

Encouraging Female Entrepreneurship: Lessons from Colombian Women

Jennifer Quigley-Jones

I. Introduction

Press coverage of Colombia largely centres on security risks, drug-trafficking, and extreme poverty. However, having had the opportunity to travel around the country and gain first-hand experience of life there; the press perception is far bleaker than the reality. The reality is that countries often declared less 'developed' than our own, still have much to teach us.¹ Rather than ignoring or patronising countries like Colombia through negative press, we should examine positive aspects and understand elements of our own country that can be improved.

Initial interest in this project was sparked by the Global Entrepreneurship Monitor's (GEM) figures on female entrepreneurs as a percentage of a nation's workforce, which placed Colombia 3rd out of 41 nations studied.² Furthermore, Colombia's economic situation is more developed than expected. The World Economic Forum's 'stages of development' theory does not classify it as a 'Factor driven economy',³ but instead Colombia ranks as an 'Efficiency driven economy'⁴ with strongly developing markets, health and education.⁵ Although not akin to the UK (an 'Innovation driven economy') these economic indicators highlight that comparisons can be made between some aspects of Colombia and Britain's economies, and improvements can be made on both sides. Furthermore, Britain's static gender gap for entrepreneurial activity is an area that needs to be

¹ United Nations Human Development Indicators, <http://hdr.undp.org/en/data/profiles/>

² <http://www.businessinsider.com/women-in-business-2010-11#>

³ 'Factor driven economies' are classified as in an economic phase dominated by subsistence farming and extraction of resources. This means that female participation in the economy is often necessitated by early stages of economic development. The differences between the economic structures, industry, political and economic situations of 'Factor driven economies' and the United Kingdom are so disparate, that it would be very difficult to translate aspects the UK could echo in order to encourage female entrepreneurship in the same way.

⁴ World Economic Forum, *Global Competitiveness Report 2010-11*, p. 11, Table 3

⁵ World Economic Forum, *Global Competitiveness Report 2010-11*, p. 130

examined, especially as the policies followed for the last decade have proven less effective than intended. New approaches and inspirations are needed. Examining what can possibly be learnt from 'less developed' nations can provide the direction necessary to encourage female entrepreneurship.

II. Britain's Problems with Female Entrepreneurship

In Britain the percentage of early-stage entrepreneurial activity by men more than doubles that of their female counterparts.⁶ In both the early stages of entrepreneurship and when businesses are 'established', the UK has the largest percentage gender gap in the G7 economies.⁷ More concerning, is that the gender gap for Total early-stage Entrepreneurial Activity (TEA) widened in 2010,⁸ and is at its widest in the 18-24 age range, where male TEA is nearly four times that of women⁹ pointing towards a 'static' situation.¹⁰

Attitudinal problems of prospective British female entrepreneurs are frequently cited as the reason for such a large gender gap. Many studies have highlighted the lack of confidence British women seem to have in their own abilities as entrepreneurs and their fears of failure.¹¹ GEM found that 'nearly 37% of women said that fear of failure would prevent them from starting a business in 2005 compared to 32% of men'.¹² Moreover, there were substantially fewer women who believed they had 'the skills to start a business' than the male respondents (roughly 20% less).¹³

⁶ Mark Hart, Jonathan Levie, *Global Entrepreneurship Monitor UK 2010 Report*, Figs. 7 and 8, p. 17 – Adults aged 18-64

⁷ Ibid. (Canada has not been part of the GEM surveys since 2006)

⁸ Hart, Levie, *GEM UK 2010 Report*, pp. 17-18

⁹ Rebecca K. Harding, *GEM UK Womens Report 2005*, p. 11

¹⁰ Hart, Levie, *GEM UK 2010 Report*, p. 18

¹¹ C.C.Y Kwong, 'Female Entrepreneurship: An exploration of activity and attitudes across the UK', *Institute for Small Business and Entrepreneurship*, 2006, J. McGrath Cohoon, Vivek Wadhwa, Lesa Mitchell, 'The Anatomy of an Entrepreneur: Are Successful Women Entrepreneurs Different From Men?', *Kauffman: The Foundation of Entrepreneurship*, May 2010. It is also the view of the *Women Entrepreneurs UK* Organisation, <http://womenentrepreneursuk.com/women-in-business.htm>

¹² Harding, *GEM UK Womens Report 2005*, p. 8

¹³ Harding, *GEM UK Womens Report 2005*, p. 31, Fig. 7

For the last decade, the British government has pursued a policy of enhancing networks of female entrepreneurs and making accessing funding easier for women.¹⁴ Another concerning trend is that women having used these services to start-up a business commonly 'drop out'. Although we should not completely undo past initiatives, these statistics do illustrate a failure and the need for new methods and inspirations to encourage female entrepreneurship in the UK. Finding mechanisms that encourage 'confidence' is no mean feat, but is one that has to be undertaken in order to improve the situation in Britain.

III. Reasons for Colombia's Narrow Gender Gap

Having spoken to many Colombian female entrepreneurs there appear to be five main reasons for Colombia's much narrower gender gap.¹⁵ Firstly, necessity is a key factor in driving women to own their own businesses. The GEM calculates necessity as the motivation for 48% of female entrepreneurial ventures, and 37.8% of male ventures in Colombia.¹⁶ One woman interviewed simply explained her motivations for starting her business with 'To feed my children'.¹⁷ However, as a symbol of Colombia's economic development, necessity is only the motivation for 30% of women's businesses started between the ages of 18 and 24,¹⁸ so its role seems a diminishing one.

Secondly, my research indicated that Colombian female entrepreneurs have very high levels of confidence in their own abilities. All of the women surveyed believed they were equally capable to men, and 20% of women surveyed answered the question on equal abilities with 'claro que si'! In addition, confidence levels did not link to age; women of all ages were confident in their entrepreneurial abilities.

¹⁴ Rebecca Harding, founder of Delta Economics quoted in *The Telegraph*, Richard Tyler, 'Growth in number of female entrepreneurs at a standstill', 6 June 2011

¹⁵ There are 1.5837 male entrepreneurs to every female entrepreneur in Colombia, *GEM Colombia Report 2008*, p. 24, Fig. 2.1

¹⁶ *Ibid*, p. 26, Fig. 2.4

¹⁷ Maria Gracia, an illiterate stall holder in Popayan, 02/08/2011

¹⁸ *GEM Colombia Report 2008*, p. 29, Fig. 2.9, compared to roughly 50% for all other ages groups

Thirdly, close familial ties make starting a business much easier. Family are available to help with childcare, start-up costs, and working hours. 58% of businesses I interviewed were initially set-up by, or at least part-funded by families. This partially reflects difficulties in getting private funding to start businesses; the World Economic Forum rates 'access to financing' as the third most problematic aspect of doing business in Colombia.¹⁹

Fourthly, the women interviewed were all economically motivated to start businesses. In Britain motivations are often centred on lifestyle and freedom, as opposed to economic gain, which hugely alters the mindset of the entrepreneur.²⁰ A further difference seemed to be in the concept of *providing* for your child – many women in Britain see time with their child as the key to caring for it, whilst the Colombian women interviewed (especially those who are relatively poor) view providing economically for your child as most important. This difference means that even with family at the heart of Colombian culture, economic motivations are most important as they help the family.

Finally, the search for business opportunities was characteristic of Colombian entrepreneurship. Laura Honeses's business consisted of a handbag and accessory shop, which also sold toy trucks, chewing gum and photocopying services! Diana Solarte ran an internet cafe/photocopying service/stationary shop/sold hair accessories and chocolate bars. Even on a larger scale, 'Distribuidora Ponquefino' (currently the largest wholesale distributor of candy in Cartagena) began as a bakery and candy wholesaler, before specialising once both sides became unmanageable. The attitude to business centres on following where profit can be made, however disparate it seems. Whilst in Britain, we are more focused on categorising, specialising and developing one clearly defined sector.

IV. Conclusion: What can Britain Learn?

¹⁹ World Economic Forum, *Global Competitiveness Report 2010-11*, p. 130

²⁰ 'A Strategic Framework for Women's Enterprise', *Small Business Service*, 2003, p. 26 – Only 2% of men cited family reasons as their motivation for becoming self-employed, as opposed to 21% of women

Due to overwhelming structural, political and cultural differences between Britain and Colombia, not all of the reasons for the encouragement of Colombian female entrepreneurs can, or should, be echoed in Britain. For example, attempts to increase the numbers of female entrepreneurs driven by necessity would involve cutting back on welfare spending and employment opportunities, amounting to a lower standard of living for most women. However, even when only 'opportunity-driven entrepreneurs' are considered in Colombia, the gender gap is still smaller than Britain's, showing that something can still be learnt.²¹

The groups that Britain can learn from most easily are Colombia's rising middle classes and the youth. Uribe's election to President in 2002 drastically improved the living situation in Colombia, with increased health care and education spending, and improving access to microcredit for small-scale entrepreneurs.²² As Colombia's economy has strengthened, the youth have benefitted; young entrepreneurs (as mentioned above) are much more likely to be motivated to start businesses by opportunity, rather than necessity, than any other age group.²³ In addition, education has improved incredibly in Colombia since 1990, and the gap between the UK and Colombian standards of education has been narrowing since 2005.²⁴ This means that the youth have benefitted from improved literacy rates, and furthermore tend to understand global technology and the internet better than their elders.

This report recommends three key transferable ideas. Firstly, education is of pivotal importance. In both the UK and Colombia women are statistically more likely to have received secondary education than men.²⁵ Education in Colombia appears to follow recommendations made by the GEM to the UK in 2005 to encourage female entrepreneurship; offering more courses focused

²¹ *GEM Colombia Report 2008*, p. 26, Fig. 2.4 and p. 24, Table 2.1 – When necessity is removed, the ratio of men to women with early stage entrepreneurial venture is 1.939 men to every woman

²² http://www.embajada-colombia.de/paginas/noticias_home/c_noticia44_home.htm

²³ *GEM Colombia Report 2008*, p. 29, Fig. 2.9, compared to roughly 50% for all other ages groups

²⁴ United Nations Education Index, <http://hdr.undp.org/en/data/trends/> Comparison of the UK and Colombia since 1970 (see graph attached)

²⁵ United Nations Human Development Index, Gender Section

<http://hdrstats.undp.org/en/countries/profiles/GBR.html> UK: 1.015 women/1 man

<http://hdrstats.undp.org/en/countries/profiles/COL.html> Colombia: 1.021 women/1 man

on 'enterprise training'.²⁶ Courses in Business Administration are very popular at Colombian universities; they also give students an understanding of business, and the skills and confidence necessary to run one. However, the attitude to 'Business Studies' courses in the UK is very different. Despite GEM findings that women who had accessed 'enterprise building courses at universities or schools' were two and a half times more likely to be TEA active,²⁷ the course is typically viewed as undesirable and two UK universities have declared the subject as 'soft' at A-Level.²⁸ Rather than chastising business studies, making it part of general education (similar to team-building in schools and lessons on sexual health) could be a crucial tool in increasing the self-awareness, understanding and confidence of prospective female entrepreneurs in the UK.

The second issue to be focused on is childcare – family support in Colombia makes it far easier to enter into joint familial business ventures and still be able to care for your child. In Britain, the typical cost of a full-time under-two's place with a childminder in England is £141 a week.²⁹ British mothers often feel that they have to make the choice between providing for their child economically, or spending time caring for them (and that is only a 'choice' for those in the privileged condition of having finances available to pay for childcare). Potential female entrepreneurs are even more subject to these financial fears, as fear of failure is a strong deterrent to starting businesses³⁰ and women have more to lose from coming off benefits.³¹ Removing these financial limitations from prospective female entrepreneurs would alleviate many concerns. This could be done in the UK by using state-sponsored childcare and increasing tax credits in order to

²⁶ Harding, *GEM UK Womens Report 2005*, p. 10 – 'where women had accessed enterprise training courses at school or university it increased their likelihood of being TEA active by two and a half times compared to those who had taken no enterprise training'

²⁷ Ibid.

²⁸ Cambridge University, List B <http://www.trin.cam.ac.uk/index.php?pageid=604>

²⁹ <http://www.babycentre.co.uk/baby/workandchildcare/costofcare/>

³⁰ Hart, Levie, *GEM UK Report 2010*, p. 11, Table 3 – 36% of those surveyed in the UK said that 'fear of failure' would prevent them from starting a business

³¹ Fawcett Society, *What About Women? Election 2010: Key Questions for Political Parties and Parliamentary Candidates*, p. 3 – 'On average, benefits and tax credits comprise one fifth of women's income and less than one tenth of men's'

echo the family support available in Colombia, and to encourage women to create enterprises without feeling that they are risking their family's welfare.

Finally, confidence has been at the heart of these recommendations. Colombian women were not consistently using all-female networks to encourage confidence – instead they were seeing examples of strong independent female entrepreneurs around them. Britain needs to send a message to women that they are capable of running successful businesses, and this can be done through highlighting positive examples from female role models. Lord Alan Sugar and Sir Richard Branson are British household names and there is not a female entrepreneur with the same popular status. In Colombia, women have been pivotal in leading economic development, such as Marcella Echevarria, whose firm has led the preservation of Colombian artisanal techniques.³² In addition, women play a strong role in government in Colombia, where a law was passed stating that 30 percent of appointed decision-making positions in the executive branch of government should be women.³³ Britain can, and should, promote women at the centre of politics, business and society if we really want to reap the benefits of female entrepreneurship.

The differences between Britain and Colombia are numerous and vast. However, this does not mean that the strengths of Colombian female entrepreneurs cannot act as inspiration for British women and governmental policy. Policy-makers need to look beyond over-dramatic negative press reporting to view the reality of countries declared as 'developing'. Cutting off examples from the 143 countries below the UK in the Human Development Index³⁴ removes strong examples to aid our development, and puts patronising other nations above unlocking our potential.

³² <http://www.america.gov/st/texttrans-english/2009/November/20091124141040wltsruh0.5772821.html>

³³ Mala N, Htun, 'Women in Parliament: Beyond Numbers, **Case Study: Latin America** Women, Political Parties and Electoral Systems in Latin America', p. 117

³⁴ UN HDI <http://hdr.undp.org/en/statistics/> UK- 26th out of 169 measured nations

References

FAWCETT SOCIETY, *What About Women? Election 2010: Key Questions for Political Parties and Parliamentary Candidates*, 2010

HARDING, Rebecca K., *Stairways to growth: Supporting the ascent of Women's Enterprise in the UK*, Global Entrepreneurship Monitor, 2005

HART, Mark, LEVIE, Jonathan, *United Kingdom 2010 Monitoring Report*, Global Entrepreneurship Monitor

HTUN, Mala N., 'Women in Parliament: Beyond Numbers, **Case Study: Latin America**, Women, Political Parties and Electoral Systems in Latin America', 2005

KWONG, C.C.Y., 'Female Entrepreneurship: An exploration of activity and attitudes across the UK', *Institute for Small Business and Entrepreneurship*, 2006

McGRATH COHOON, J., WADHWA, Vivek, MITCHELL, Lesa, 'The Anatomy of an Entrepreneur: Are Successful Women Entrepreneurs Different From Men?', *Kauffman: The Foundation of Entrepreneurship*, May 2010

SCHWAB, Klaus, *The Global Competitiveness Report 2010–2011*, World Economic Forum

SMALL BUSINESS SERVICE, *A Strategic Framework for Women's Enterprise: Sharing the vision: a collaborative approach to increasing female entrepreneurship*, 2003

VESGA, Rafael Augusto [et al.], *Reporte Anual Colombia 2008*, Global Entrepreneurship Monitor

United Nations Education Index

Comparison of the UK and Colombia since 1970

