportunities as men due to a number of deep-rooted discriminatory socio-cultural values and traditions. 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. Their 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

According to Roomi (2006), most of the problems/challenges faced by Pakistani women entrepreneurs are a result of the inferior status of women in society, their underestimation as economic agents as well as the gender bias embedded in the regional, tribal, and/or feudal culture in the name of Islam. Inadequate public transport plays also a major role in immobility of women in Pakistan, and this is related to religious and cultural reasons, mainly *purdah*: the public transport facilities such as buses and vans have separate seating arrangements for men and women. These public buses and vans only have the first two or three rows of seats available for women. All the remaining seats are for men (Shabbir, 1995).

Other previous studies such as Shabbir and Di Gregorio (1996), Shah (1986), and Hibri (1982) state that the main reasons of the challenges they face are the notions of ‘*purdah*’ and ‘*Izzat*’, which place severe restrictions on their mobility

and they are not allowed to go out and work with men, which might cast doubts on their good reputation and reduce their marriage prospects.

In addition to the above factor, women in general and entrepreneurs in particular in Pakistan face difficulties from the current constitutional structures, policy documents, regulatory arrangements and institutional mechanisms. Although the government has been taking many actions to protect and promote women's rights. Even Article 25 of the Constitution of Pakistan in 1973, for example, guarantees equality of rights to all citizens irrespective of sex, race and class and also empowers the government to take action to protect and promote women's rights. Also in politics, reservation of seats for women in local governments, provincial and national assemblies has given a boost to women in terms of political representation. The adoption of the 33 per cent quota mandate by the Local Government Ordinance in 2001, women competed for reserved and open seats on the union, sub-district (Tehsil), district council and for posts of Nazim and Naib Nazim. The implementation of the quota has provided women with a strategic opportunity to set and implement local government agendas, though effective political participation at all levels continues to witness set-backs such as the women being significantly less informed than men concerning political matters due to lower access to political information. But contemporary legislation still covertly discriminates against women's economic activity (UNDP, 2007).

Despite of data constraints on women entrepreneurs in Pakistan, and to a lesser extent in Indonesia, from the existing literature, it reveals that Indonesia is moving forward faster than Pakistan in promoting women involvement in economic activities either as employees or entrepreneurs. Indonesia women have at least one important comparative advantage above their counterparts in Pakistan: Indonesian society is more open and tolerant for other, including western, cultures and more welcome for women being equal as men.

CONCLUDING REMARKS

Based on limited data and literature, this paper has tried to examine the development of women entrepreneurship in Asian developing countries. Since no data are available for women entrepreneurs in LEs, this study has focused on women entrepreneurs in MSMEs. Moreover, entrepreneurship development is usually associated with development of MSMEs. The paper shows a number of interesting facts. First, MSMEs are of overwhelming importance in Asian developing countries, as they accounted, on average, for more than 95% of all firms, thus the biggest source of employment, providing livelihood for over 90% of the country's workforce, especially women and the young.

Second, women entrepreneurs are mainly found in MIEs, i.e. traditional and low income generating activities. They choose MIEs simply because this economic activity is characterized by an easy entry and exit, and low capital, skills, and simple technology requirements. Indonesian data indicate that the rate of

women entrepreneurs tends to decline by size: in SEs the rate is higher than that in MEs. Although no data available for other countries, it can be assumed that this trend is also valid for other Asian developing countries. If total number of enterprises by gender of entrepreneurs or owners can be used as an indicator of current state of the art of women entrepreneurship development, then the evidence may suggest that becoming an entrepreneur, especially in larger, modern and more complex businesses in Asian developing countries is still dominantly a man culture.

Third, majority of women entrepreneurs in the region were not drawn to entrepreneurship by “pull” factors, such as the need for a challenge, the urge to try something on their own and to be independent, to show others that they are capable of doing well in business, to be recognized by the society (self-esteem), hobby, or to use spare time, but by “push” factors such as poverty, unemployment, the need to have more cash income to support the family daily expenditures, and precaution motives (anticipation if husband is laid-off or unemployed, and other emergency needs).

Fourth, the relative low representative of women entrepreneurs can be attributed to a combination of many factors, which means that none of these factors plays the dominant role. The most important ones among them are: (1) low level of education and lack of training opportunities that make women severely disadvantaged in both the economy and society; (2) heavy household chores; (3) legal, traditions, customs, cultural or religious constraints on the extent to which women can open their own businesses; and (4) lack of access to formal credit and other facilities.

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Comments and my responses.

1) I find a broad geographical coverage (Asian developing countries) for comparison less convincing as the reliable data are limited (as the author acknowledges). In order to carry out such an extensive geographical coverage for comparison, I would like the author to point out why 'Asian developing countries' is an effective unit of comparison, and how other scholars have conducted similar studies. How does this paper contribute to the existing field? Also the author should limit the period for comparison, say between 1990 and 2007? These issues need to be specified and defined in the introduction as the basis of the comparative study.

Response: done in Introduction

2) Linked to this point, specific policies of the government, the nature of the economy responding to particular global economic and political conditions and gender relations arising from a particular cultural heritage need to be considered for a comparative analysis in order to examine the obstacles of the creation of women entrepreneurs. Another matter is the country's legal framework, whether any discriminatory law has been amended or not. Perhaps the author may consider condensing the current paper into a section as a background of the main research questions, and may add a more specific case study of several countries where substantial data are available. Then the author can present a comparative analysis in order to address the four areas highlighted in this research. For example, choose the countries with similar cultural heritage (for hampering gender equity development) and how specific policies of the government and/or NGO's activities may have affected the outcomes? The author seems to be familiar with Indonesia and South Asia, and I encourage the author to compare the Indonesian Muslim women's entrepreneurship, with other strongly Muslim country such as Pakistan? Is there any evidence how gender mainstreaming policies are affecting the creation of female entrepreneurship?

Response: I added one extra section: V: A comparative study: Indonesia and Pakistan

3) I feel that the author has presented a rather simplistic view of the assumed link between women's entrepreneurship development and women's empowerment. The meaning of empowerment has been debated and there is a large amount of literature. There was no reference cited in the introduction, though. The author should also contribute to the ongoing discussions of the meaning and the measurement of empowerment. Naila Kabeer is one of the key authors in the field. The author may find Women's Empowerment: An Annotated Bibliography (2006) www.bridge.ids.ac.uk/reports/bb14.pdf - as a useful resource of references in this field.

Response: I cited the UN definition of women empowerment in footnote 2. In the text I said that among other factors (such as education), development of women entrepreneurship is important for women empowerment.

4) Regarding the access to formal credit and other facilities, a number of scholars working on the benefit of microcredit to women in South Asia have found that credit may not empower the women. See Supriya Garikipati. 'The impact of lending to women on household vulnerability and women's empowerment: Evidence from India', *World Development* Vol. 36.12 (2008), pp.2620-2642. The author needs to comment on the existing literature on the benefit of access to credit to women in details before jumping to the conclusion that access to credit does empower women.

Response: This point is not relevant because I never said in my article that access to credit does empower women

5) I also want the author to analyse why women entrepreneurs tend to decline by size (p.14) in Indonesia and the rest of Asian developing countries. Why is it so? Did the government take initiatives to change this? Khofifah Indar Parawansa (2002:72) says that during the economic crisis in Indonesia, the number of women entrepreneurs increased and she has listed several initiatives for empowerment of women by the NGOs and the government after the fall of Suharto. Was a similar measure taken in other countries around the time of the Asian economic crisis?

Response: I explained within the text after Table 8.