



50
YEARS

Empowered lives. Resilient nations.



Australian Government

Department of Foreign Affairs and Trade



SDPI
Sustainable Development Policy Institute

TRADE WINDS OF CHANGE WOMEN ENTREPRENEURS ON THE RISE IN SOUTH ASIA

Background country study-Pakistan

September 2016

United Nations Development Programme



TRADE WINDS OF CHANGE - WOMEN ENTREPRENEURS ON THE RISE IN SOUTH ASIA
Background country study – Pakistan

By Fayyaz Yaseen and Vaqar Ahmed, Sustainable Development Policy Institute (SDPI).

The views expressed in this publication are those of the author and do not necessarily represent those of the United Nations, including UNDP, or the United Nations Member States.

UNDP partners with people at all levels of society to help build nations in a way that enables them to withstand crises, and drive and sustain growth that improves the quality of life for everyone. On the ground in 177 countries and territories, we offer a global perspective and local insight to help empower lives and build resilient nations.

Published by United Nations Development Programme
Regional Bureau for Asia and the Pacific
Bangkok Regional Hub

Front cover photos: SDPI
Editing: Mashida Rashid and Yumiko Yamamoto
Design: Yumiko Yamamoto

© UNDP, September 2016





50
YEARS

Empowered lives. Resilient nations.



Australian Government

Department of Foreign Affairs and Trade



SDPI
Sustainable Development Policy Institute

United Nations Development Programme

TRADE WINDS OF CHANGE

WOMEN ENTREPRENEURS ON THE RISE IN SOUTH ASIA

Background country study-Pakistan

September 2016

Table of Contents

List of Figures.....	iv
List of Tables.....	v
Acknowledgments.....	v
Abbreviations and acronyms	vi
Map of Pakistan.....	vii
Executive summary.....	viii
1. Introduction	1
2. Literature Review	3
2.1. Women entrepreneurship and economic growth	3
2.2. Socio-economic challenges faced by women planning to start their businesses	4
2.3. Operational challenges faced by women entrepreneurs.....	5
2.4. Lack of business support networks.....	6
2.5. Gaps in the literature	6
3. Approach and Methodology	7
3.1. Firm level survey	7
4. Analysis.....	9
4.1. Summary of the survey findings.....	9
4.2. Analysis of findings from FGDs and KIIs	23
5. Conclusion	28
Bibliography.....	30
Annex 1. Firm survey questionnaire.....	33
Annex 2. FGD guidance note.....	48
Annex 3. KII guidance note.....	50

List of Figures

Figure 3.1 Methodological Approach	7
Figure 4.1 Highest level of formal education.....	10
Figure 4.2 Main location of enterprise	11
Figure 4.3 Type of collateral provided to financial institutions.....	14
Figure 4.4 Strengths and weaknesses of women-led enterprises	17
Figure 4.5 Future business plan.....	19
Figure 4.6 Marketing and distribution challenges.....	20
Figure 4.7 Reasons for registering with Women Chamber of Commerce and Industry.....	21

List of Tables

- Table 1.1 Socio-economic indicators of women.....1
- Table 3.1 Size of enterprises surveyed8
- Table 4.1 Single most important challenge faced when starting the business, %..... 11
- Table 4.2 Funding sources at the time of starting business, % 11
- Table 4.3 Challenges currently being faced, %..... 12
- Table 4.4 Business related problems..... 13
- Table 4.5 Reasons given to turn down the loan request..... 14
- Table 4.6 Reasons for not applying for formal loan..... 15
- Table 4.7 Past experience in current business activity 16
- Table 4.8 Motivation for starting own business..... 16
- Table 4.9 Motivation for starting own business..... 18
- Table 4.10 Marketing channels 19
- Table 4.11 Marketing channels 20
- Table 4.12 Business plans for next five years 21
- Table 4.13 Logistics and custom-related difficulties in trade..... 22
- Table 4.14 Distribution of FGDs and KIs..... 23

Acknowledgments

We acknowledge the service of our team responsible of data collection. This team includes: Waseem Gulzar, Hamid Mahmood, Ahsan Abbas and Mohammed Adnan. Mr. Mohsin Kazmi was responsible for producing analysis based on information from the field.

The team is grateful to Islamabad Women Chamber of Commerce and Industry for their cooperation in providing relevant contacts. Our focus-group discussions were attended by Pakistan’s Ministry of Commerce, Pakistan Institute of Trade & Development, Ministry of Planning & Development, Chambers of Commerce and Industry (in cities where survey was taking place), DAI Pakistan, DFID Pakistan, and Canadian High Commission. Francisco Santos-Jara Padron of UNDP provided his valuable comments on the final draft of the paper.

Finally, our gratitude to the women entrepreneurs who were part of our survey. Their insights were important to analyse the policy gaps, which need to be addressed in future.

Abbreviations and acronyms

FGD	Focus-group discussion
KII	Key informant interview
KP	Khyber Pakhtunkhwa
L/C	letter of credit
MOC	Ministry of Commerce
MSME	micro, small and medium enterprises
NCSW	National Commission on the Status of Women
NTB	Non-tariff barrier
PPAF	Pakistan Poverty Alleviation Fund
PRSP	Poverty Reduction Strategy Paper
SDPI	Sustainable Development Policy Institute
SME	Small and medium enterprises
TDAP	Trade Development Authority of Pakistan
UNDP	United Nations Development Programme
WCCI	Women Chambers of Commerce and Industry
WMSME	women-owned and led micro, small and medium enterprises

Note: US\$1 was equal to approximately 100.00 Pakistan Rupees (PKR) as of December 2014.

Map of Pakistan



The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNDP concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.

Executive summary

Self-employment initiatives by women have grown in number in the past few years, particularly in the informal sector. However women led businesses cannot be scaled up independently without patronage from male family members, given the current socio-economic barriers. The shortage of business start-up funds, and an unfriendly market environment for women is also responsible for their concentration in the informal sector. The informal sector curbs their ability to acquire loans on affordable terms, and utilize fiscal incentives provided by the government, and to explore larger and more lucrative markets such as export destinations abroad. Acquiring the necessary learning to participate in trade is also difficult.

This study explores women's participation and ownership in micro, small and medium enterprises (MSME) of Pakistan in three product sectors: garments, fashion derivatives, and handicrafts and decorative industries. Our firm-level survey reveals that more than two-thirds of the respondents are home-based. All four districts in this sample have some fiscal incentives for promoting self-employment. One of the key initiatives was setting up of industrial parks. Yet, such fiscal incentives did not have inclusive outcomes, as only 1 percent of the respondents were located in industrial-site buildings. This limits their access to formal financing, new customers and inhibits the overall outreach of their business ideas.

The single most important challenge faced by them is acquisition of working capital, followed by the current structure of market competition, which according to them favours male counterparts. Additional challenges include recruitment of staff, managing cash flows and inventories on a daily basis, and acquiring the state provided connections to utilities at the business locations. The cash flow and human resource challenges are also recurring because of lack of enterprise automation solutions, which can help in digitalizing the procurement records. Shortage of managerial skills was a severe problem in starting business.

On the production side, more than 50 percent responded that uncertainty of power supply curtails, poor road connectivity, missing building infrastructure to host or expand business as the key problems. Other problems raised by women respondents include sewer and rubbish disposal, limited access to land and production inputs such as equipment and raw materials, crime, theft and disorder as well as corruption.

Poor transportation networks and lack of women-friendly marketing and distribution channels have also been pointed out. Most women entrepreneurs were not willing to explain details about the potential security threats to their assets, operations and even human resources. However, it was a matter of concern for them that due to the fast deteriorating law and order situation in Pakistan, skilled labour force had been finding ways and means to move to the middle-east and gulf countries.

Despite various challenges identified, 70 percent of the total reported that their business has grown over time. Over the past financial year, 87 percent in total recorded a net profit. However, handicraft sectors reported higher share of businesses with net profit, while fashion derivatives sector struggled. Their weak performance was linked to poor access to working capital and shortages of electricity. Additionally they also reported some change in tastes and preferences, which moved customers' interest away from their product-type.

Regarding the existence of trade barriers in regional trade, nearly two-thirds of the women entrepreneurs said that there were substantial barriers that restrict their reach to the buyers in other countries within the region. As for specific barriers to export to other South Asian economies, 41 percent cited visa issues as the major stumbling block; 27 percent cited indirect and long routes as a major barrier as it increased their transportation, storage and distribution costs. Eleven percent cited the absence of banking channels with India a key trade barrier.

Those who are involved in trading also noted competition from enterprises engaged in informal trade, who, for not being included in tax nets, can afford to supply goods at cheaper prices. This negatively hurts the market share of formal business enterprises. In fact, 61 percent of the respondents informed that there was incidence of informal trade in their sector. According to them, informally routed merchandise had its origins in other South Asian countries.

The following key interventions were suggested during our key informant interviews:

- Further research is required on the effectiveness of programmes such as the *Prime Minister Youth Loan Scheme* and *Benazir Waseela-e-Haq Program* for women.
- Banks are reluctant to lend to women who are older than 45 years. Therefore, there is a need for funds rotation at chambers' level.
- There is a need to sensitize the Central Bank so that facilitation towards women entrepreneurship is given a priority.
- There are only 12 Women Chambers of Commerce and Industry (WCCI) across the country. This proportion is low compared to other regions. There should be inclusion and membership of women into all chambers of commerce. The chamber registration fee for women should also be lowered.
- There is a need for business advisory units at the chambers of commerce. Such facilitation can benefit both businesswomen and men who are new to the business world and would attract more members to these professional networks.
- An outreach effort is required to showcase the case studies of successful businesswomen.
- The understanding of trade and customs officials regarding gender dimension of trade barriers, especially non-tariff barriers (NTBs), is weak.
- Sector-specific non-tariff measures have already been identified in past studies. However, a solution to address those measures that act as trade barriers needs to be devised at the government level. Key NTBs for trading with South Asia include visa restrictions, product certifications, standards approval, licensing requirements and state-specific levies (in the case of India).
- India will continue to generate the highest import demand in the region. Therefore, in the case of India there is a need to address the following non-tariff measures:
 - The Government of India imposes specific port entry restrictions for several categories of products, including garments and fashion derivatives.
 - Technical barriers to trade such as requirements towards labelling and conformity assessment increase trade costs.
 - In the case of garments and handicrafts, there is an arbitrary interpretation of regulations by border officials.
- Improved trade financing for women entrepreneurs needs to be ensured through appropriate policy. The State Bank of Pakistan may request amendments in the *Microfinance Institution Ordinance 2001*, in order to allow trade financing to MSME concerns. The Pakistan Poverty Alleviation Fund may support pilot projects having potential to export in a short span of time. The Fund can request development partners to assist with such pilot projects as this will share the short term risk and uncertainty.

In the light of the situation analysis and survey findings presented in the report, following are the key policy recommendations:

- Women's access to financial assistance for business needs to be radically improved. Better targeting mechanisms need to be devised to reach a maximum number of potential entrepreneurs and at the

same time help micro-level entrepreneurs towards up-scaling of their operations. The disbursements and beneficiaries under the *Waseela-e-Haq* programme of Benazir Income Support Programme may be increased. Currently there is a maximum limit of \$3,000 per business loan. Some other smaller schemes initiated in the past to provide financial assistance to enterprising women entrepreneurs, including Prime Minister's Youth Business Loan Scheme, have low levels of efficiency. These schemes may be consolidated.

- A collaborative effort between private and public sector is required to improve marketing of their products both within the country, particularly in large cities, and abroad. The already established women entrepreneurs should be supported in becoming part of the supply chains. Their integration with regional production networks is also important. Trade Development Authority of Pakistan (TDAP) allows women entrepreneurs to participate in international exhibitions on subsidized rates. Some new firms find it hard to even afford these low levels of participation fee. TDAP may put in place a competitive process based on which it should open some non-fee stalls for promising women startups. TDAP has also been hosting Women Exporter Network National Conference. An evaluation is necessary, where TDAP as part of its annual report may publish the increase in number of women exporters and their exported value.
- Women-owned and led micro, small and medium enterprises (WMSME) need to be provided training for better business planning and management. This may be done through establishing a free help-line that may advise women entrepreneurs on starting, registering, managing and scaling up their businesses along with facilitating them in terms of preparing business plans and essential documentation for obtaining loans from banks. Small and Medium Enterprises Development Authority has the mandate to conduct the capacity building initiatives. Currently the organization needs help with its constrained funding, low geographical coverage and weak outreach.
- Women entrepreneurs' security related concerns should be addressed through stringent legislative measures that may provide a conducive and safer working environment for businesswomen. A clear directive from the Ministry of Interior to municipal-level administration should demand; a) consultations with women's business groups at local level, b) identifying security gaps in goods and labour market for women, and c) implementing reforms that can ensure security of lives, assets and profits of women enterprises.
- Ministry of Commerce (MOC) and TDAP need to engage women in order to enhance the understanding of gender-specific trade barriers, especially in South Asia. The MOC's Strategic Trade Policy Framework 2012-2015 had promised increased support to WCCI. However, no programme or budget allocation was committed. It is recommended that MOC's training wing (Pakistan Institute of Trade & Development) may host regular joint working group meetings which should include representatives of WCCI, TDAP, Pakistan Poverty Alleviation Fund (PPAF) and other relevant institutions.
- The State Bank of Pakistan and PPAF will need to play a more proactive role in helping women entrepreneurs wishing to export their goods and services. Trade financing should be ensured and amendments may be requested in *Microfinance Institution Ordinance 2001*. This can be done after thorough consultation with women business representatives. The Ministry of Finance and Central Bank may also look into the proposition of lower export financing rates for women startups.

1. Introduction

Pakistan is home to 188.9 million people, out of which about 60 percent constitute its working population.¹ The economic activity in the country is heavily tilted in favour of its men, as women’s labour force participation stands at a scant 22 percent (table 1.1). Women’s backwardness in Pakistan is not only confined to economic activity; rather, it is more of an overarching phenomenon that spreads well into broader social, political, and cultural spheres. For instance, women have a literacy rate of 49 percent, against 70 percent of their male counterparts.² Women’s political participation collectively in upper and lower assemblies is less than 20 percent.³

According to the *Human Development Report 2015*, Pakistan ranked 121 out of 155 sample nations on the gender inequality index—perhaps a major contributor towards the country’s consistently low ranking of 147 out of 180 sampled nations on Human Development Index⁴. Women in general have a disproportionately high presentation among the poor.

Table 1.1 Socio-economic indicators of women

Indicators	Figures
Female life expectancy, years, 2015	67.7
Maternal mortality rate, per 1,000, 2015	178.0
Refined activity (labour force) participation rate, %, 2014-15	22.0
Women employed in agriculture, % of total, 2014-15	72.7
Women employed in manufacturing, % of total, 2014-15	10.7
Women employed in wholesale and retail trade, % of total, 2014-15	1.4
Women employed in community/ social & personal services, % of total, 2014-15	11.3

Source: Ministry of Finance, 2016.

Rashid and Makuwira (2014) attribute women’s disadvantageous social and economic position in the country to the “cultural traditions, discriminatory laws, and religious practices,” which assign a lower status to women. Sadia Khan, CEO of Selar Enterprises in Pakistan, divides these challenges into three categories seen in Pakistan - contextual constraints, economic constraints, and soft constraints.⁵ Effect of these constraints is understandably even greater on rural women as they are relatively more disadvantaged in terms of their access to education, ownership of family income, and exercising their free economic will.

The importance of women’s entrepreneurial endeavors in the nations’ economic growth can be gauged from the fact that developing and developed countries alike are putting their best efforts towards promoting women’s economic participation, allowing them to assume leading roles. For instance, around 37 percent of all formal enterprises (in 67 countries sampled by the World Bank) are owned by women.⁶ Globally, this ratio is 7.72

¹ UNDP, 2016.

² Ministry of Finance, 2016.

³ UNDP, 2015.

⁴ *ibid.*

⁵ Jinnah Institute, 2014.

⁶ VanderBrug, 2013.

percent,⁷ whereas it is a mere 1 percent in Pakistan.⁸ In Asia alone, about one third of all new small enterprises were being set up by women.⁹

If women turn towards business for greater financial independence, their businesses however cannot be scaled up independently without patronage from male family members. The shortage of business start-up funds, and an unfriendly market environment for women is also responsible for their concentration in informal sector.¹⁰ The informal sector curbs their ability to acquire loans on affordable terms, and utilize fiscal incentives provided by the government, and to explore larger and more lucrative markets such as export destinations abroad.¹¹ Acquiring the necessary learning to participate in trade is also difficult. According to a USAID study, women in Pakistan represent less than 10 percent of the management staff hired by private sector organizations engaged in international trade.¹² The proportion of businesswomen who are engaged in international trade is even lower.

In this scenario, the present study by the Sustainable Development Policy Institute (SDPI), conducted in collaboration with the United Nations Development Programme (UNDP), explores women's participation/ownership in micro, small and medium enterprises (MSME) of Pakistan in three product sectors: garments, fashion derivatives, and handicrafts industries. The given sectors were chosen primarily because women's concentration in these sectors is relatively greater across both urban and rural areas. In addition, the products have great potential to export to other South Asian countries.

Our key focus will be on the following issues:

- Social and economic problems that women face while starting their own businesses;
- Various challenges (financial, human resource, technology, and marketing) faced in sustaining, expanding, and promoting their businesses;
- The development of entrepreneurial capacity of women and their control over their businesses;
- Non-tariff trade barriers that women face while exporting their products to other countries, especially within the South Asia region; and
- Presence and functionality of women business support networks and groups in facilitating and encouraging women entrepreneurs in Pakistan.

The present study is organized in five sections. Having discussed our objectives above, the second section provides a brief review of relevant literature. The third section discusses research methodology, data sources, variables, and data limitations. Results and analysis derived from the data are discussed in the fourth section. The fifth section provides concluding remarks, and policy implications of the research work.

⁷ Maas and Herrington, 2006.

⁸ Ama, Mangadi and Ama, 2014.

⁹ Thapa (2004) cited in Bushell, 2008.

¹⁰ World Customs Organization, 2013.

¹¹ Ibid.

¹² Pakistan Today, 2011.

2. Literature Review

Women's engagement in entrepreneurial activities not only empowers them but also changes the power-relation in a society enabling women to assume leadership roles.¹³ This is because access and control over their earnings contributes towards their independence.¹⁴ However, these much sought for leadership qualities, which get a chance to develop in the societies where women are expected to be "strong, motivated, and thriving for success"¹⁵ are less likely to prevail in a patriarchal setup like that of Pakistan. The deeply ingrained gender disparities have hindered women's access to resources and opportunities to the extent that only a handful of women in Pakistan are able to start and sustain enterprise. There are also preconceived notions about sectors in which women could venture. Any women experimenting outside of such a domain is met with fierce competition. Recently *Bloomberg Business* ran a feature asking why Pakistan's noted female investment banker gets little respect from peers.¹⁶

2.1. Women entrepreneurship and economic growth

Pardo-del-Val (2010) wrote that whether it is inability or due to lack of willingness, countries that "fail to provide effective support for female entrepreneurship will sustain significant opportunity costs." Disallowing economic space to women has resulted in their relatively higher participation in informal sectors.¹⁷

Pakistan started realizing the importance of women's economic participation rather late, and it was only in fifth and sixth five-year development plans when measures for their commercial well-being were proposed.¹⁸ Consequently, the First Women Bank was established in 1989, and the National Plan of Action and the National Fund for the Advancement of Rural Women were set up.¹⁹ While the former two initiatives continue to exist in some form, the latter proved to be short-lived. The poverty reduction strategy presented in the plans also proposed the creation of Special Economic Zones for the promotion of women's employment. However, it was realized that such zones at times deny the rights, protections, and entitlements to the workers. Hence the idea was put on hold.²⁰

During this period, Pakistan had agreed with the International Financial Institutions to undertake Structural Adjustment programme, which in turn depressed the discretionary spending on human development, welfare of women, youth and marginalized groups. These difficult economic times added pressure on women members of the households to get engaged in economic activities to support depleting family incomes.²¹ Thus, during intensified phases of structural adjustment programmes, women's economic participation in Pakistan tripled from 5.1 percent in 1987-1988 to 14.6 percent in 1993-1994.²² The phenomenon was also explained by Coclanis

¹³ Ibid.

¹⁴ Ojong and Moodley, 2005.

¹⁵ Ibid.

¹⁶ Mangi, 2015.

¹⁷ Khan and Ahmed, 2014.

¹⁸ Khan, 2007.

¹⁹ Saigol, 2011.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

and Dashi (1993) when their research results showed that women “who have been secured by social safety nets are less forced to take risks and hence less likely to engage in entrepreneurial activity.”

This increased economic activity on part of women in Pakistan was, however, marred by lower wage rates, less feasible working environments, and sociocultural stigmas that, over time, discouraged and barred them from working. This partially explains why female employees in Pakistan got paid about 37 percent less than male counterparts in 2012; this gap is around 4 and 10 percent for Malaysia and Viet Nam respectively.²³ In the face of these challenges, there was no policy response from the government circles to tap into women’s entrepreneurship potential. Thus, in subsequent years, the total number of women entrepreneurs did not reach the critical mass that was crucial for making an impact on the national economy.

2.2. Socio-economic challenges faced by women planning to start their businesses

Amidst lack of entitlement and ownership of land and paid work, and absence of financial institutions in rural areas, the access to formal money markets is stunted for rural women.²⁴ Lack of access to capital is one of the key barriers faced by most women entrepreneurs.²⁵ In order to get rid of these resource constraints, the women are stuck in low-paid informal jobs and those living in rural areas often form small social alliances for their access to rotating credits and saving schemes.²⁶ These small savings, however, most of the times go into fulfilling familial and personal needs rather than going into investment opportunities.

Access to formal credit market, cost of borrowing – thus, interest rate, and cumbersome and lengthy loan procedures create some of the major challenges for women entrepreneurs in Pakistan.²⁷ On top of these are the “access to and quality of electric supply, marketing difficulties, and transportation related problems.”²⁸ The given problems not only have a negative impact on the productivity of the existing small enterprises, but also discourages new startups. Carpenter and Petersen (2002) argue that growth of small business is stalled due to dependence on internal finances. They believe that the firms having access to external finances observe greater and more rapid growth rates than what can be supported by internal finances. Considering the financial constraints that keep women from starting their own businesses, various donor organizations in Pakistan, in collaboration with local partners, started microcredit schemes. Buying into efficacy of the intervention, the government of Pakistan also started disbursing small loans to women under its *Waseela-e-Haq* programme, and Prime Minister’s Youth Loan Programme which equally targets men and women.²⁹

While the microcredit organizations and the government itself is rather positive about the programme’s capacity and contribution towards women financial empowerment, Poverty Reduction Strategy Paper (PRSP) – I delivered by the Ministry of Finance is rather skeptical on the usefulness of the idea. It argues that though microcredit schemes increase household incomes, they have not led to women’s empowerment.³⁰ Studies from

²³ Mangi, 2015.

²⁴ Ibid.

²⁵ Jamali, 2009.

²⁶ Rashid and Makuwira, 2014.

²⁷ Ibid.

²⁸ Ibid.

²⁹ The Prime Minister’s Youth Loan Programme came under criticism due to tough conditions including the requirement of guarantor. For details, please see Haider (2014). We have not come across a comprehensive evaluation study as yet.

³⁰ Ministry of Finance, 2009.

India endorsed PRSP's claim as "microcredit can have inadvertent detrimental effects, especially in a highly male-dominated environment and industry".³¹ The PRSP-II links women's entrepreneurial initiatives and their transition from small and micro scale businesses to big enterprises with skill development training and better access to market.³²

Although both men and women face somewhat similar challenges in setting up their businesses, women more often are, faced with issues which are unique to their gender.³³ For instance, they have to juggle the "responsibilities of caring for the family while putting in long hour to develop their businesses."³⁴ The unique obstacles they face in business also include lack of access to financial assistance, and workplace biases which impacts their productivity.³⁵ Research in Bangladesh suggests that markets are male dominated areas; it does not imply that women do not go out at all, but notions of "inside "and "outside" are there to manipulate their economic participation. Pakistan, being an equally patriarchal society, emulates these stigmas to a great extent.³⁶

Perhaps it is through consideration of the unique issues that women entrepreneurs face, Ahl (2006) suggested that researchers and academicians should look beyond "individual factors that affect women entrepreneurs, and attempt to consider factors outside the individual entrepreneur or her business such as legislation, social norms, family policy, economic policy, and the structure of labour market." Fielden and Davidson (2012), agreed with Ahl's observations, as they report that the discrimination that women face in their business endeavours was the result of "gender difference, ethnic background, or an interaction between the two."

2.3. Operational challenges faced by women entrepreneurs

Pardo-del-Val (2010), while commenting on major problems faced by women entrepreneurs, explains that the challenges stem from their lack of access to business related information and a low education level. She suggests that disseminating information to potential entrepreneurs and offering them trainings on skills such as preparation of business plans, business marketing, and legal problems of starting business ventures help women overcome those problems. Lituchy, Bryer and Reavley (2003) also endorse these findings and explain how women entrepreneurs usually lack business education and training, and face difficulty in getting useful and user-friendly information about disciplines such as accounting, marketing, and finance. According to them the essential skills that women lack on running and maintaining business include financial management, record-keeping and advertisement.

Given these problems, Sexton and Bowman-Upton (1990) conclude that women entrepreneurs are relatively less willing to indulge in risk-taking endeavours that are sometimes essential for the expansion of business. To Mattis (2004)³⁷ women are easily discouraged by the hardships in business because they, unlike men, don't have mentors to look up to for advice. Presence of role models (especially from within the family or industry) can be strong motivators to induce someone to start or expand their businesses.³⁸ Ama, Mangadi and

³¹ Sagol, 2011.

³² Ministry of Finance, 2009.

³³ Lee and Chan, 1998.

³⁴ *ibid.*

³⁵ Ojong and Moodley, 2005.

³⁶ Ahmed, Mahmood, Wahab and Mustafa, 2011.

³⁷ Browne, Moylan and Scaife, 2007.

³⁸ Dubini (1988) cited in Lee and Chan, 1998.

Ama (2014) believe that there is a lack of role models for women because most of them choose to start and manage industries that are different than men. Usually, the industries and services in which women's concentration is found end up being considered less important to economic growth and development, and thus, they remain deprived of policy response from the governments.³⁹

2.4. Lack of business support networks

Amid all these factors, women entrepreneurs and business owners are taken less seriously, and thus remain poorly represented at the professional and business associations.⁴⁰ For instance, in 2002, there were over 7,000 registered trade unions in Pakistan with male membership of 245,400. On the other hand, women representation was hardly 1 percent of the male traders, 2,134 members.⁴¹ Being much fewer in number, women do not have influence in major unions.

2.5. Gaps in the literature

Evidence from literature suggests that the government needs to adopt a gender-specific approach to developing entrepreneurship culture in Pakistan. While there is some inventory of issues faced by women entrepreneurs in Pakistan, the literature is still silent on the following issues:

- Recurring problems in women-owned and led micro small and medium enterprises (WMSME) and reason for lack of policy and regulatory response;
- Reasons behind WMSME not graduating from informal sector;
- Key strengths of WMSME that can be further enhanced through fiscal and trade policy;
- Motivations of WMSME to diversify the product or sector range;
- Inclusiveness of business support networks to facilitate women entrepreneurs; and
- Sector-specific non-tariff barriers (NTBs) faced by WMSME while exporting to South Asia.

³⁹ Ibid.

⁴⁰ Bushell, 2008.

⁴¹ Saigol, 2011.

3. Approach and Methodology

In this research, we have used a variety of data sources (data triangulation) and multiple perspectives (theory triangulation). Data triangulation helped in quantitative analysis, while theory triangulation helped in the qualitative analysis.

The qualitative component of the study included focus-group discussions (FGDs) and key informant interviews (KIIs). The quantitative component included a firm-level survey (of WMSME) in the select sectors focusing on business processes, cost of doing business indicators, enabling environment for women entrepreneurs and trade barriers faced by the respondents while trading with South Asia.

Figure 3.1 Methodological Approach



3.1. Firm level survey

The survey exercise used data on formal sector women enterprises that have evidence of registered record (e.g. registration with Securities and Exchange Commission of Pakistan, Federal Board of Revenue, and Provincial Revenue Authorities) in four provinces, namely Balochistan, Khyber Pakhtunkhwa (KP), Punjab and Sindh.

This study focuses on synthesizing firm-level perceptions. As a starting point and given our time and resource constrains, we picked up at the outset key economic sectors, which are of high relevance to women’s entrepreneurship. This selection was made based on the data on women’s participation in the past Pakistan Social and Living Standards Measurement and labour force surveys published by the Pakistan Bureau of Statistics.

This primary selection then allowed us, in the second stage of sampling, to further narrow down to three products based on the shares in regional trade. They are garments, fashion derivatives, and handicrafts. It is our assumption that the accessibility and knowledge required to participate in goods and labour market for these sectors is equally distributed across the country, particularly at the small and medium enterprises (SME)-level.

In the third stage, we have allowed an equal sample distribution across the four districts where this survey was conducted.

Finally, within each district, two further distributions were made; i.e., WMSME in rural and urban parts of the districts were split into high-employment MSME and low-employment MSME to capture the heterogeneity in their scale of operations. In total, a sample of 200 firms – 50 firms each - was selected from Gujranwala in Punjab, Peshawar in KP, Quetta in Balochistan, and Sukkur in Sindh. The intention was to have one district from each province and randomly selected respondents within the district based on rural-urban differentiation and scale of firms. An additional reason behind selecting these locations was to move away from main commercial cities such as Lahore and Karachi where SME have superior networks, and focus on second tier cities in Pakistan.

We justify the equal sample shares given to all districts in the sample on the basis that all firms across the country are working under the same rules related to starting a business, acquiring finance, recruiting human resource and trading outside of Pakistan. Therefore, our results from perception survey will give a set of overall and specific challenges and opportunities faced by WMSMEs and not necessarily explain the variations across provinces or districts.

We can however see variations across sectors. The sectoral distribution provides 45 percent responses from garments sector while remaining from fashion derivatives (16 percent) and handicrafts (39 percent). In garments, we focused on clothes or clothing products including stitched and unstitched clothes. Fashion derivatives included ornaments, jewelry, make-up products, bags, bangles, perfumes, and footwear. Handicraft products included carpets, decoration pieces, lamps, and cushion covers. While interpreting the policy recommendations from our analysis, we suggest that these should primarily be received in the context of political economy of districts included in this sample.

Most of the firm survey respondents belonged to micro enterprise segment (table 3.1). In Pakistan, the size of enterprises are based on per annum financial size. This self-reporting of financial size however, may not be so accurate. As discussed below many of the surveyed firms do not record financial transactions of business. And the survey team did not ask for any financial documents such as profit and loss statements or annual balance sheets, either.

Table 3.1 Size of enterprises surveyed

	Garments, %	Fashion derivatives, %	Handicrafts, %	Total, %
Micro: < PKR 1 million	73 (65)	60 (19)	76 (59)	71 (142)
Small: PKR 1-10 million	20 (18)	20 (7)	17 (13)	19 (38)
Medium: PKR 10-50 million	8 (7)	20 (7)	7 (6)	8 (16)
Total	100 (90)	100 (32)	100 (78)	100 (200)

Note: Number in parentheses represents the number of firms reported.

4. Analysis

4.1. Summary of the survey findings

The garments and fashion derivatives are among the largest business sectors of Pakistan both nationally and in terms of exports. However, a large proportion of women enterprises dealing in the sector are operating at micro or small level. The average time respondents of this study have been running their businesses is around 7 years, which indicates a nascent WMSME sector in Pakistan. About 20 percent women respondents of this study were running businesses for more than 10 years.

Around 82 percent had complete ownership of their businesses, 12 percent had partnerships with someone from within the family, while two percent of the owners had formed partnerships with people outside of family members. Only four percent of the respondents had formed cooperative partnerships.⁴²

While the cooperative partnerships in general could draw greater support for financial and technical investments, most recurring reasons for limited cooperative partnerships include micro scale of their operations, lack of knowledge about forming cooperatives, (remote) locations of their businesses, and distrust on business partnerships. While cooperative partnerships form an important basis for future expansion in entrepreneurial class,⁴³ most of these businesswomen surveyed did not have IT skills and access to utilize online resources to form such partnerships and expand their businesses online.

The decision to choose a business is influenced by a number of factors. Under ideal conditions, it may depend upon an unmet need of the potential customers. However, in this sample only 14 percent of the businesswomen chose to deal in a particular product because they saw a demand for it and thought of bridging the supply gap through their initiatives.

The most significant trigger in starting the business and choosing the product came from their previous knowledge or orientation in the field. According to the survey, about 48 percent of the women decided to choose a product because they had some kind of previous experience as a worker of an already established business. There are 14 percent who opted for their current businesses because they had limited financial resource base that could only support their present initiatives, while 19 percent of them said that they were in that business because someone from their family suggested and explained the modus operandi. This also indicates that potential businesswomen do not know about the essential tools for market or product analysis before starting their businesses. If only they could better plan it based upon the market gaps and unmet needs of the customers they may be able to better find their niche within an existing or new sector.

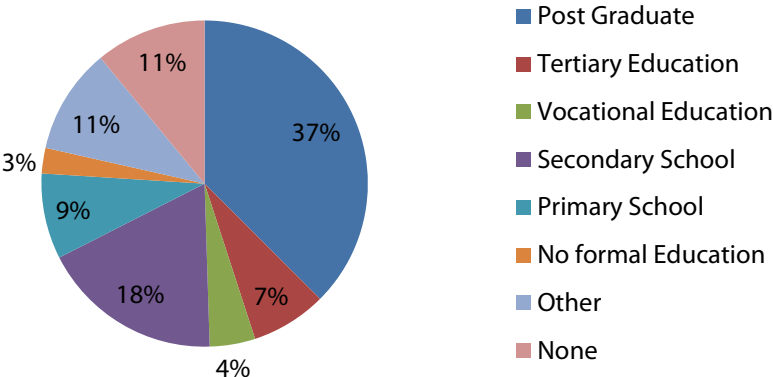
Motivation for starting a business comes from many sources. Nearly two thirds (65 percent) of the respective participants said that they had self-motivation as the prime factor to start their own businesses. There were another 24 percent who had parental support and encouragement in starting the enterprise. Four percent of the women found their encouragement and motivation from their spouses. A mere 1 percent reported encouragement and motivation from their in-laws. Only 2 percent of the respondents responded that they were inspired by their interaction with other entrepreneurs in their social network or neighborhood and decided to start their own businesses.

⁴² Refers to collective ownership of more than one person for economic benefits, however, managed by the one or more who hold(s) largest number of shares of the business.

⁴³ There is also clear legal framework available at provincial level for setting up cooperatives. In the case of Punjab Cooperative Department, 41 Women Thrift and Industrial Societies are working.

Self-motivation for entrepreneurial endeavors has education as one of its determining factors. Thirty-seven percent of the respondents had postgraduate qualification, and additional 7 percent had tertiary education (figure 4.1). Eleven percent of the respondents had no formal education, significant share of women surveyed have some education or at least basic reading and numeracy skills.

Figure 4.1 Highest level of formal education



Location of an enterprise is an important determinant for sustainability, growth, and expansion of a business. A better location of the business can provide cost-effective marketing and subsequently increased access to potential customers. On the contrary, a relatively less visible and remote location of a business not only adds to transportation costs, but also makes it difficult for the business owner to reach out to the buyers.

More than two-thirds (68 percent) of the respondents are home-based and 29 percent are located at designated market places in urban and rural areas (figure 4.2). Two percent of the businesses work at roadside kiosks. All four districts in this sample have some fiscal incentives for promoting self-employment. One of the key initiatives was setting up of industrial parks. Yet, such fiscal incentives did not have inclusive outcomes, as only 1 percent of the respondents were located in industrial-site buildings. Moreover, over 70 percent of the women surveyed do not have formally registered shops or warehouses. This limits their access to formal financing and new customers and inhibits the overall outreach of their business ideas.

Once they are part of the industry, the single most important challenge faced by them is acquisition of working capital, followed by market competition (table 4.1). Additional challenges arose include recruitment of staff, managing cash flows and inventories on a daily basis, and acquiring the state provided connections to utilities at the business locations. The cash flow and human resource challenges are also recurring because of lack of enterprise automation solutions, which can help in digitalizing the procurement records. Shortage of managerial skills was a severe problem in starting business in fashion derivatives sector.

Most have been relying on personal savings to start their business; the resort to own-capital was greater in garments sector (table 4.2). Other significant sources of funding were bank loans and gift money from family and friends. The proportion of those who obtain loans from formal financial institutions among fashion derivatives is higher than other sectors. According to banking sector representatives during a FGD, women entrepreneurs in this sector have good entrepreneur’s capacity and skilled human resources and have refined business plans and feasibility at the time of loan application.

Figure 4.2 Main location of enterprise

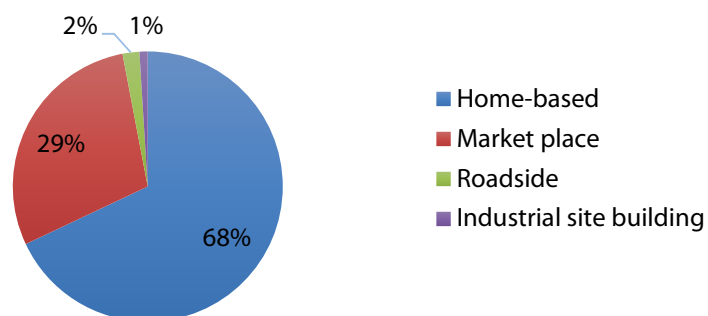


Table 4.1 Single most important challenge faced when starting the business, %

	Garments	Fashion derivatives	Handicrafts	Total
Obtaining finance	60.0	42.9	61.4	57.4
Competition in the market	10.0	14.3	15.8	12.9
Recruiting staff	8.6	7.1	5.3	7.1
Managing cash flow	5.7	7.1	1.8	4.5
Shortage of managerial skills	--	14.3	1.8	3.2
Installation of utility services; e.g., phone, electricity gas	2.9	--	3.5	2.6
Availability/cost of suitable premises	2.9	--	--	1.3
Shortage of skills generally	1.4	3.6	--	1.3
Other	5.7	10.7	1.8	5.2
No problems faced	2.9	--	8.8	4.5
Total	100.0	100.0	100.0	100.0

Table 4.2 Funding sources at the time of starting business, %

	Garments	Fashion derivatives	Handicrafts	Total
Personal Saving	46.6	41.2	36.5	41.4
Bank Loan	24.1	29.4	24.6	26.1
Gift from family and friends	22.4	25.5	23.8	23.9
Loan from family and friends	6.0	3.9	11.1	7.0
Loan form previous owner	--	--	3.2	1.1
Credit card/personal loan	0.9	--	0.8	0.6
Total	100.0	100.0	100.0	100.0

When asked about the two biggest challenges that women entrepreneurs were facing at the time of survey, they cited issues related to working capital and shortage of electricity as the top concerns (table 4.3).⁴⁴ Among the entrepreneurs who work in fashion derivatives, marketing was another challenge. Other challenges raised were issues related to transportation, lack of skilled labour, market competition and cultural issues among others. Only 8 and 4 percent of entrepreneurs in fashion derivatives and handicrafts respectively said there have no problems during day-to-day operations.

Table 4.3 Challenges currently being faced, %

	Garments	Fashion derivatives	Handicrafts	Total
Financial problem	40	20	36	35
Energy crises	15	21	18	17
Transportation	9	4	8	8
Lack of skilled labour	7	4	8	7
Market competition	7	4	6	6
Marketing problem	2	12	6	5
Cultural issue	7	4	--	4
Others	13	23	14	15
No issues	--	8	4	3
Total	100	100	100	100

When asked to rate various business-related problems, more than a half responded that uncertainty of power supply curtails, poor road connectivity, lack of access to appropriate buildings, and fierce competition as the major and moderate problems (table 4.4). Other problems raised by women respondents include unavailability of gas and fuel, sewer and rubbish disposal, limited access to land and production inputs such as equipment and raw materials, crime, theft and disorder as well as corruption.

Poor transportation networks and lack of women-friendly marketing and distribution channels have also been emphasized. For example, the WCCI in Rawalpindi district of Punjab claimed that they have demanded dedicated warehousing and distribution centers for garments, jewelry, handicrafts and related products. However, the municipal administration has not responded to their request.

Most women entrepreneurs were not willing to explain details about the potential security threats to their assets, operations and even human resources. However, it was a matter of concern for them that skilled labour force had been finding ways and means to move to the middle-east and gulf countries due to the fast deteriorating law and order situation in Pakistan.

When asked for working capitals, about 37 percent of the surveyed had acquired finance through informal channels, in some cases at interest rates much higher than those prevalent in the formal financial institutions. The survey suggests that acquiring funds from informal sources was not the first choice of the businesswomen interviewed in this study. Rather, a large number of them tried with banks first, and on failing to do so, opted for informal sources.

Out of the women that had applied for business loans from banks, 66 percent found it very difficult to actually succeed in obtaining these provisions. There were 19 percent who did not report any major difficulty in getting loans from the banking sector. These successful applicants had prior borrowing histories and their families could support collateral requirements.

⁴⁴ For a non-technical summary of how energy crisis is affecting businesses, see Ahmed (2014).

The respondents who did not succeed in acquiring funds from banks said that the biggest hurdle was not having the required collateral (77 percent). However, even out of those who had collateral to offer, not many found that the loan acquiring process is borrower-friendly due to high transaction costs.

Table 4.4 Business related problems

Problems	Major Problem	Moderate Problem	Minor Problem	No Problem	Don't Know
Electricity	54.0	19.5	10.5	14.5	1.5
Access to appropriate building	34.5	24.5	15.5	22.5	3.0
Too many competitors	33.2	27.1	15.6	14.6	9.5
Road condition; quality, lack of road	32.2	20.6	21.6	24.1	1.5
Crime, theft, disorder	29.5	17.5	16.5	23.0	13.5
Fuel/ gas availability	26.0	15.3	24.0	29.6	5.1
Access to land	25.7	22.0	19.9	21.5	11.0
Sewer, rubbish disposal	24.0	10.2	14.3	42.9	8.7
Lack of skilled labour	23.6	26.1	22.1	25.1	3.0
Water availability	23.5	8.5	16.5	50.5	1.0
Corruption	22.3	16.2	19.3	12.2	29.9
Raw materials, access, quality	21.4	22.9	21.4	33.3	1.0
Floods/ natural disaster	20.8	9.9	17.2	42.7	9.4
Telecommunications	20.1	12.9	21.1	39.7	6.2
Access to use of equipment	19.2	19.2	26.8	30.8	4.0
Product development	13.6	29.1	21.6	25.6	10.1
Trademarks	10.2	7.7	21.4	22.4	38.3

Many of the respondents who eventually received bank loans used different types of collateral (Figure 4.3). Thirty-five percent of them used their personal assets and 32 percent have land or buildings under ownership of the firm. There are 6 percent of the women using their receivable accounts and inventories while another 6 percent of them used their machinery and equipment as collateral.

Even after fulfilling the collateral requirement, only 30 percent respondents actually succeeded in getting the loan. They reported that they were informed by the bank that their business plan submitted as part of the loan documents were not rigorously chalked out (table 4.5). The banks also did not have in-house advisory services to help entrepreneurs in preparing such plans. Some financial institutions are also not willing to undertake due diligence and take a risk in women-led enterprises. Around 13 percent respondents informed that banks were not willing to give any reason for rejection of application. These applicants were willing to improve their potential borrowing profile. However, they did not know how and from where advice could be sought.

Another evidence of lack of engagement by financial institutions is that most women are forced not to apply for a loan in favour of their business. Instead they are often asked to apply for a personal loan that could be used for their business. This allows less efforts by the bank to conduct firm-level due diligence. The respondents, particularly those operating at a micro scale, also reported that it was easier to fulfill the conditions of a loan when applied in a person's name. For applying for a business loan, it is difficult to obtain a plethora of

documents and fill a large number of details that they were even unable to understand, let alone filling them in. These respondents also understood that personal loans are smaller in size and curtail the potential of future expansion in business.

Figure 4.3 Type of collateral provided to financial institutions

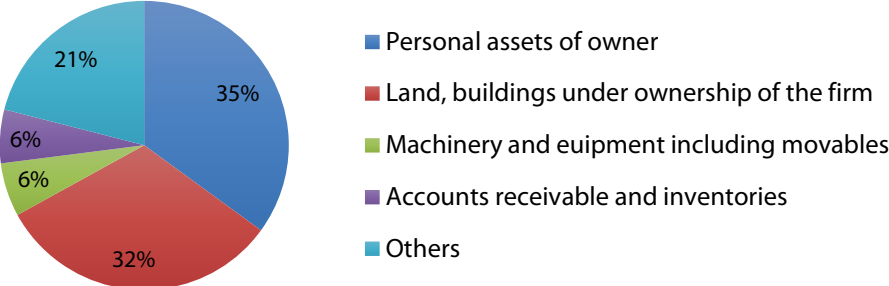


Table 4.5 Reasons given to turn down the loan request

Reasons for rejection of loan	Response, %
Did not meet financial institution's lending criteria	52.2
Poor business or personal credit history	9.0
Applied for too much	7.5
No or insufficient security	7.5
Poor quality of education	3.0
Still pending	3.0
Inadequate business plan	1.5
No credit history/ not in business long enough	1.5
I rejected terms and conditions offered	1.5
No reason given	13.4
Total	100.0

The small percentage of women who eventually received loans could not get a multi-year financing to support their businesses. These were short-term financing facilities that had to be returned in limited time period with no grace period. About 69 percent of the women were given loans for one-to-two-years duration; 22 percent were given loans for less than one-year period. Only 9 percent of them could secure bank financing for more than two-year period.

Among the successful borrowers, 57 percent reported using the loan for fulfilling working capital requirement, and 25 percent invested the money in property or other forms of asset providing capital gains over time. The rest had used the money for various other needs such as augmenting household level consumption.

An overwhelmingly three-fourth of the total respondents did not consider taking loans from the banks at all. When asked for the reasons for preventing them from applying for formal source of funding, 23 percent said that the interest rate they had to pay on the given loan was too high, while 22 percent of them said that the application procedure for acquiring the loan was too lengthy and complex (table 4.6). A much smaller proportion of the respondents informed that collateral requirements were too high. While over 20 percent of the respondents reported that they don't feel the needs of borrowing, some other preferred not to indulge into debt obligations, which could hinder the functioning and growth of their business.

From the segment of respondents who did not opt for formal financing, a large number of them (79 percent) did not opt for informal financing neither. Either they did not seek any external funding at current levels of operation or they did not want to get into a debt obligation. Out of the women who had opted for informal funding sources, 62 percent preferred this over formal funding sources primarily because of less stringent conditions attached over the use of capital.

Table 4.6 Reasons for not applying for formal loan

Reasons	Response, %
Interest rates are not favorable	23.8
Application procedures for loans are complex and lengthy	22.4
Did not need any finance, business establishment had sufficient capital	21.1
Collateral requirement are too high	7.5
Prefer not to have any debt obligations	7.5
Fear of inability to repay the loan	3.4
Lack of compliance documents	1.4
Maturity of loan is tight	0.7
Other	12.2
Total	100.0

The average start-up investment that went into the business ventures of the women interviewed in this study was PKR 101,526 at 2013/14 prices. Half of our sample had started business with a capital less than or equal to PKR 50,000. Lower start-up investment, coupled with uncertain access to formal sources of funding explains why most women enterprises have not been able to graduate from MSME status to larger scale entities, and why they are facing difficulties in sustaining and expanding their businesses.

Entering into a specific business was also a function of past experiences and exposure to entrepreneurial activities. The majority of the respondents (68 percent) did have past experience in a specific field of activity or had undertaken similar work as a hobby (Table 4.7). Half of the respondents or more did not have relevant business management skills such as accounting, sales or marketing, human resource management or relevant academic background before starting the business. Only 22 percent of the respondents had, in the past, been able to access seminars on the subject which gave them the necessary experience.

It is usually not easy to leave full time employment and move into risk taking initiatives including starting a business. The respondents, who were employed prior to starting their own businesses, were asked about the challenges they faced during this transition. Around 21 percent said due to the loss of a regular income it became difficult for them to meet their day-to-day expenses. About 16 percent of them suffered through mental depression associated with unforeseen challenges. In this context, women entrepreneurs' easy access to formal

loans and formal business advisory services is important so that their working capital requirements and personal consumption might be smoothed over the medium to long-run.

Despite such hardships, women started their own business with an expectation of better personal growth opportunities (23 percent), anticipated growth of their income (18 percent), sustainability of income (16 percent) or greater financial independence (Table 4.8). Eleven percent of the respondents sought flexible work schedule for balancing family commitments.

Table 4.7 Past experience in current business activity

Previous experience/exposure/orientation to the work you currently do	A lot	Some	Not at all
Hobby, personal experience in same field	68.4	23.2	8.4
Sales/marketing experience	23.3	24.9	51.9
Seminars, programs relevant to business	22.3	34.0	43.6
Supervisory/management experience	18.8	27.2	53.9
School education directly related to business	18.5	27.0	54.5
Job in the same field as the business	12.3	33.7	54.0
Accounting experience	10.1	14.8	75.1

Table 4.8 Motivation for starting own business

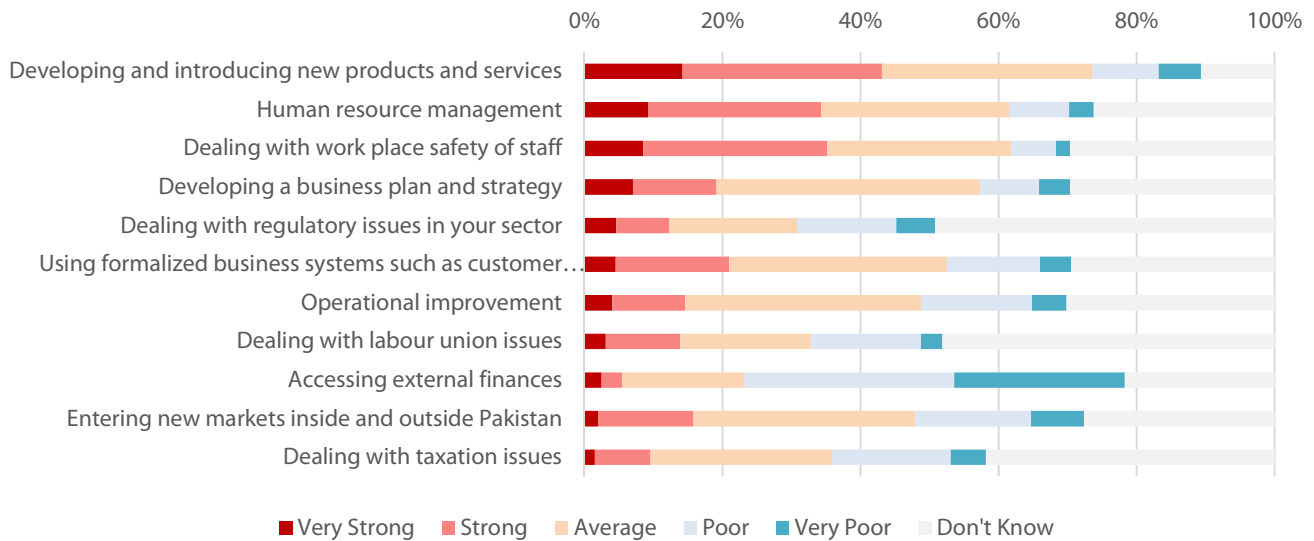
	Response, %
Better personal and professional growth opportunities	23.0
Increased personal income	17.9
Just to maintain an income level	16.3
Greater financial independence	13.3
Wanted to work with a more flexible schedule	11.2
Passion to initiate and sustain the business	6.6
To join the family business	3.6
Exhibit the demand for a particular good	2.0
Other	6.1
Total	100.0

On strengths and weaknesses of WMSME, the respondents felt that developing and introducing new products and services, human resource management, and providing work place safety of staff are their strengths (figure 4.4). On the other hand, they reported that accessing external finances is the key weakness. To less extent, finding new markets, dealing with taxation, labour and regulatory issues are weaknesses in their business operations. In most cases, women had to rely on family support to address operational weaknesses (79 percent). Others tried to access friends and close community associates (10 percent).

Financial obligations, in the absence of a male earning member or low earning of a male member in the household, also motivated some women to start their own businesses (24 percent). However, this did not imply that women undertaking their own enterprise are in control over how best to spend these earnings. In our sample, 27 percent women entrepreneurs could not keep their earnings or decide how to spend them on their

own will. We also inquired who in the family was curtailing the financial freedom of these women. About 40 percent of them responded that their husbands controlled the profits, followed by their fathers (35 percent) and other elders in the family (24 percent).

Figure 4.4 Strengths and weaknesses of women-led enterprises



Out of those who are in control of their earnings, 40 percent of women spend them on meeting household needs, while 27 and 18 percent spend their income on meeting their own expenses and on children’s education, respectively. The respondents who had managed to have some savings were able to afford recreational activities or invest in real estate.

Spending on household was the dominant category partially owing to the reason that 37 percent of the respondents were also accruing services of other family members, which led to savings in the case where such services were rendered on gratis basis.

In the case of respondents whose family had already been in the business, 65 percent of them have a business partnership with their family. The rest had family members in the same business, and this allowed them to draw upon each other’s networks within the business community.

Balancing an entrepreneurial activity alongside household chores becomes difficult in the absence of support from other members of the household. Fifty-seven percent of the respondents worked more than five days a week and more than 8 hours a day on average. Forty-six percent of the respondents have no help at home, which often affects the business performance. They said that they usually cannot devote enough time to look after their own self and are unable to properly take care of the family or pursue the activities that they would otherwise like to indulge in. They felt that even if avenues for recreation were available, the absence of a support system requires them to be on top of their daily routine.

Thirty-six percent of the respondents have faced some forms of harassment. When asked who harasses them, a half of those who experienced harassment reported current competitors, followed by customers (11 percent) and public officials (8 percent).

When asked if they felt any disadvantage of being women in doing their businesses, exporting their products or dealing with other persons, 58 percent of the women denied having any such negative experience. On the contrary, the remaining replied that they were susceptible to gender biases in running the enterprises.

For instance, there is a perception of women being unable to calculate costs and profits or not being able to distinguish between different quality products.

Replying to a question as how the security, law and order challenge affected their business performance, over 35 percent of the respondents said that it was taking a toll on their profits. Over 21 percent of them said that such challenges had resulted in psychological stress while others informed of moving business elsewhere or even closing down the business due to continuous demands of extortion money.

The details regarding turnover and receipts from sales were shared by 120 out of the total of 200 women entrepreneurs. Average net profit was close to PKR 119,226 per annum. The highest profit made from the previous year was slightly below PKR 1 million.

Around half of the respondents did not maintain their financial accounts on regular basis. Out of those who maintained their financial records, about 87 percent of them did not conduct their annual audits. When asked why they did not keep financial accounts, 75 percent of them said that they were never asked for such accounts by the formal authorities. Others did not opt for the practice as they lacked time or the resources required to maintain records (16 percent) or they did not have required skills (4 percent).

When asked about the most recurring human resource problem, 38 percent reported a difficulty in recruiting skilled employees (Table 4.9). Other difficulties are found in retaining capable employees (16 percent), motivating the employees (15 percent), and matching employees with right jobs in their firms (12 percent). Difficulties in retaining staff was also attributed to related chronic insecurity, law and order change, which sometime force workers to apply for work at safer places.

In the case of fashion derivatives, creativity and innovation was termed a key competitive advantage. Therefore, motivating employees to generate innovative ideas was reported as the second key problem. Employee motivation was closely linked with their retention, which was also termed a major challenge.

In terms of recruitment practice, nearly two-thirds of the respondents said that they preferred hiring staff based on competence and merit while 14 percent of them preferred low wages over skills. The remaining considered other factors in hiring the staff. It is important to note that candidates who fulfill merit are not always available in the market.

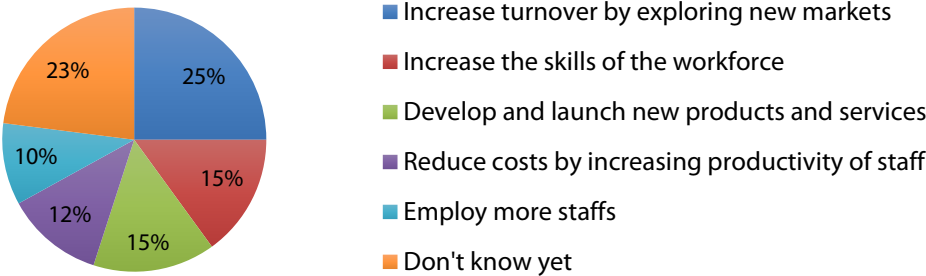
Besides hiring competent staff, it is also important to consistently build their capacity to cope with expanding and changing needs of a business. In this regard, only 28 percent said that they had sent their staff for training programmes during the past 12 months. Employers' hesitation of sending the employees to training courses emanated primarily from the cost implications of such programmes. Eighty-three percent of the respondents would send their staff to trainings, if the government or development partners would offer them for free of charge.

Table 4.9 Motivation for starting own business

	Garments	Fashion derivatives	Handicraft	Total
Recruiting the skilled employees	36.4	37.5	40.0	38.0
Retaining the employees	16.4	16.7	16.0	16.3
Motivating the employees	14.5	20.8	10.0	15.1
Employing them in the right jobs	12.7	8.3	16.0	12.4
Laying off the employees	5.5	--	8.0	4.5
Other	14.5	16.7	10.0	13.7
Total	100.0	100.0	100.0	100.0

On future business plans, a quarter of the respondents said that they were going to increase their turnover by diversifying new markets or products (15 percent) (figure 4.8). Others aimed to invest in human resources in skill development (15 percent), improve staff productivity (12 percent) or hire more staffs (10 percent). On the other hand, 23 percent of the respondents don't have business plan.

Figure 4.5 Future business plan



While marketing has to be an important component of any business strategy, a majority of the respondents were found indulge in obsolete, less effective but lower cost marketing practices. About one third of the respondents visit different shops and sell their products at a very low margin (table 4.10). The proportion is higher among handicraft businesses. Those who work in fashion derivatives use cable TV advertisement more than the other two sectors. Cable subscription could be from a few hundreds to a few thousands, depending upon the size of the town they are in. Another 8 percent use newspaper advertisement space for marketing. Despite of its vast reach most respondents are not using radio as a means of advertising. Other responses included referrals, word-of-mouth, bill board banners, social media advertisements, part-time sales representatives, exhibitions, and distribution of home-to-home flyers.

Yet, about a quarter of those who practiced marketing had no idea whether their market strategies had worked towards achieving desired sales targets. For others, 58 percent of them were confident that their marketing approaches were effective and successful while the rest thought it was not effective.

On the contrary, significant proportion of the respondents depended upon intermediaries (23 percent) for distributing the goods and family members (12 percent), while 35 percent of them took their products to the markets by themselves. Only 15 percent of the respondents had dedicated marketing and sales staff. The remaining 15 percent depended upon others to access markets of their products.

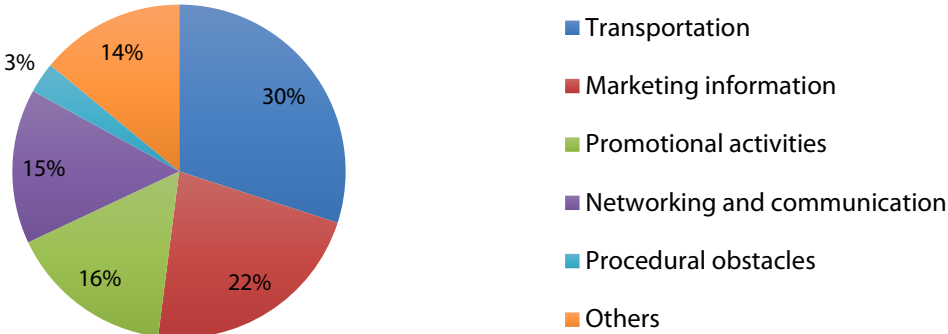
Table 4.10 Marketing channels

	Garments	Fashion derivatives	Handicraft	Total
Through visit to the shops	33.7	27.3	41.0	34.0
Through cable TV channels advertisement	7.2	18.2	11.5	12.3
Through newspapers advertisement	6.0	6.1	13.1	8.4
Through FM radio	1.2	--	--	0.4
Any Other	51.8	48.5	34.4	44.9
Total	100.0	100.0	100.0	100.0

When asked about the marketing and distribution challenges that are most frequently faced, 30 percent cited transportation as a key challenge (figure 4.6). This includes uncertainty of available transportation modes, particularly in rural areas, and rising transportation costs. Another important challenge was access to timely information related to market and customers (22 percent). Related to this, 15 percent of the respondents felt they lacked networking and communication. Similar proportion of women entrepreneurs found it difficult to design, launch, and fully benefit from the promotional activities.

Packaging of their products is an important element in distribution. The respondents were usually aware of certified packaging methods; 31 percent of the respondents reported product waste due to mishandling.

Figure 4.6 Marketing and distribution challenges



Despite the various business challenges identified, 70 percent of the total reported that their business has grown over time. Over the past financial year, 87 percent in total recorded a net profit (table 4.11). The handicraft sector reported higher share of businesses with net profit. The fashion derivatives sector struggled. Their weak performance was linked to poor access to working capital and shortages of electricity. Additionally they also reported some change in tastes and preferences, which moved customers’ interest away from their product-type.

Table 4.11 Marketing channels

	Garments	Fashion derivatives	Handicrafts	Total
Profit	86.6	75.9	94.7	87.6
Losses	13.4	24.1	5.3	12.4
Total	100.0	100.0	100.0	100.0

Ninety-percent said that they were going to stay in the industry that they are currently involved in. Moreover, many of the women who planned to stay in their current business planned to expand their business to segue to other places, including overseas markets (table 4.12).

Smaller proportions of those who did not want to expand their business in other regions indicated lack of finance as the biggest challenge, although they saw market demand for the products they produce. Others reported a lack of confidence in managing large businesses. Only 17 percent of the respondents have formally

published business plans for future growth and activities. Nearly 70 percent of them did not know how to prepare such a document.

Table 4.12 Business plans for next five years

	Garments	Fashion derivatives	Handicrafts	Total
Growing, spread to more cities within the province	28.6	20.7	33.3	28.8
Growing, spread to major cities of other provinces as well	8.6	34.5	13.0	15.0
Growing exponentially, with exports to other countries in the region	10.0	13.8	13.0	11.8
Others	22.9	3.4	14.8	16.3
Same as it is now	22.9	13.8	24.1	21.6
Shrinking/closing	7.1	13.8	1.9	6.5
Total	100.0	100.0	100.0	100.0

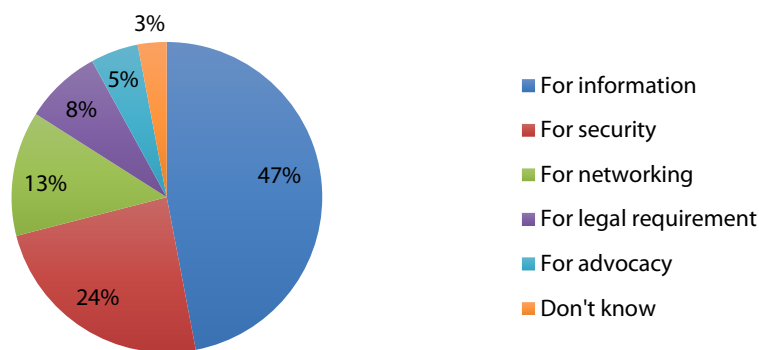
When asked if the respondents were well aware about the state rules and regulations for the sectors they work, over a half of them (54 percent) could not confirm it, while the rest had information about the relevant rules and regulations applicable to their businesses.

When further probed if they had enough information to claim various kinds of government support and facilities available to women entrepreneurs or in their sector, only 22 percent had the required information. The remaining said that they had no knowledge about it. When asked about what kind of support the government could offer to enhance their relevant knowledge on rules and regulations, 43 percent of them asked for training and capacity building for greater understanding about tax laws, labour and environmental regulations.

Nearly 60 percent of the surveyed had membership with the WCCI. Access to information was also the key motive for nearly half (47 percent) of the respondents who had registered with the WCCI (figure 4.7). Other reasons included the need for personal security, networking for business promotion, and legal requirement for taking part in promotional activities abroad. The WCCI do not exist in all trading cities.⁴⁵ Where they do exist, their structures are still at a nascent stage. The membership fee is often termed expensive by WMSME and some also feel that WCCI need to be better organized if tangible results have to be delivered for new entrants in the market.

Figure 4.7 Reasons for registering with Women Chamber of Commerce and Industry

⁴⁵ Federation of Pakistan Chambers of Commerce and Industries regularly updates the list of active and newly registered WCCI.



When asked if they understand how to get in touch with potential buyers of their products abroad, only 16 percent of them could confirm it. Perhaps this was the main reason why only 7 percent of WMSME surveyed were engaged in exporting their products. About half of the respondents, however, said that they had been planning in the recent past to export their products to other countries.

A majority of the respondents did not engage in regular imports. Forty-five percent of the respondents found it somewhat expensive, while 16 percent of them were not aware of the procedures of importing goods from abroad. Others found that the regulations related to imports were too stringent (12 percent). The rest thought that importing materials were not relevant to their business, or shared other reasons for not importing products from abroad.

Regarding the existence of trade barriers in regional trade, nearly two-thirds of the women entrepreneurs said that there were substantial barriers that restrict their reach to buyers in other countries within the region. The remaining did not have specific knowledge regarding barriers to trade. As for specific barriers to export to other South Asian economies, 41 percent cited visa issues as the major stumbling block. Twenty-seven percent cited indirect and long routes as a major barrier as it increased their transportation, storage and distribution costs. It should be noted that 64 percent of the respondents felt that export barriers were specific to India, while others mentioned perceived barriers in trading with South Asian countries excluding India. Eleven percent cited the absence of banking channels with India a key trade barrier.

For future growth it is important that SME trade potential should be enhanced through appropriate trade facilitation measures. When asked to identify difficulties that women entrepreneurs faced in logistics and customs at the Pakistan side, nearly half of the respondents stated the incidence of informal gifts or bribery (table 4.13). A national firm-level survey conducted in the past reported fewer firms, which had reported the incidence of bribery to be a major constraint (Ahmed and Adnan, 2014). However the large firms over time have developed the capacity to hire expertise to deal with red-tape. This in turn also acts as a barrier to entry for new firms.

Other problems identified are lack of appropriate warehouse or distribution facilities, lack of appropriate goods handling equipment, bureaucracy and red-tape, lengthy paper work, manual examination of goods, lack of trained human resources, and lack of amenities such as hotels, which is a safety concern for women.

Table 4.13 Logistics and custom-related difficulties in trade

	Garments	Fashion derivatives	Handicraft	Total
Corruption and bribery	31.6	50.0	63.6	49.1
Lack of warehouse/distribution	31.6	16.7	36.4	30.2

Lack of appropriate goods handling equipment	30.0	16.7	18.2	22.2
Bureaucracy and red-tape	5.0	16.7	36.4	20.4
Lack amenities such as hotels	10.5	16.7	27.3	18.9
Lengthy paper work	30.0	25.0	4.5	18.5
Manual examination of goods	10.5	16.7	18.2	15.1
Lack of properly trained human resource	10.5	8.3	18.2	13.2
Poor roads/transport	15.8	8.3	9.1	11.3
Lack of Banks/branches	15.0	--	9.1	9.3
Poor telecom facilities	5.3	8.3	--	3.8

In terms of the government support, it was felt that the garment sector often gets the most priority in governments budgetary and trade policies, perhaps due to the larger number of enterprises. It was only recently that the Trade Development Authority of Pakistan had organized dedicated exhibitions for fashion derivatives as part of Women Exporter Network initiative. The representatives from the handicraft industry felt that the government had not recognized this sector as an industry and therefore no industry-specific incentives are provided.

Those who are involved in trading also noted competition from enterprises engaged in informal trade. Not being included in tax nets, they can afford to supply goods at cheaper prices. This negatively hurts the market share of formal business enterprises. In fact, 61 percent of the respondents noticed of the incidence of informal trade in their sectors. According to them, informally routed merchandise had its origins in other South Asian countries. This point has also been explained in Ahmed and others (2015).

Being competitive for trade also requires a continuous effort to innovate products and services. Nearly half of the surveyed believe that they continuously strive to upgrade their existing products. According to them, 10 percent of such innovations and upgradations are completely new to the business and 58 percent are somewhat new. Yet, 32 percent entrepreneurs are not sure if the innovations are unique in the market.

Professional networks play a great role in honing business skills of the members and providing them opportunities to explore and connect with new markets and consumers. Forty percent of the surveyed had membership with the Export Promotion Bureau of Pakistan. Forty-six percent of them were members of Trade Development Authority of Pakistan. Some WMSME in garment industry (5 percent of the total surveyed) were members of All Pakistan Textile Mills Association, which deals with textile and garment products at a significantly large-scale.

4.2. Analysis of findings from FGDs and KIIs

Table 4.14 Distribution of FGDs and KIIs

Geographic coverage	Punjab				Balochistan		KP				Sindh		Islamabad Capital Territory		Total
	Gujranwala		Sialkot		Quetta		Hayatabad		Peshawar		Sukkur				
Urban/ Rural	U	R	U	R	U	R	U	R	U	R	U	R	U	R	
FGDs	1	0	1	0	1	0	1	0	1	0	1	0	2	0	8
KIIs	2	1	1	2	1	1	2	1	2	1	2	2	2	0	20

In addition to the firm surveys, eight FGDs and 20 KIs were conducted (table 4.10). FGDs were conducted with business women and representatives of chambers of commerce and industry in respective provinces. KIs were conducted with women entrepreneurs, public officials, civil society representatives, and academia representatives.

The FGDs and KIs revealed some common socio-cultural barriers in hindering women from planning and starting their own businesses. One FGD participant in Sukkur highlighted, “the very idea of women dealing with product markets, potential customers and public officials is demeaning for male folks of this society; they look down upon small businesses and show still greater disapproval for the presence of women in the business world.” Another FGD participant in Peshawar said, “the disapproval for women to indulge into business space, especially when it comes from family members, stems from concerns about their security.” She said that the general perception about the attitude of shopkeepers, customers, and public officials towards women running businesses was negative, which hindered their way from entering into business world.

A KI respondent from Gujranwala said that she was a successful entrepreneur only because she had complete support from her family to do the business and had enough resources to experiment with launching business products. She said that having a role model within the family, her mother, and being equipped with the right education made the difference, and assisted her to achieve the rapid expansion of her business to the present scale.

An entrepreneur from Quetta during a KI said that starting a business, running it successfully and expanding it requires a mix of social support, access to easy finances, opportunities to gain and improve various skills especially marketing, money management, and human resource management. She was of the view that women in Pakistan are always short on the opportunities that can link them to financial assistance and guide them through the early stages of business development. She maintained that uncertainty and probability of risk is several times higher for women. In order to get rid of these challenges, an easy way-out was to form partnerships with male members of the family. This, however, sometimes erode women’s ownership of the business over time, she said.

FGD participants in Sukkur were of the view that in several parts of Sindh, women entrepreneurs engaged in micro and small enterprises were doing well but that was possible because of a contractual agreement with the ‘middlemen.’ They would market their prices at higher rates, but would only share fractions of the profits with the women who actually do the work. They said that enabling these women for greater entrepreneurial success required facilitation and access to markets in a way that complements their cultural practices, and that should not be exploitative in any way. Another participant of the same FGD suggested that only if the government announces lower interest rates or interest free loans for women entrepreneurs, and make the loan provision process brief and easier, it will serve as an incentive for women, who are currently planning to start their businesses, or willing to expand their outreach to new markets.

An entrepreneur in Peshawar said that she was in the women’s clothing business because it was “more of a women-thing in my culture”. She said that if she were to start the business in any other product - for example, timber, log or carpets like men in her village would do, she could never have the permission from her family to even plan the business, let alone starting it. She said that she started very small, she used to buy 4-5 suits from the city, would stitch and lace them with embroidery work, and sell them within the village. Gradually she became capable of establishing a shop in Peshawar city, which is now jointly run by her husband and brother. She said that the real boost to business came only when her brother and husband joined her, and helped her explore larger market in Peshawar city. Had this not been the case, she would have done a little better than what she was previously doing in her village where customers were few and could afford only low prices.

Another entrepreneur from Gujranwala who was running a very successful garments and fashion derivatives business under a famous brand name, said during a KII that it was the encouragement of her family that provided a conducive environment for her. She said that she had the right education in fashion design and was given full freedom and financial support from her family to experiment with her ideas and to start her own business. She said that she too started at a relatively small level. However, she was able to showcase her work at major business locations, which led to an exponential growth. Currently, she has over 100 employees and her customers both from within and outside the country.

When asked about the biggest challenges and incentives that kept them going, FGD participants from Gujranwala said that challenges were largely social in nature; a weak finance base, absence of a right skills set, and the discouraging attitude of public officials. However, the general view among the participants is that regardless of the financial independence, women entrepreneurs particularly need role models and success stories, and may themselves inspire other potential entrepreneurs with good ideas to embark on the journey of self-employment. Discussing issues of trade, not many women FGD or KII participants could contribute towards the discussion as a very small fraction of them were directly involved in trade with other countries.

SDPI hosted a national level roundtable to discuss its research findings and to receive input and comments from various stakeholders. Participants of the roundtable included leading businesswomen representing various chambers of commerce, officials from ministry of commerce, academia, civil society, media and development partners. The following key interventions were suggested:

- Further research is required on the effectiveness of programmes such as the *Prime Minister Youth Loan Scheme* and *Benazir Waseela-e-Haq Program* for women.
- Banks are reluctant to lend to women who are older than 45 years old. Therefore, there is a need for funds rotation at chambers' level.
- There is a need to sensitize the Central Bank so that facilitation towards women entrepreneurship is given priority.
- There are only 12 WCCI across the country. This proportion is low compared to other regions. There should be inclusion and membership of women into all chambers of commerce and industry. The chamber registration fee for women should also be lowered.
- There is a need for business advisory units at the chambers of commerce and industry. Such facilitation can benefit both women and men who are new to the business world and would attract more members to these professional networks.
- An outreach effort is required to showcase the case studies of successful businesswomen.
- The understanding of trade and customs officials regarding gender dimension of trade barriers, especially NTBs, is weak.
- Sector-specific non-tariff measures have already been identified in past studies. However, a solution to address those measures that act as trade barriers needs to be devised at the government level. Key NTBs for trading with South Asia include visa restrictions, product certifications, standards approval, licensing requirements and state-specific levies (in the case of India).
- India will continue to generate the highest import demand in the region. Therefore, in the case of India there is a need to address the following non-tariff measures:
 - The Government of India imposes specific port entry restrictions for several categories of products, including garments and fashion derivatives.
 - Technical barriers to trade such as requirements towards labelling and conformity assessment increase trade costs.

- In the case of garments and handicrafts, there is an arbitrary interpretation of regulations by border officials.
- Improved trade financing for women entrepreneurs needs to be ensured through appropriate policy. The State Bank of Pakistan may request amendments in the *Microfinance Institution Ordinance 2001*, in order to allow trade financing to MSME. The Pakistan Poverty Alleviation Fund may support pilot projects having potential to export in a short span of time. The Fund can request development partners to assist with such pilot projects under a risk-sharing scheme to minimize short-term uncertainties.

In our qualitative and quantitative instruments, we had asked questions to gauge the perceptions regarding regional trade; 19 percent of the respondents reported exporting their output during the past 12 months. The exporting sectors included garments (23 percent), fashion derivatives (23 percent) and handicrafts (12 percent). On the import side, 7.8 percent of the respondents had imported some form of their inputs or machinery during past 12 months. A breakdown shows that 15 percent of the fashion derivatives sector imports the production inputs such as processed garment and jewelry. The share of the importers is higher than garments (4.3 percent) and handicrafts (6.8 percent). However, the import or export patterns have not followed a predictable path. Most respondents were only able to get sporadic orders from the South Asian region due to the travel restrictions and related NTBs as highlighted above.

The trade barriers are lower in South Asian economies with which Pakistan has certain trade preference arrangements. For instance, Pakistan- Sri Lanka Free Trade Agreement in 2005 was helpful. However, the respondents called for a review of Pakistan-Sri Lanka FTA based on the current production and trade needs (see also Ahmed et al., 2010). Similarly trade with Afghanistan was termed relatively easier vis-à-vis other South Asian economies partly due to the improvements in land route trade border points at Afghanistan-Pakistan border (see also Shabbir and Ahmed, 2015).

The study participants expressed apprehensions about the rising informal trade across the region, which is reducing the competitiveness of the formal sector. The informal traders do not pay statutory sales tax and customs duty rate.⁴⁶ Some in fact channel the goods through the borders where no official customs check point is available. The personal baggage allowance to passengers is also being misused to bring the merchandise in and out of Pakistan (see also Taneja and Pohit, 2015).

The response from the garments sector shows that Pakistani women entrepreneurs are trying to compete on quality as competing on price-basis is difficult for them. According to their assessment, the cost of production in Pakistan has been on the rise compared to neighbouring countries since 2008 due to the rising prices of fuel; electricity and gas supply shortages; weak access to export financing and working capital from formal financial institutions. These issues have also been elaborated in Khan and Ahmed (2014). This paper also highlights additional costs on businesses situated in areas marred by local conflicts.

There were some anecdotal responses regarding higher government support including subsidies for women-led businesses in other South Asian countries. However, the WCCI did not conduct any comparative analysis of such government support across regional economies.⁴⁷

FGDs revealed that there was a need to better organize the WCCI, especially with respect to providing advice on regional trade to its registered members. The WCCI members lauded the role of this platform in at least hosting cross-country exhibitions and meetings, which have resulted in a better understanding of potential markets in garments, handicrafts and fashion derivatives. The scope of value chain integration in garments was also mentioned by some FGD participants. The Chambers of Commerce and Industry were also

⁴⁶ On the reform of indirect taxes in Pakistan, see Ahmed (2011) and Ahmed and O' Donoghue (2009).

⁴⁷ Some past views on similar lines were presented in SDPI (2013).

the primary source of information on export procedures for most respondents. The capacity constraints at the WCCI implied that understanding of product-specific certifications, packaging requirements, and labelling conditions for exports was weak.

The WCCI are also not financially endowed to provide support on, for example, improving women SME's compliance with technical requirements in transporting of consignment. The garments exporters had to incur extra cost in hiring a consultant firm to help in fulfilling requirements towards pre-shipment certification. Instead of each SME paying separately to these firms, it was suggested that the Chambers of Commerce and Industry should have a support mechanism for this function. The respondents were willing to contribute financially in establishing such expertise at the Chambers. The example of South Punjab WCCI was cited as an innovative approach that combines the use such arrangement.

As for importing raw material and other intermediate inputs, the most cited issue was difficulty associated with the valuation of goods at port, which in turn delays the clearance process. This again requires hiring of a specialized clearing agent. Such costs for technical support are affordable only for larger entities. WMSME are unable to expand their trade operations given the high clearance costs.

In the case of some glass-based handicrafts and jewelry-based fashion products, difficulties with examination of goods at port were stated. It was informed that such goods are examined manually, instead of electronic scanners, which on average leads to at least 2-3 percent consignment damage in value terms. In Torkhum and Chaman, the border crossings between Pakistan and Afghanistan, it was reported that additional paper work is required for some goods. There have been suggestions in the past to automate this procedure. Trade in foreign currency such as US dollars becomes difficult at these border posts as there are no formal banks or money exchange companies in the vicinity. The Chamber has requested the Ministry of Commerce in Islamabad to consider a currency swap regime for those trading between Afghanistan and Pakistan.

The formal insurance companies are not providing the facility for trade with Afghanistan. This has resulted in a problem pushing any Afghan importer to rely for the transportation of goods to Pakistan from his/her own arrangement. In the case of cosmetics or related fashion derivatives, this results in unrealized economies of scale. If insurance facilities are allowed and letter of credit (L/C) for large denominations made easily available, this would result in greater trade expansion.

Lack of refrigerated warehousing is also an issue. Most transport companies servicing trade with Afghanistan do not have containers, which are insulated enough for these products.

There are three Pakistani bank branches in Afghanistan. Their trade operations are still not fully operational. They are providing only basic money-transfer services to the Pakistani diaspora working in Afghanistan. The financial limits on L/Cs implies that for a single consignment, a trader may end up incurring the costs of multiple L/Cs. This has been reported by the Chambers to the Central Banks on both sides.

5. Conclusion

Women entrepreneurs in Pakistan make up a tiny fraction of 1 percent of the total business community in the country. Amid several challenges, presently, the women entrepreneurial sphere in Pakistan is dominated by either the women of elite families who have access to resources, education, skills and guidance that is required to initiate and successfully sustain and expand a business, or by women from humble backgrounds who are forced to contribute towards familial incomes through whatever efforts they can make. There is little presence of women from middle-income groups, as most of them, after completing their education, prefer jobs over risk-prone entrepreneurial activities.

The cost of women's low economic participation in the country is colossal, and it hinders Pakistan's socio-economic growth and development. Moreover, it has significant bearings on Pakistan's poverty reduction efforts.⁴⁸ Studies show that women's enhanced economic participation through better economic opportunities can contribute towards their personal growth and broader social and economic developments of the country, for instance, through increased expenditure on health and education of children, and through higher levels of school enrollment for girls.⁴⁹

The weak state of women entrepreneurship is also attributed to lack of a broader policy and support framework that may be offered by the government.⁵⁰ Except for few one-off initiatives, Pakistan has never observed a sustained political commitment towards increasing women's share in businesses and subsequently, improving their welfare. For lack of evidence, academia and media were also unable to generate strong advocacy in this area.

These challenges require an all-encompassing long-term response from the policy circles. For instance, changing perception of working women requires change in the educational curriculum and improvement in media outlook of women. National Commission on the Status of Women (NCSW) is a statutory body of the Government of Pakistan. The Commission in collaboration with Ministry of Federal Education and Professional Training can review the curriculum and commission a media content analysis. A long-term response will also require consensus building among all major stakeholders, including religious leaders, politicians, and social circles who may jointly wage their efforts in highlighting the importance of women's engagement in business ventures. In this case NCSW can collaborate with Ministry of Religious Affairs and hold consultations with *Ulemas* (Islamic clerics and legal scholars from a range of Islamic traditions) as well as representatives from all religions.

The development partners may also highlight in their commitments with national governments that financial independence is crucial for women's socio-political, democratic, and economic rights. The local country partnership strategies for most donor organizations include gender-based reforms with a particular focus on violence against women and women's safe participation in public spaces. It is equally important to stress upon women's inclusion in financial goods and services markets. Pakistan already has a donor working group on gender, which can deliberate further on women's economic empowerment.

In the light of the situation analysis and survey findings presented in the report, following are the key policy recommendations:

- Women's access to financial assistance for business needs to be radically improved. Better targeting mechanisms need to be devised to reach a maximum number of potential entrepreneurs and at the same time help micro-level entrepreneurs towards up-scaling of their operations. The disbursements

⁴⁸ Faridi, Choudhry and Anwar, 2009.

⁴⁹ Elborgh-Woytek and others, 2013.

⁵⁰ For a discussion on Pakistan's experience with industrial policy (including SME) see Hussain and Ahmed (2012).

and beneficiaries under the *Waseela-e-Haq* programme of Benazir Income Support Programme may be increased. Currently there is a maximum limit of \$3,000 per business loan. Some other smaller schemes initiated in the past to provide financial assistance to enterprising women entrepreneurs, including Prime Minister's Youth Business Loan Scheme, have low levels of efficiency. These schemes may be consolidated.

- A collaborative effort between private and public sector is required to improve marketing of their products both within the country, particularly in large cities, and abroad. The already established women entrepreneurs should be supported in becoming part of the supply chains. Their integration with regional production networks is also important. Trade Development Authority of Pakistan (TDAP) allows women entrepreneurs to participate in international exhibitions on subsidized rates. Some new firms find it hard to even afford these low participation fees. TDAP may put in place a competitive process, which should open some non-fee stalls for promising women startups. TDAP has also been hosting Women Exporter Network National Conference. An evaluation is necessary, where TDAP as part of its annual report may publish the increase in number of women exporters and their exported value.
- WMSME need to be provided training for better business planning and management, this may be done through establishing a free help-line that may advice women entrepreneurs on starting, registering, managing and scaling up their businesses along with facilitating them in terms of preparing business plans and essential documentation for obtaining loans from banks. Small and Medium Enterprises Development Authority has the mandate to conduct the desired capacity building initiatives. Currently the organization needs help to streamline funding, low geographical coverage and overhaul its outreach capacity, which is currently weak.
- Women entrepreneurs' security related concerns should be addressed through stringent legislative measures that may provide a conducive and safer working environment for businesswomen. A clear directive from the Ministry of Interior to municipal-level administration should demand: a) consultations with women's business groups at local level, b) identifying security gaps in goods and labour market for women, and c) implementing reforms that can ensure security of lives, assets and profits of women enterprises.
- Ministry of Commerce and TDAP need to engage women in order to enhance the understanding of gender-specific trade barriers, especially in South Asia. The Ministry's Strategic Trade Policy Framework 2012-2015 had promised increased support to WCCI, however no programme or budget allocation was committed. It is recommended that MOC's training wing - Pakistan Institute of Trade & Development - may host regular joint working group meetings, which should include representatives of WCCI, TDAP, Pakistan Poverty Alleviation Fund (PPAF) and other relevant institutions.
- The State Bank of Pakistan and PPAF will need to play a more proactive role in helping women entrepreneurs wishing to export their goods and services. Trade financing should be ensured and amendments may be requested in *Microfinance Institution Ordinance 2001*. This can be done after thorough the consultation with women business representatives. The Ministry of Finance and Central Bank may also look into the preposition of lower export financing rates for women startups.

On the last note, it is also important to highlight the limitations of this study. Given the time and resource constraints, we could only capture the perceptions of a limited sample size. This among other things implied that we could not conduct an assessment of: a) WMSME involved in regional informal trade, and b) benefits to the female labour force under possible scenarios of production and trade expansion. We recommend that in future studies, more cities and product ranges be covered.

Bibliography

- Ahmed, V. and C. O' Donoghue (2009). Redistributive effect of personal income taxation in Pakistan. *Pakistan Economic and Social Review*, Vol. 47, No. 1, pp1-17.
- Ahmed, S., V. Ahmed, C. O' Donoghue (2011). Reforming indirect taxation in Pakistan: A macro-micro analysis. *eJournal of Tax Research*, Vol. 9, No. 2.
- Ahmed, V. (2014). Contours of Pakistan's Power Crisis, Z. I. Cheema (ed.) *Energy Crisis and Nuclear Safety and Security of Pakistan*. Strategic Vision Institute and Konrad-Adenauer-Stiftung.
- Ahmed, V. and M. Adnan (2014). Energy and Tax Reforms: Firm-level analysis from Pakistan, SDPI working Paper 146.
- Ahmed, V., A. Q. Suleri, M. A. Wahab, and A. Javed (2015). Informal Flow of Merchandise from India: The Case of Pakistan, N. Taneja and S. Pohit (eds.) *India-Pakistan Trade: Strengthening Economic Relations*. New Delhi: Springer.
- Ahmed, V., H. Mahmood, M. A. Wahab, A. Mustafa (2011). *Effectiveness of HRD for Developing SMEs in South Asia*. Islamabad: SAARC Human Resource Development Centre.
- Ahmed, S., V. Ahmed, I. Sarfraz, and S. A. Sohail (2010). Trade Agreements between Developing Countries: A Case Study of Pakistan–Sri Lanka Free Trade Agreement. Islamabad: Pakistan Institute of Trade and Development.
- Ahl, H. (2006). Why Research on Women Entrepreneurs Needs New Directions, *Entrepreneurship Theory and Practice*, Vol. 30, Issue 5, pp. 595-621.
- Ama, N. O., K. T. Mangadi and H. A. Ama (2014). Exploring the challenges facing women entrepreneurs in informal cross-border trade in Botswana. *Gender in Management: An International Journal*, Vol. 29, Issue 8, pp. 505-522.
- Browne, J., T. Moylan and A. Scaife (2007). Female Entrepreneurs - Out of the Frying Pan, Into the Fire. *Irish Journal of Management*, Vol. 28, Issue 2, pp. 109-133.
- Bushell, B. (2008). Women Entrepreneurs in Nepal: What prevents them from leading the sector. *Gender & Development*, Vol. 16, No. 3.
- Business Recorder (2012). "Women Participation: A Challenge for Employment in Pakistan." October 08th.
- Carpenter, R. E. and B. C. Petersen (2002). Is the Growth of Small Firms Constrained by Internal Finance? *Review of Economics and Statistics*, Vol. 84, Issue 2, pp. 298-309.
- CoClanis, P. and T. Dashi (1993). "Entrepreneurs needed: but will their efforts be worth the risk?", *The Straits Times*, 16 August.

Dubini, P. (1988). The influence of motivations and environment on business start-ups: some hints for public policies, *Journal of Business Venturing*, Vol. 4, pp. 11-26.

Elborgh-Woytek, K. and others (2013). "Women, Work, and the Economy: Macroeconomic Gains from Gender Equity," International Monetary Fund Staff Discussion Note.

Faridi, M. Z., I. S. Chaudhry and M. Anwar (2009). The Socio-Economic and Demographic Determinants of Women Work Participation in Pakistan: Evidence from Bahawalpur district, *South Asian Studies*, Vol. 24, No. 2, pp. 351-367.

Fielden, S. L. and M. J. Davidson (eds.) (2010). *International Research Handbook on Successful Women Entrepreneurs*. Cheltenham/Northampton: Edward Elgar.

Haider, I. (2014). Tough Conditions Keep Youth from PM's Loan Scheme, *Dawn*, May 25th.

Hussain, S. S. and V. Ahmed (2012). Experiments with Industrial Policy: The Case of Pakistan, SDPI Working Paper 124.

Jamali, D. (2009). *Constraints and opportunities facing women entrepreneurs in developing countries: A relational perspective*, *Gender in Management: An International Journal*, Vol. 24, Issue 4, pp. 232-251.

Jinnah Institute (2014). Entrepreneurial Landscape Changing For Women In Pakistan, Press Release, available from <http://jinnah-institute.org/entrepreneurial-landscape-changing-for-women-in-pakistan/>

Lee, J. and J. Chan (1998). Chinese entrepreneurship: a study in Singapore', *Journal of Management Development*, Vol. 17, Issue 2, pp. 131-141.

Lituchy, T.R., P. Bryer, and M. Reavley (2003). Small Business in the Czech Republic and Japan: Successes and Challenges of Women Entrepreneurs, in Etemad and Wright (eds.), *Globalization and Entrepreneurship: Policy and Strategy Perspectives*. Northampton, MA: Elgar Publishing, pp. 152-179.

Khan, S. A. and V. Ahmed (2014). Peaceful Economies: Assessing the Role of the Private Sector in Conflict Prevention in Pakistan, *Stability: International Journal of Security and Development*, Vol. 3 Issue 1.

Khan, A. (2007). "Women and Paid Work in Pakistan," Pathways of Women's Empowerment, Dawn South Asia Research Program, Pakistan Scoping Paper. Karachi: Collective for Social Science Research.

Maas, G. and M. Herrington (2006). *Global Entrepreneurship Monitor South African Report 2006*, available from <http://www.gemconsortium.org>

Mangi, N. A. (2015). Pakistan's Most Amazing Money Manager Gets No Respect, *BloombergBusiness*, March 20.

Mattis, M. C. (2004). Women entrepreneurs: out from under the glass ceiling, *Women in Management Review*, Vol. 19, Issue 3, pp.154-163.

Pardo-del-Val, M. (2010). Services supporting female entrepreneurs, *The Service Industries Journal*. Vol. 30, Issue 9, pp. 1479-1498.

Ojong, V. B. and V. Moodley (2005). Leadership and issues affecting the productivity of women Entrepreneurs in KwaZulu-Natal, *Agenda: Empowering Women for Gender Equity*, Vol. 19, Issue 65, pp. 76-82.

Ministry of Finance (2016). *Pakistan Economic Survey 2015-2016*, available from <http://www.finance.gov.pk/>

_____ (2014). *Pakistan Economic Survey 2013-14*, available from http://www.finance.gov.pk/survey_1314.html

_____ (2009). *Poverty Reduction Strategy Paper (PRSP-II)*, available from <http://www.finance.gov.pk/poverty/PRSP-II.pdf>

State Bank of Pakistan (2014). *Annual Report 2013-2014*, available from <http://www.sbp.org.pk/reports/annual/arFY14/Anul-index-eng-14.htm>

Pakistan Today (2011). *USAID launches trade Initiative for Women*, July 13th, available from <http://www.pakistantoday.com.pk/2011/07/13/city/islamabad/usaaid-launches-trade-initiative-for-women/>

Rashid, T. and J. Makuwira (2014). Global financial crisis and women's micro-lending innovations in Pakistan and Malawi, *Development in Practice*, vol. 24, Issue 1, pp. 39-50.

Saigol, R. (2011). *Women's Empowerment in Pakistan - a Scoping Study*. Islamabad: Aurat Foundation and Information Services Foundation.

SDPI (2013). *Managing Intra-Country Growth Disparities in South Asia*, Paper presented at 6th South Asia Economic Summit. Colombo: Institute of Policy Studies of Sri Lanka.

Sexton, D. L. and N. Bowman-Upton (1990). Female and Male Entrepreneurs: Psychological Characteristics and their Role in Gender-related Discrimination, *Journal of Business Venturing*, Vol. 5, Issue 1, pp. 29-36.

Shabbir, S and V. Ahmed (2015). Welfare Impacts of Afghan Trade on the Pakistani Provinces of Balochistan and Khyber Pakhtunkhwa, *Stability: International Journal of Security and Development*, Vol. 4, Issue 1.

Taneja, N. and S. Pohit (eds.) (2015). *India – Pakistan Trade: Strengthening Economic Relations*. New Delhi: Springer.

UNDP (2015). *Work for Human Development*, Human Development Report 2015. New York: UNDP. Available from http://hdr.undp.org/sites/default/files/2015_human_development_report.pdf

UNDP (2016). *Shaping the Future: How Changing Demographics Can Power Human Development*. New York: UNDP.

VanderBrug, J. (2013). The Global Rise of Female Entrepreneurs, *Harvard Business Review*, September 4th.

World Customs Organization (2013). *Women in Customs, Trade and Leadership Conference*, proceedings, 1 July 2013.

Annex 1. Firm survey questionnaire

Sample No (For Official Use only): _____
 Province _____ District _____
 Urban/Rural: _____ Sector/area: _____ Phone No. of respondent _____
 Name of Interviewer: _____ Signature: _____ Date: _____
 Name of Supervisor: _____ Signature: _____ Date: _____
 Name of respondent: _____ Business Product: _____ it _____
 Name of the Enterprise: _____
 Address of Establishment: _____

Note for respondent: The information shared as part of this study will be held confidential and will be used only for research purposes. Neither your name nor the name of your business will be referred in any document.

Introduction to the Study

The goal of this survey is to gather information from women-led micro, small, and medium enterprises (WMSMEs) in Pakistan. The study aims to identify: a) challenges and opportunities for WMSMEs, b) identify products by WMSMEs with regional trade potential, and c) tariff and non-tariff barriers faced by the WMSMEs.

A. Information about the enterprise and its owner

A.1: What is the financial size of your enterprise?	a. Micro: Less than PKR 1 million
	b. Small: PKR 1-10 million
	c. Medium: PKR 10-50 million
	d. Large: PKR 50 million and beyond
	e. Don't Know
A.2: The ownership of this business is:	
a. Self-owned	
b. Partnership with family Specify (husband, father, mother etc.)	
c. Partnership with others (specify the relationship with co-partners)	
d. Cooperative	
e. Taken on lease/rent from others (specify:	
A.3: What product do you deal in?	
	a. Textile/ garments
	b. Fashion derivatives
	c. Handicrafts
A.4: Which year you started this enterprise?	
A.4.1: Why did you choose this particular business/product?	
a. I had a prior knowledge of working in the field	
b. My financial position could only support this business initiative	
c. My friends/family advised me to start dealing in this business	
d. I had seen demand/market for this product/ business item	
e. Other	
A.5: Who motivated you to take up this business?	
a. Self-motivation	
b. Parents or Father _____ or Mother _____	

c. Spouse		
d. In-law specify _____		
e. Other entrepreneurs		
f. Others (e.g., children, friends etc... _____)		
A.6: What is the highest level of formal education that you obtained?		
		a. Post Graduate
		b. Tertiary Education
		c. Vocational Education
		d. Secondary School
		e. Primary School
		f. Non Formal Education
		g. Others
		h. None
A.6.1 Which year did you complete your highest qualification?		
A.7: What is the main location of this enterprise?		
		1. Home based
		2. Market place in urban area
		3. Market place in rural area
		4. Road side (not permanent)
		5. Mobile enterprise
		6. Industrial site building
		7. Other
A.8: How many permanent staff is employed?		
Employee Type	Male Employees in Number	Female Employees in Number
Working owners		
Family members; paid		
Family members; unpaid		
Non family; paid in monies		
Non family; paid in-kind (food, goods etc.)		
Wage workers (day workers)		
A. 9: How many adhoc staff is employed?		
Employee Type	Male Employees in Number	Female Employees in Number
Working owners		
Family members; paid		
Family members; unpaid		
Non family; paid in monies		
Non family; paid in-kind (food, goods etc.)		
Wage workers (day workers)		
Do you find any differences in performance between men and women in terms of		
a. Efficiency-specify		
b. Workload-specify		
c. Productivity-specify		
d. Absenteeism-specify		
e. Employee Turnover-specify		
f. Any other-specify		

B. Constraints faced by WSM Enterprises:

B.1: What was the single most important challenge this enterprise faced when you started it?					
a. Obtaining finances					
b. Managing cash flow					
c. Recruiting staff					
d. Availability/cost of suitable premises					
e. Installation of utility services such as phone, electricity, gas etc.					
f. Competition in the market					
g. Shortage of managerial skills					
h. Shortage of skills generally					
i. Registration and regulations/ taxation issues					
j. Others					
k. No problems faced					
B.2: What are the two biggest problems that your enterprise is facing now?					
					1.
					2.
B.3: How do you rate the following problems for your business?					
	NO PROBLEM	MINOR PROBLEM	MODERATE PROBLEM	MAJOR PROBLEM	DON'T KNOW
a) Electricity					
b) Telecommunications					
c) Water availability					
d) Sewer, rubbish disposal					
e) Fuel/ gas availability					
f) Floods/natural disasters					
g) Access to land					
h) Road conditions; quality, lack of roads					
i) Access to appropriate building					
j) Access to/use of equipment					
k) Lack of skilled labour					
l) Raw materials; access, quality					
m) Product development					
n) Too many competitors					
o) Crime, theft, disorder					
p) Trademarks					
q) Corruption					
B.4: When you started this business, where did you get your funds? (Circle all that apply and list the approximate percentages for each)					
					a. Personal Savings ____%
					b. Gift from family and friends ____%
					c. Loan from family and friends ____%
					d. Loan from previous owner ____%
					e. Credit card/personal loan ____%
					f. Bank Loan ____%
					g. Partners ____%
					h. Other ____%
B.5: In case you applied for bank loan, how difficult it was for you to obtain it?					

	a. Not difficult at all
	b. Somewhat difficult
	c. Very difficult
B.5.1: Did you have collateral to apply for the loan?	
1. Yes	2. No
B.5.2: If yes, what collateral did you provide as security?	
	a. Land, buildings under ownership of the firm
	b. Machinery and equipment including movables
	c. Accounts receivable and inventories
	d. Personal assets of owner (house, jewelry etc.)
	e. Other forms of collateral not included in the categories above (please specify)
B.5.3: Were you able to secure the loan?	
1. Yes	2. No
(If no, please skip to question no B.5.3.1)	
B.5.4: If yes, what was the duration of the loan?	
a. Less than one year	
b. 1-2 years	
c. 2-5 years	
d. Other (specify)	
B.5.5: If yes, what was the finance used for?	
	a. Investment in stock inventory/property (fixed assets)
	b. For working capital needs
	c. Other (please specify)
B.5.6: If Yes, what was the interest rate charged against this loan?	
B.5.3.1: If no, what reason the lender gave you to turn down the request?	
a. Applied for too much	
b. Did not meet financial institution's lending criteria	
c. Inadequate business plan	
d. Poor business or personal credit history	
e. No credit history/ not in business long enough	
f. No or insufficient security	
g. Poor quality of education	
h. I rejected terms and conditions offered	
i. Still pending	
j. No reason given	
B.6: When you applied for the loan, was the finance in the name of your company or in the name of a person?	
1. Name of Person	2. Name of company
B.7: If you did not apply for a loan, what was the reason for it?	
a. Did not need any finance – establishment had sufficient capital	
b. Application procedures for loans or line of credit are complex and lengthy	
c. Interest rates are not favorable	
d. Collateral requirements are too high	
e. Size of loan and maturity are insufficient	
f. Prefer not to have any debt obligations	
g. Fear of inability to repay the loan	
h. Have other sources of finance	
i. Lack of financial documents	

j. Other (Please specify)						
B.8: Did you also try to get loan from informal finance sources?						
1. Yes			2. No			
B.8.1: If yes, why was this so?						
a. No formal source was available						
b. I prefer informal to formal						
c. Other (specify)						
B.9: Approximately, how much money did you start your business with?						
PKR:						
B.10: Which of the following types of external financing are you aware of?						
a. Peer to peer lending groups						
b. Venture capitalists						
c. Assets based finance providers						
d. Mezzanine finance providers						
e. None of these						
f. All of these						
B.11: How much of each of the following kinds of experiences did you have before you became a business owner?						
	A lot	Some	Not at all			
a. Job in the same field as the business	2	1	0			
b. School education directly related to business	2	1	0			
c. Seminars, programs relevant to business	2	1	0			
d. Hobby, personal experience in same field	2	1	0			
e. Supervisory/management experience	2	1	0			
f. Accounting experience	2	1	0			
g. Sales/marketing experience	2	1	0			
B.11.1: If you were previously employed, what challenges did you face during the transition from employment to business?						
a. I lost my regular income						
b. I suffered through mental depression on the risks of failure						
c. It became difficult for me to meet my day-to-day expenses						
d. Any other						
B.11.2: What was the single most important motive for starting your own business?						
a. Better personal and professional growth opportunities						
b. Family commitments/ wanted to work with a more flexible schedule						
c. Greater financial independence						
d. Increased personal income						
e. Just to maintain an income level						
f. To join the family business						
g. Passion/Challenge						
h. Saw the demand/market for a particular good						
i. Others						
B.12: On a scale of 1 to 5 with 5 the strongest and 1 the weakest, how capable is your enterprise in the following activities:						
	Very Poor	Poor	Average	Strong	Very strong	Don't Know
Human resource management (e.g. recruitment and retention of staff)	1	2	3	4	5	6
Developing a business plan and strategy						

Using formalized business systems such as customer information record						
Entering new markets inside and outside Pakistan						
Developing and introducing new products and services						
Excessing external finances (e.g. obtaining financing from banks)						
Operational improvements e.g. adopting industry best practices						
Dealing with taxation issues						
Dealing with labour union issues						
Dealing with workplace safety of staff						
Dealing with regulatory issues in your sector (e.g. compliance with environmental standards)						
B.13: When you started this business, did you obtain any assistance from (check all that apply)						
	a. Family (please specify)					
	b. Friends					
	c. Others					
B.14: Are you the only earning member in your household?						
1. Yes			2. No			
B.15: Are you able to keep any of your earnings to yourself?						
1. Yes			2. No			
B.15.1: If no, who controls your earnings?						
a. Husband						
b. Father						
c. Any other/ please specify						
B.15.2: If yes, how do you spend your earnings?						
a. On yourself						
b. On household expenses						
c. On children's education						
d. Recreational activities for the family						
e. Invest in property like land, house or jewelry						
f. Other/ please specify						
B.16: Is anybody else from your close family members engaged in this business?						
1. Yes			2. No			
If yes- <input type="checkbox"/> together <input type="checkbox"/> separately?						
B.17: Is anybody in your family helping you at home (e.g., household chores) so that you are able to perform at work better?						
<input type="checkbox"/> Yes, who _____ <input type="checkbox"/> No						
B.18: Do you feel that you do not have enough time to look after yourself/family OR do things that you would want to do?						
1. Yes			2. No			
B.19: Are you the only earning member in your household?						
1. Yes			2. No			
B.19.1: If No, how many more earning members are there in your household?						
B.20: How many days per week do you work?						
a. Five days a week						
b. More than five days a week						

c. Less than five days a week	
B.21: Do you think you are better off now than when you were not earning?	
1. Yes	2. No
B.22: While doing your business, have you ever faced harassment?	
1. Yes	2. No
B.22.1: If yes, please specify by whom?	
a. Competitors	
b. Public Officials	
c. Customers	
d. Any other, please specify	
B.23: Have you ever seen any disadvantages for women vis-a-vis men while handling your business, exporting your products or dealing with other persons at any given point of time?	
1. Yes	2. No
B.23.1: If Yes, can you cite any particular reason?	
B.24: Does your family assist you with the operation of the business?	
1. Yes	2. No
B.24.1: If yes, please specify which family member(s) assist you in setting up your business?	
a. Husband	
b. Father	
c. Mother	
d. Siblings	
e. Others (please specify)	
B.25: Do your friends assist you with the operation of the business?	
1. Yes	2. No
B.26: Does assistance for the operation of your business come from any other sources?	
1. Yes	2. No
B.26.1: If yes, please specify:	
B.27: Do you have any family members who are business owners?	
1. Yes, Who _____	2. No
B.28: Do you have any friends who are business owners?	
1. Yes	2. No
B.29: What is the approximate total sales/revenue from your business for the past year?	
PKR:	
B.30: What is the approximate net profit or net revenue from your business for the past year?	
B.31: Does this enterprise keep financial accounts?	
1. Yes	2. No
B.31.1: If yes, are these accounts audited?	
1. Yes	2. No
B.31.2: If no, why does this firm not keep financial accounts?	
a. There is no need	
b. We don't have the skills	
c. We don't have the time or resources	
d. Other (specify)	
B.32: Do you face problems in terms of Human Resource (HR) in your enterprise?	
1. Yes	2. No
B.32.1: What are the most recurring HR problems that you face?	

	a. Recruiting the skilled employees
	b. Employing them in the right jobs
	c. Motivating the employees
	d. Retaining the employees
	e. Laying off the employees
	f. Others, please specify
B.32.2: How did you choose who to hire?	
a. I preferred most competent staff	
b. I preferred low wages over skills	
c. Others, please specify	
B.33: Do your employee's qualification and the skills meet the requirement of your business?	
1. Yes	2. No
B.34: What type of knowledge and skills would you desire in them?	
	a.
	b.
	c.
B.35: What are the factors that restrict you from employing the right type of employees?	
	a. Cannot find people with right knowledge and skills
	b. Cannot find people with the right aptitude
	c. Do not have adequate resources
	d. Size of the enterprise is too small
	e. Others, please specify
B.36: Did your employees receive any training (both from government or other agencies) during last one year?	
1. Yes	2. No
B.37: If free trainings are provided by government or agencies, would you be interested in sending your employees?	
1. Yes	2. No
B.38: What are the types of trainings you think your employees need?	
	a.
	b.
	c.
B.39: Does your business plan to do any of the following over the next two-three years?	
a. Increase turnover by exploiting new markets	
b. Increase the skills of the workforce	
c. Employ more staff	
d. Reduce costs by increasing productivity of your staff	
e. Develop and launch new products and services	
f. Don't know yet	
B.40: Do you have specific HR development and management plan for your enterprise?	
1. Yes	2. No
B.41: Did you face any problems specifically as a woman entrepreneur?	
1. Yes	2. No
B.41.1: If yes, what were those problems you faced as a woman entrepreneur?	
	a. Transportation related
	b. Access to finance
	c. Managing staff/employees
	d. Limited freedom of movement
	e. Family obligations
	f. Trade and tax regulations

	g. Others, please specify
B.42: Do you face any security issues in terms of harassment/extortion in this business?	
1. Yes	2. No
B.42.1: If yes, how is it affecting your business?	
a. It is taking a toll on my profits	
b. It is causing fear, depression, and other psychological issues, affecting my ability to work properly	
c. I am compelled to move my business from here	
d. I am compelled to close my business	
e. Other, please specify	
B.43: How do you market your business?	
a. Through visits to the shops	
b. Through cable television channels advertisement	
c. Through newspaper advertisement	
d. Through FM radio	
e. Any other, please explain	
B.44: Do you think your business marketing strategy is successful?	
a. Yes	
b. No	
c. Don't Know	
B.45: Who takes your product to the market?	
a. You yourself	
b. Some intermediaries	
c. Family members (please specify who)	
d. My sales staff	
e. Others, please specify	
B.46: Are there any market challenges that you face for your product related to:	
a) Transportation	
b) Promotional Activities	
c) Market information	
d) Procedural obstacles	
e) Networking and Communication	
f) Any other	
B.47: Have you faced any product-wastage problems?	
1. Yes	2. No
B.47.1: If yes, was it caused due to:	
a. Mishandling	
b. Lack of proper storage facility	
c. Lack of market demand	
d. Lack of transportation	
e. Dependency on others	
f. Any other, please specify	
B.48: How many sites does your business operate from?	
B.49: Is your business growing or shrinking over time?	
1. Growing	
2. Shrinking	
3. Don't know	
B.50: In last one year, did your business make profits or losses?	
1. Profits	2. Losses

B.51: Do you plan to stay in the industry/ product that you currently deal in?	
1. Yes	2. No
B.52: Do you plan to expand your business to other cities/provinces/countries?	
1. Yes	2. No
B.52.1: If no, why don't you want to do that?	
a. I don't see market for my product over there	
b. Market is there but I lack finances to expand my business further	
c. I don't think I can manage an expanded business	
d. Any other	
B.53: Where do you see your business five years down the line?	
a. Growing, spread to more cities within the province	
b. Growing, spread to major cities of other provinces as well	
c. Growing exponentially, with exports to other countries in the region	
d. Same as it is now	
e. Shrinking/ closed	
f. Any other, please explain	
B.54: Do you have a formal written business plan?	
1. Yes	2. No
B.55: Do you know how to develop one?	
1. Yes	2. No
B.56: Are you clear about the rules and regulations in your business?	
1. Yes	2. No
B.57: Do you think you have enough regulatory support/training/tax exemptions etc from the government in running your business?	
1. Yes	2. No
B.57.1: If no want kind of support would you like government to give you?	
a. Better and easy access to information	
b. Training and capacity building for understanding tax and regulations issues	
c. Others, please specify	
B.58: Do you get information (regulatory or any other) on your business easily?	
1. Yes	2. No

C. Enterprise Import and Export

C.1: Is this enterprise registered with Securities and Exchange Commission of Pakistan?	
1. Yes	2. No
C.2: Is this enterprise a member of district/provincial chamber of commerce?	
1. Yes	2. No
C.2.1: If yes, What is the main reason for this enterprise to be a member of district/provincial chamber of commerce?	
a. For security	
b. For information	
c. For advocacy	
d. For networking	
e. For legal requirements	
f. Other (specify)	
g. Don't know	
C.2.2: In case the enterprise is not a member of local/provincial chamber of commerce, what are the reasons for it?	
a. It is not relevant to our line of business	

	b. It does not provide tangible benefits to its members
	c. My membership was not renewed
	d. Membership fee is too expensive
	e. Obstacles have been put in the way
	f. Associations do not exist in this region
	g. Other (specify)
C.3: Do you interact with other members who are engaged in this business?	
1. Yes	2. No
C.4: Do you know how to get in touch with importers of your product abroad?	
1. Yes	2. No
C.5: Does this enterprise engage in Import?	
1. Yes	2. No
C.5.1: If yes, what country do you import from?	
C.5.2: If no, What is the main reason why this enterprise did not do imports?	
a. It is not relevant to our line of business	
b. It is too expensive	
c. The import regulations are too stringent	
d. We were not aware of the service	
e. The service does not exist in Bhutan	
f. Others/ please specify	
C.6: Does this enterprise engage in Export?	
1. Yes	2. No
C.6.1: If yes, what country do you export to?	
Please Name all that Apply:	
C.6.2: If no, do you plan to export to other countries of the region?	
1. Yes	2. No
C.7: Do you think there are trade barriers that hinder you from exporting to other countries of the region?	
1. Yes	2. No
C.7.1: If yes, what are these barriers?	
a. Visa issues	
b. Absence of a corresponding bank that may issue letter of confidence	
c. Indirect and long trade routes that eliminate your price competitive edge in the foreign market	
d. Any other, please specify	
C.8: Do you think there are trade barriers that hinder you from importing from other countries of the region?	
1. Yes	2. No
C.8.1: If yes, what are these barriers? Please list all.	
a. Visa issues	
b. Absence of a corresponding bank that may issue letter of confidence	
c. Indirect and long trade routes that eliminate your price competitive edge in the foreign market	
d. Any other, please specify	
C.9: Are there any problems specific to export to India?	
1. Yes	2. No
C.9.1: If yes, what are these problems?	
a. Visa issues	

b. Absence of a corresponding bank that may issue letter of confidence	
c. Indirect and long trade routes that eliminate your price competitive edge in the foreign market	
d. Any other, please specify	
C.10: Are there any problems specific to export to other South Asian countries (e.g. Afghanistan, Bangladesh, Nepal, Sri Lanka)	
1. Yes	2. No
C.11: Are there unregistered or informal enterprises competing for your customers?	
1. Yes	2. No
C.11.1: If yes, how many unregistered or informal enterprises do you think are competing for your customers?	
	a. Less than 5
	b. More than 5
	c. Don't Know
C.12: How do you compete with other similar enterprises?	
	a. On price
	b. Quality
	c. Some other ways (explain)
	d. Don't know
C. 13: Do you think your competition strategy is successful?	
1. Yes	2. No
C.14: Have you brought any innovation in your product/service over the last twelve months?	
a. Yes	
b. No	
c. Don't Know	
C.14.1: If yes, are these innovations new to your business?	
a. New to the business	
b. Completely New	
c. Don't know	
C.15. Are you aware of any of these?	
a. Trade Development Authority of Pakistan (TDAP)	
1. Yes	2. No
b. Women Chamber of commerce and Industry	
1. Yes	2. No
c. Export promotion bureau	
1. Yes	2. No
d. Do you have membership of /association with All Pakistan Text Mills Association, or any other local, provincial, or national body?	
1. Yes	2. No
d.1. If yes, please mention name of the body	

D. Trade barriers (Only to be asked form Entrepreneurs that are engaged in international trade)

D.1: What are your sources of information on export procedure and potential export market?	
a. Internet and website of respective institutions	
b. Personal links	
c. Chamber of commerce	
d. Friends and family members	
e. Any other, please specify	
D.2: Do these information sources respond to your need?	
1. Yes	2. No
D.2.1: If No do you know any other better sources?	

1. Yes	2. No
D.3: Is certification required for export of your product?	
1. Yes	2. No
D.3.1: If yes, then please answer the following:	
a. Kind of certification.....	
b. Certification agency.....	
c. Time taken	
<ul style="list-style-type: none"> • Less than one week • 2 to 3 weeks • More than three weeks 	
d. Documentation required.....	
e. Fee paid.....	
f. Is this certification compulsory for all countries	
1. Yes	2. No
g. Any incidences of discrimination or disadvantages against WMSMEs exporters?	
1. Yes	2. No
D.4: Is your product subject to quarantine?	
1. Yes	2. No
D.4.1: If yes, is this quarantine specific to Pakistan?	
1. Yes	2. No
D.4.2: If yes, please answer the following:	
a. Quarantine agency.....	
b. Time taken:	
<ul style="list-style-type: none"> • Less than one week • 2 to 3 weeks • More than 3 weeks 	
c. Documentation required.....	
d. Fee paid.....	
e. Any instances of discrimination or disadvantages against WSMEs exporter?	
D.5: Is your product subjected to specific quality test?	
1. Yes	2. No
D.5.1: If yes, please specify the test.....	
If yes, please answer the following:	
a. Testing agency.....	
b. Time taken	
<ul style="list-style-type: none"> • Less than one week • 2 to 3 weeks • More than three weeks 	
c. Documentation required.....	
d. Fee paid	
e. Any instances of discrimination or disadvantages against WMSMEs exporters?	
1. Yes	2. No
D.6: Do you have packaging requirement for export that are imposed by importing country?	
1. Yes	2. No
D.6.1: If yes, please share following:	
a. Nature of requirement.....	
b. Cost of compliance.....	
c. Did you observe any instance of discrimination or disadvantages against WMSMEs exporters?	
1. Yes	2. No

D.6.c.1: If yes, please share details:	
D.7: Do you have to follow labeling requirements for exporting your goods?	
1. Yes	2. No
D.7.1: If Yes, please share details of the following:	
a. Nature of requirement.....	
b. Cost of compliance.....	
c. Any instances of discrimination or disadvantages against WMSMEs exporters?	
1. Yes	2. No
D.7.c.1: If yes, please share the details.....	
D.8: Do you require to follow pre-shipment certification for export of your goods?	
1. Yes	2. No
D.8.1: If yes, please share details on following:	
a. Certification agency.....	
b. Time taken	
<ul style="list-style-type: none"> • Less than one week • 2 to 3 weeks • More than 3 weeks 	
c. Documentation required.....	
d. Fee paid.....	
e. Any instances of discrimination or disadvantages against WMSMEs exporters?	
1. Yes	2. No
D.8.c.1: If yes, please share details:	
D.9: Is there any other requirement that is specific to Pakistani exporters?	
1. Yes	2. No
D.9.1: If yes, please share the details:	
D.10: Are there any issues in cargo handling while exporting to India vis-à-vis other countries of South Asia region?	
1. Yes	2. No
D.10.1: If yes, please specify:	
a. Left idle for a prolonged period of time	
b. Mishandled	
c. Any other, please specify	
D.11: Have you experienced any problem with customs while trying to export your products to other countries of the region?	
1. Yes	2. No
D.11.1: If yes, what was it related to:	
a. Classification of goods	
b. Valuation of goods	
c. Checking of goods	
d. Clearance of goods	
e. Custom officer's use of discretionary powers	
f. Any other	
D.12: Please rank difficulty for each attribute in the scale of 1 (easy) to 5 (extremely Hard) on the following:	
Pakistan side customs:	
a. Lack of warehouse/ parking	

b. Narrow roads			
c. Poor telecom facilities			
d. Bureaucracy and red-tape			
e. Corruption and Bribery			
f. Lack of appropriate goods handling equipment			
g. Lack of properly trained human resource			
h. Lengthy paper work			
i. Manual examination of goods			
j. Lack of amenities such as hotels			
k. Lack of banks			
l. Others, please specify			
D.13: Please evaluate the competence and quality of services delivered by the following in Pakistan – choose one rank only for each service provider			
	Low	Average	High
	1	2	3
a. Road transporters			
b. Rail transporters			
c. Air transporters			
d. Warehouses/trans-loading and distribution operators			
e. Freight forwarders			
f. Customs house agents / clearing agents			
g. Quality/standards inspection agencies			
h. Health/SPS (Sanitary Phyto-sanitary) agencies			
i. Trade and transport related associations			
j. Consignees or shippers			
D.14: According to you, is it possible, financially/technically, to adapt your products to the regulations in force in the country of destination?			
a) Possible and easy			
b) Possible but difficult			
c) Technically impossible			
d) Financially impossible			
e) Technically and financially impossible			
D.15: Have you ever encountered a situation in which you have been asked to regularly meet the requirements which are not specified in the official procedures?			
1. Yes		2. No	
D.16: Have you had to stop exports due to changes in regulations?			
1. Yes		2. No	
D.16.1: If yes, please specify:			
3.		4.	
D.17: Have you ever been demanded bribes or other illegal favours by the respective export/custom officials?			
1. Yes		2. No	
D.18: Do you find many female exporters in this sector?			
1. Yes		2. No	

Annex 2. FGD guidance note

Project Objective:

The goal of this survey is to gather information from women-led micro, small, and medium enterprises (WMSMEs) in Pakistan. The study aims to identify: a) challenges and opportunities for WMSMEs, b) identify products by WMSMEs with regional trade potential, and c) tariff and non-tariff barriers faced by the WMSMEs.

Target Audience:

Under the project, the SDPI will conduct eight province level focus group discussions – 2 each in Sindh, Khyber Pakhtunkhwa, Punjab and Baluchistan. In every respective province, one FGD will be conducted with traders, businesswomen, members' chambers of commerce and representatives of relevant government departments. The second FGD will be conducted with Academia, researchers, and CSO representatives.

Key Research Questions:

- How competitive are Pakistani WMSMEs in textile, fashion derivatives and creative (home decoration) industries vis-à-vis competitors in South Asia and beyond?
- What are the competitive advantages of WMSMEs operating in the informal sector or informal trade of Pakistan?
- How can the female labour force in Pakistan gain via growth in WMSMEs production, trade and supply chain linkages?

Focus Group Discussion Key Discussion Points

Starting a business:

1. What motivates women to start their own businesses in Pakistan?
2. What are the broader characteristics of women entrepreneurs in Pakistan? Are they a homogenous group?
3. What are the social, familial, and market barriers that women face in starting their businesses?
4. What are the financial challenges that women face in starting and running their ventures?
5. How do women entrepreneurs attract and retain talent, teams and employees?
6. Are there any business challenges that are unique to gender? (i.e. only faced by the women)
7. Is there a social/business support structure for women entrepreneurs in Pakistan? How should such structure look like?
8. What are the knowledge and skill gaps that women face in starting their own businesses successfully?

Government Policies and Business Environment:

9. How do you see Pakistan's economic policies; are they gender neutral or gender blind?

10. Where do you see your competition coming from – i.e. from within the district, province, country or the region?
11. How do you see the role of the government in facilitating women business owners? What can the government do to make Pakistan's business environment women friendly?
12. What benefits women labor force can draw from expansion of women entrepreneurs in Pakistan?
13. Do the women entrepreneurs know of business networks within the country and region? Do they know how to benefit from such networks?
14. How do the local business bodies treat women entrepreneurs?
15. According to your perception, what is the men-to-women ratio in business sector of Pakistan?
16. What are the main sectors that are women concentrated – both in terms of entrepreneurship and employment?

Regional trade and supply chain opportunities:

17. How do you see the potential of south Asian market for expansion of your business?
18. What can prompt you to open up your business outlets in other countries of the region? What country would be your top priority in doing so?
19. What are the barriers that women face in exporting to the South Asia region?
20. What are the barriers that women face in importing goods from the South Asian region?
21. What assistance usually women entrepreneurs need to move up the value chain?
22. Are there any problems specific to export to India? If yes, what are they?
23. Are there any problems specific to export to other South Asian countries (e.g. Afghanistan, Bangladesh, Bhutan, Nepal, Sri Lanka)

Women Empowerment through Business:

24. What positive effects do you see women entrepreneurship on women empowerment in Pakistan?
25. What are the most recurring social and cultural hindrances that affect women's economic freedom through entrepreneurship in Pakistan?

Annex 3. KII guidance note

Project Objective:

The goal of this survey is to gather information from women-led micro, small, and medium enterprises (WMSMEs) in Pakistan. The study aims to identify: a) challenges and opportunities for WMSMEs, b) identify products by WMSMEs with regional trade potential, and c) tariff and non-tariff barriers faced by the WMSMEs.

Target Audience:

Under the project, the SDPI will conduct 20 Key Informant Interviews (KIIs) – four in each province - one each with a women entrepreneur, a policy maker (public official or politician from relevant department or ministry), member chamber of commerce, and member of academia or civil society, while four interviews will be conducted from similar stakeholders in Islamabad. Give the varied nature of respondents, there is slight variation in the respective questions.

Key Research Questions:

- How competitive are Pakistani WMSMEs in textile, fashion derivatives and creative (home decoration) industries vis-à-vis competitors in South Asia and beyond?
- What are the competitive advantages of WMSMEs operating in the informal sector or informal trade of Pakistan?
- How can the female labour force in Pakistan gain via growth in WMSMEs production, trade and supply chain linkages?

Key Informant Interview Questions

Name:

Sex:

Age:

Title:

Education:

Company/Organisation:

Cell number/phone:

Business/product sector:

Questions (from Women Entrepreneur):

1. For how long have you been in this business?
2. What prompted you to start this business?
3. What is the size of your enterprise?
4. Why did you chose this particular product for business?
5. Did you have sufficient knowledge and skills to start the business? If no, how did you acquire it?

6. Did you have the required managerial skills to run the business?
7. Do you have the required infrastructure support for your business?
8. Who makes your sales and marketing strategy? What are your target markets two years down the line?
9. Did you have a role model to follow? If yes, what was it that inspired you to start your own business?
10. In early days of your business, being a woman, how did you manage the conflict between work and domestic responsibilities?
11. How did you acquire knowledge about raw material, technological changes in your field etc.?
12. What other challenges have you faced so far in establishing and promoting this business?
13. What would have made it easier for you to start the business?
14. Did you face any financial challenges in starting and running your business ventures?
15. How did you attract and retain talent, teams and employees?
16. Are there any business challenges that are unique to gender? (i.e. only faced by the women)
17. Do you think women face similar challenges as men in starting and expanding enterprises in Pakistan?
If no, what is the difference between the two?
18. How do you see your business five years down the line?
19. How big is the local market for your product?
20. Do you export your goods to other countries in the region?
21. Do you import your goods from other countries of the region?
22. How do you see the potential of south Asian market for expansion of your business?
23. What are the incentives that may encourage you to export your product to other countries of South Asian region?
24. What are the barriers including non-tariff barriers that discourage you from exporting your product to other countries in the region?
25. Who dominate your line of business? Whether these are men or women?
26. Do you know about government of Pakistan's enterprise policy? Is it supportive to the women entrepreneurs?
27. What is the comparative advantage for women to start business in Pakistan?
28. What are the challenges for women in Pakistan to start their own enterprises?
29. What are the essential skills that can help women start and grow their business quickly?
30. Do you think there are any socio-cultural barriers that women entrepreneurs face? If so, can you give us some examples to illustrate them?
31. What benefits women labor force can draw from expansion of women entrepreneurs in Pakistan?
32. Where do you see your competition coming from – i.e. from within the district, province, country or the region? How do you plan to tackle this competition?
33. Do the women entrepreneurs know of business networks within the country and region? Do they know how to benefit from such networks?
34. How do the local business bodies treat women entrepreneurs?
35. What assistance usually women entrepreneurs need to move up the value chain?
36. What particular steps on government's part can promote women entrepreneurship in Pakistan?
37. To you, what is the definition of a successful business? And do you consider yourself as a successful entrepreneur?
38. How do you plan to expand your business?
39. Where do you see your business five years down the line?

40. Any suggestions to improve the current business situation, especially from the perspectives of women entrepreneurs/employees?
-

Questions (from Policy makers – public official or public representative):

1. How significantly the government sees women's participation in business and entrepreneurship opportunities?
 2. What steps your department/ministry takes to encourage women entrepreneurship in the country?
 3. Are there any incentives offered by the government for women entrepreneurs?
 4. Are there any govt. established platforms that guide women on technical aspects of setting up businesses?
 5. What are the short term and long term plans of the government for promotion of women entrepreneurship in Pakistan?
 6. Is your department/ministry cognizant of the hardships that women entrepreneurs face in setting up their businesses? If yes, what does it do to mitigate these hardships?
 7. Does the government have a dedicated department/ministry that supports and facilitates such initiatives on part of women? How many initiatives have been supported so far?
 8. Do you have specific support/facilitation targets for this year for promotion of women entrepreneurship?
 9. Do you have a women-specific mechanism to facilitate women in import of goods from other countries of the region? If yes, how does this mechanism work?
 10. Do you have a women-specific mechanism to facilitate women for export of their goods to other countries of the region? If yes, how does this mechanism work?
 11. Has the government ever thought of signing MoUs with neighboring countries to promote women centered business? If yes with which and how many countries?
 12. What other steps the government is taking to promote women entrepreneurship?
 13. Where do you see women entrepreneurship in Pakistan five years down the line?
-

Questions (from Member Chamber of Commerce):

1. How do you see women entrepreneurship in Pakistan?
 2. What is the role of chamber of commerce in promoting women entrepreneurship?
 3. Do you think it is easier for women to do business in Pakistan? If no, why is it difficult for them?
 4. What kind of support, do you think, women usually need to start and expand their business? Does the chamber of commerce offer this support to them?
 5. What are the major difficulties that women face in starting and expanding their businesses? What can/does the chamber do to mitigate these difficulties?
 6. What, do you think, are main characteristics of women entrepreneurs? How are they different from other women?
 7. How do you see government's policy towards business promotion in Pakistan in general and women entrepreneurship promotion in particular?
 8. What can improve the business environment for women in the country?
 9. What are the major businesses that are women concentrated? Why are they women concentrated?
 10. What are women business owners' response when they face difficulties in their business?
 11. Where do you see women entrepreneurship in Pakistan five years down the line?
-

Questions (from Academia/ Civil Society):

1. How do you see women entrepreneurship in Pakistan?
2. Analysis of literature suggests that there is very little research done on women entrepreneurship here, why is it so?
3. What can prompt more research work and policy debate on women entrepreneurship in Pakistan?
4. In light of your opinion, what can create an enabling environment for women entrepreneurs in the country?
5. To you, what major issues women face in starting and expanding their businesses?
6. Data and observation suggests that most of the women entrepreneurs in Pakistan are concentrated in garments, fashion, and creative industries (home decoration) why is it so?
7. How do you see Pakistani women's potential for taking business oriented challenges?
8. What are the essential traits of women entrepreneurs? And what are the factors that decide their success and failure in the business?
9. How do you see the policy environment in Pakistan for women entrepreneurs?
10. Do our businesswomen have the potential to compete with their peers from other countries of the South Asia region?
11. What differentiate Pakistan women entrepreneurs from their counterparts from other South Asian countries?
12. How do you see role of business chambers in promoting women entrepreneurs?
13. What kind of impact, do you think, institutions like First Women Bank, and Kashf microfinance have in promotion of women entrepreneurs in Pakistan?



Empowered lives. Resilient nations.

United Nations Development Programme

Bangkok Regional Hub
3rd Floor United Nations Service Building
Rajdamnern Nok Avenue
Bangkok 10200
Thailand

Tel: +66 (0)2 304 9100

Fax: +66 (0)2 280 2700

<http://asia-pacific.undp.org>