

Report Part Title: More Assistance for Women Entrepreneurs

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More Assistance for Women Entrepreneurs

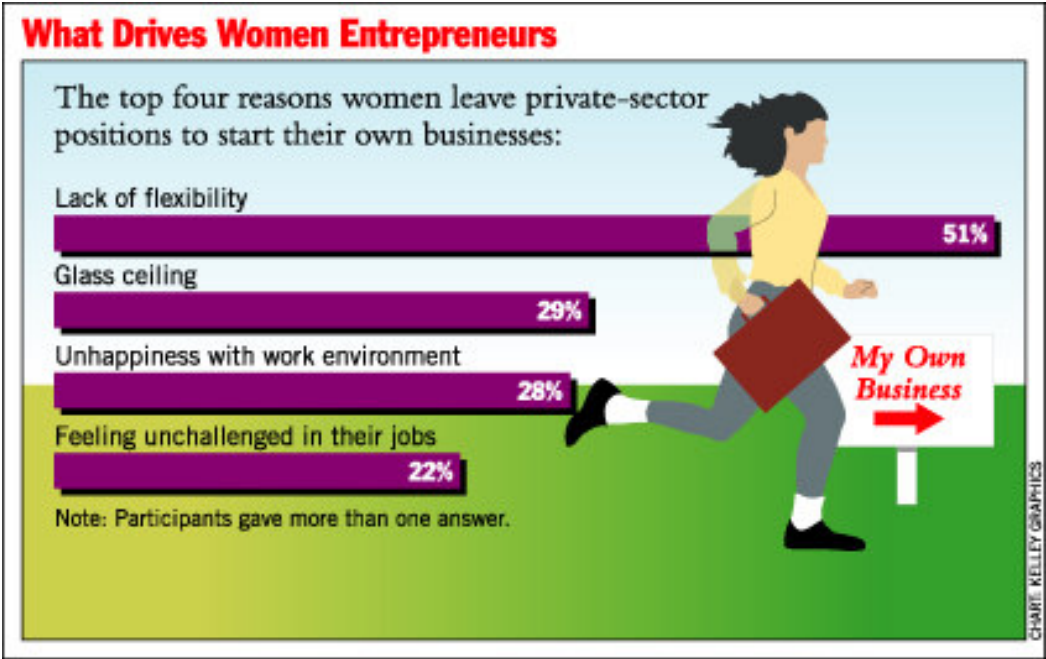
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In India, where the purchasing power of women is still low (a survey reported that only 10 per cent of urban women own a credit card), women shoppers already account for a quarter of the total e-commerce sales last year, according to Accel Partners, an entrepreneurship consulting firm. Not surprisingly, 52 per cent of the online shopping transactions are in fashion and accessories, baby care, and home decor. Similar data for Malaysia is not yet available but anecdotal evidence suggests that the trend is the same — the role of women in driving e-commerce is significant and also increasing with time.

Social media commerce, or s-commerce, a subset of e-commerce, is becoming more popular in recent times. It is largely driven by Facebook commerce (f-commerce) and Instagram shops (instashops). In the s-commerce context, women are more than just shoppers. Social media shops set up by women, especially housewives, are mushrooming by the day. The reason is obvious — social media is the perfect platform for new women entrepreneurs with little capital. Drop shipping (where the retailer does not keep stock but transfers a customer's order to a manufacturer or wholesaler), for example, requires zero capital. It can be used as an avenue to test the market before operating on a larger scale.

S-commerce is often the only solution for certain types of entrepreneurs, such as differently abled persons and mothers, because it supports home based businesses. Working mothers who are struggling with maintaining a work-life balance, in particular, are increasingly making entrepreneurship a conceivable career option, motivated by the more flexible work arrangements. Many set up some form of social media venture as a side income before leaving their full-time jobs when their businesses grow.

Although there have been numerous highlights of women social media entrepreneurs earning quite handsomely, a large number of women still consider their endeavour as a supplementary rather than a main source of income for the household. Many do not separate business funds from their personal savings, and as such, are neither able to track their income nor develop strategies for expansion. This is especially true of women operating on a part-time



Source: Survey of 800 business owners by Catalyst, Inc., www.catalystwomen.org, and the National Foundation for Women Business Owners, www.nfwbo.org

basis. Businesses are often unregistered and are, therefore, considered informal. As much as s-commerce opens up opportunities for higher income, the trend points to a growing informal economy, at a time when women are already traditionally more prone to informality than men.

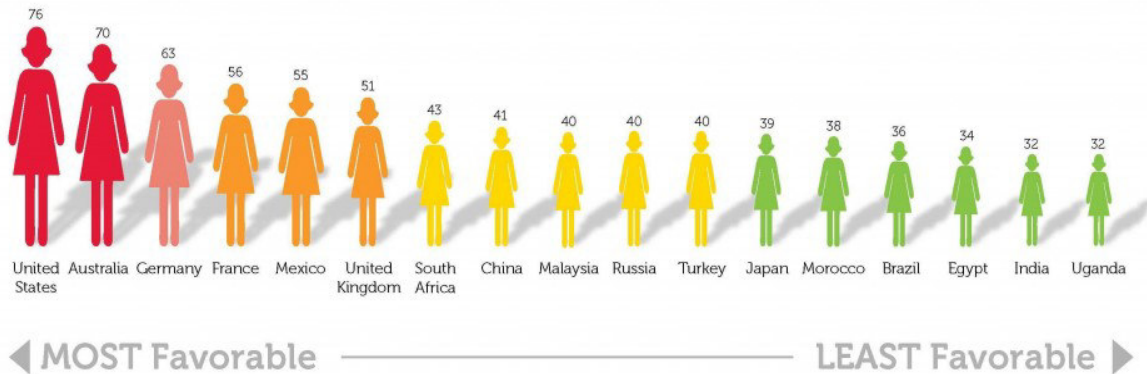
Some women, however, are more creative and seek to make a transition to formality. One example is the emerging trend of vendor concept stores, where store

owners, apart from selling their own products, rent out small floor spaces to vendors in return for reduced or zero profit from the latter's goods. The vendors manage their own inventories while store owners provide customer service, either through themselves or by employing staff. Most of the vendors are fellow social media entrepreneurs, making up a small network in each store. Some vendors maintain their informality while accumulating experience, capital and customer base before setting up their own stores.



WHERE ARE THE CONDITIONS FAVORABLE FOR HIGH-POTENTIAL FEMALE ENTREPRENEURSHIP DEVELOPMENT?

*Conditions include entrepreneurial environment, entrepreneurial eco-system and entrepreneurial aspirations



Source: Gender-Global Entrepreneurship and Development Index (GEDI) Research of High-Potential Women Entrepreneurs
To learn more about the methodology of this research visit www.dell.com/entrepreneur

The above is only an example of the many ways women entrepreneurs progress (or return, depending on their pre-venture experience) from informality to formality. But the reality is that those who make the leap are outnumbered by those who do not.

A major barrier for online and offline women entrepreneurs alike is the lack of knowledge to develop their businesses. In the case of social media businesses, although faced with lower barriers to entry, they also operate in a competitive environment, which results in very thin profit margins.

Due to the part-time nature of their businesses, many women entrepreneurs, especially those who have never been employed, lack even the most basic skills, such as bookkeeping and financial management. Additionally, a great number of them, particularly those operating exclusively in the social media, focus on the final end of the supply chain with very little value

creation. They also lack access to important offline social networks where they would be able to gain more information on business and financing strategies. Access to capital, such as microfinance, which would enable them to achieve economies of scale, remains limited.

A lot more can be done to assist these businesswomen. For many women entrepreneurs, their businesses are real and viable. They have the potential to grow and become an important source of household income. What these women need is a bridge to help them transition to formality. Public policy can help build this bridge. Among the policies that can be considered are as follows:

- Support women to get entrepreneurship started. These include financial assistance for working capital, skills training and coaching. Many women would appreciate easy access to information on the available funding programmes, training courses and networking events.
- Help women stabilise their businesses. Ensuring that a business does not close down after much financial and nonfinancial assistance is just as important as ensuring that a business takes off.

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- Inspire women to expand their businesses. Many women are struggling to take their ventures a step further. Others have the know-how but simply lack the confidence to make the leap. For example, many women entrepreneurs are unwilling to hire staff and become an employer due to various reasons, such as a lack of trust towards outsiders, or the lack of knowledge on how to delegate their roles and on human resource regulations.
- Advocate risk-taking. This can be done through mentoring and coaching. Research by the National Women's Business Council in the US showed that the right advisors can help women business owners develop confidence and become less risk averse. The study also found that women who are most risk tolerant have higher expectations of their businesses, and as a result, are more likely to see their businesses grow.
- Recognise that the needs of women entrepreneurs are different than their male counterparts. Although men are increasingly willing to share childcare responsibilities, the Malaysian culture of seeing women as primarily responsible for

childcare still prevails. Hence family responsibilities often impede women's ability to be as active as men in developing social and business networks and gaining knowledge. Entrepreneurship policies should be accommodative and cognisant of their special needs. Examples of actions that can be taken include more child-friendly and family-friendly networking events and training courses.

- Encourage innovation. More often than not, successful businesses are characterised by a strong brand presence, originating from either a differentiated product or an effective marketing strategy, or both. Innovation remains a critical success factor. Women should be encouraged to add value to their goods, which may in turn require skills training.

Women-led businesses have much room to grow and can be harnessed as an important economic generator. It is therefore important to eliminate the barriers to women entrepreneurship. For a long time, we have recognised its potential; it is high time to take concrete actions.