

## **Women Entrepreneurship Development through a Trade Association in Chittagong – A Case Study on Chittagong Women Entrepreneurs (CWE)**

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*Abstract: Increasing concern for economic development and the possibility of being able to control its direction has focused attention sharply on entrepreneurship as one of the major inputs towards development. To cope with this development, the country urgently requires the development of women entrepreneurship, for the fact that entrepreneurial ability needs to be cultivated through training and creation of economic climate that can force the attention of policy makers towards entrepreneurship as the desirable and manageable route to economic development through a collective force. The findings reveal that women entrepreneurs are facing severe problems in marketing and suffering from inadequate linking support in addition to common family related problems. The present study has examined how Chittagong Women Entrepreneurs (CWE) is helping women entrepreneurs in their development. The study has suggested some important policy measures like special credit scheme to them, development of network, using technological equipments etc. in order to make the women entrepreneurs competent to involve themselves in economic development.*

**Key Words:** Women Entrepreneurs, Trade Association, and Entrepreneurship Development

### **1. Introduction**

Though there have been some studies on women entrepreneurs' development and their participation in the economic development of many countries such as India (Kaushik Madhulica, 1994), Malaysia (Licuanan, V.S.ed.1992), Pakistan (Kawaja Fauzia N.1994), etc. those

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are not to be deemed as sufficient in consideration with the importance of women's participation in the development activities of a country. The present study deals with how a trade association's support helps women entrepreneurs' development in the largest port city of Bangladesh where women's participation in this field is not at all encouraging.

A country is poor not because of the lack of resources. Rather, it is due to the fact that it lacks insufficient number of entrepreneurs who can exploit the available resources for productive purposes. In social business, the long-term prospects of women in the society depend much on their participation in productive sectors. Bangladesh has 150 million people out of which almost 50% are women. Due to non-participation of the majority of women in economic activities, a major part of our human resources are left unutilized. Moreover, their skill has never been explored except their conventional participation in agro-based activities. It is now under active consideration of Govt. and other organizations that more and more women should be accommodated in economic sectors to utilize their potential entrepreneurial and managerial capabilities.

Entrepreneurs are regarded as organizers (**Say J.B.**, 1824), risk takers (**Cantillon**, R.1951), innovators (**Schumpeter Joseph A.**, 1934), gap-fillers (**Leibenstein, H.** 1968), and decision-makers (**Knight F.H.**, 1921) in the course of industrialization. (**McClelland, D.C.** 1971) opines that an entrepreneur is one who is motivated by high need for achievement.

Entrepreneurs are not ready-made; rather they are to be developed in a society where socio-economic conditions are favorable to their growth. Economic incentives and favorable economic environment can be regarded as a sufficient condition for the emergence of entrepreneurs (**Papanek, G.H.** 1971). (**Rahman, A.H.M.** 1981) indicates that appropriate support and sustaining activities can facilitate the growth of entrepreneurs.

Small entrepreneurs, with their inbuilt attributes to low capital intensiveness and enormous employment generation potential, can serve as propelling agents to break the vicious circle of poverty and can strike the engine of economic development (**Srivastava, R.M.** 1994). The socio-economic backgrounds of women community have considerable influence on entrepreneurial motivation, access to financial resources, projection in the future, ability to undertake risky ventures etc. Those attributes, in turn, contribute to the growth of entrepreneurs. The availability of raw materials, infrastructure and marketing facilities are also the influencing factors for their growth. Financial assistance is assumed to have significant influence on the functioning of industrial

units. While finance helps entrepreneurs to take up entrepreneurship, its nature and development depends entirely upon their ability and managerial competence, (Hoque, M.S. 992). The sincerity, personality, self-confidence and will power of the entrepreneurs are no less important for the success of their units. (Chowdhury, A. Momin, 1986) observed that the success, growth and survival of entrepreneurs depend on strong motive, balanced interaction of enabling factors as well as support and sustaining services of the government of a country. Women entrepreneurs then may be defined as adult woman who creates, owns and runs enterprises (Hussain Nazma A, 1994). A number of policies have been formulated for socio economic development of women in Bangladesh in the area of educational, vocational training, health services, family planning, welfare and economic development and as a result, women's participation in those fields is gradually increasing.

### **Chittagong Women Entrepreneurs (CWE)**

Chittagong Women Entrepreneurs (CWE), is a leading trade associations involved in the economic empowerment of women in Bangladesh, was formed in 1999 by a group of innovative women entrepreneurs. With a well-planned & foresighted strategy CWE has built up an enviable reputation and curved a place of pride in the business sector with special focus on Chittagong area. The members of the association include individual enterprises, NGOs, cooperatives, private companies, and institutions either owned or operated by women alone or working for women entrepreneurship development. CWE provides to the members overall technological and business solutions for sustainability of their entrepreneurship. Willing to be socially and economically self-dependent and empowered, women of all status of life irrespective of their academic, social, religious and economic background form have been the target group of CWE.

### **2. Objectives of the Study**

CWE is engaged in women entrepreneurship development in Chittagong division. The principal objectives of the research are as follows:

- To identify socio-economic characteristics of emerging women entrepreneurs in Chittagong.
- To measure the effectiveness of training in developing entrepreneurial skills.
- To identify the problems of the selected women entrepreneurs of Chittagong.

- To formulate constructive strategies for women entrepreneurship development.

### 3. Research Methodology

The aim of the study is to assess the profile of small women entrepreneurs. In this study a group of 47 entrepreneurs were randomly selected out of the total 450 members of different types of membership; General Member, Associate Member and Corporate Member. The General Member constitutes about 89% of the total members of CWE and hence, the representative samples were selected from General Members. Questionnaire was developed with multiple choices, open ended and rank order items to assess general entrepreneurial characteristics, demographical information, educational and occupational backgrounds, social factors and business related problems. Simple statistical tools were used for analyzing and interpreting the data in a realistic manner.

### 4. Findings of the Study

#### 4.1 Nature of the Business

Most of the entrepreneurs came from middle class families and started their business with a small amount, the maximum amount being not more than Taka 500,000 (Five lacs), which is small to initiate a business. Their entrepreneurial activities are confined within the family atmosphere. Table -1 shows the nature of business. Out of 47 women entrepreneurs, 27 were engaged in boutiques, 9 in beauty parlors, 1 in poultry and dairy, 2 in restaurants, 4 in handicrafts, 1 in tailoring and 3 in others.

**Table 1. Nature of business**

| Nature of the business | No. of entrepreneurs | Percentage |
|------------------------|----------------------|------------|
| Boutiques              | 27                   | 57.45%     |
| Beauty parlor          | 9                    | 19.15%     |
| Poultry & dairy        | 1                    | 2.13%      |
| Restaurant             | 2                    | 4.26%      |
| Handicrafts            | 4                    | 8.51%      |
| Tailoring              | 1                    | 2.13%      |
| Others                 | 3                    | 6.38%      |
| Total                  | 47                   | 100%       |

Source: Field survey

## 4.2 Age Profile of Entrepreneurs

From the survey it is found that Majority of the women entrepreneurs started their business before 41 years of age. More than 57 % women entrepreneurs commenced their businesses when their age was between 31 to 40 years. The following table exhibits the age profile of women entrepreneurs under the study.

**Table 2. Age of the entrepreneurs when they started their Business**

| Age (in years) | No. Of entrepreneurs | Percentage |
|----------------|----------------------|------------|
| 21-30          | 11                   | 23.40%     |
| 31-40          | 27                   | 57.45%     |
| 41-50          | 09                   | 19.15%     |
| Total          | 47                   | 100%       |

Source: Field survey

It has been observed in the study of Bangladesh Institute of Development Study (BIDS) that the age of proprietors at the time of entry into business was in most of the cases less than 30 years. (Rahman, A.H.M. et.al., 1979) study found it between 31-40 years followed by 21-30 years range in case of about 70 percent proprietors. However, this study indicates that 57.45% women of 31-40 years of age are more interested in starting business ventures. This also reflects their enthusiasm and energetic capabilities that motivate them to be an entrepreneur. They are psychologically strong enough to take certain risks in establishing their ventures.

## 4.3 Educational Background of the Women Entrepreneurs

In this study, all sample women entrepreneurs are educated. Especially graduate educated women are **advanced** in setting up businesses. The following table shows the picture.

**Table 3. Educational profile of the women entrepreneurs**

| Level of education | No. Of entrepreneurs | Percentage |
|--------------------|----------------------|------------|
| S.S.C & Below      | 01                   | 2.13%      |
| H.S.C              | 13                   | 27.66%     |
| Graduate           | 24                   | 51.06%     |
| Post-Graduate      | 09                   | 19.15%     |
| Total              | 47                   | 100%       |

Source: Field survey

(Rahman, A.H.M.et.al., 1979) study found a negative relationship between the level of education and entrepreneurial performance. This only indicates that a very high level of education is not necessary for entrepreneurial potentialities. (Papanek, G.F.1967) observed that

although education appears to be important for the development of modern outlook, which is considered an important determinant of entrepreneurial supply, there is little empirical support in favor of education as a causal factor. The researchers have found that though education is not a very important factor, it is one of the motivating factors as 51.06% of the selected members were found to be graduates.

#### 4.4 Family Size of the Women Entrepreneurs

Bangladesh is one of the highest populated countries in the world. Government is trying to control population boom because it has negative impact on the socio-economic condition as well as the economic development of the country. Women having fewer children are much more interested and have ample opportunity to initiate and manage a new venture. They have sufficient time to develop their businesses. On the other hand, women with higher number of children are more busy nursing their children. The following table shows the observation.

**Table 4. Family size of the women entrepreneurs**

| Number of children | No. of entrepreneurs | Percentage |
|--------------------|----------------------|------------|
| 1-2                | 29                   | 61.70%     |
| 3-4                | 15                   | 31.91%     |
| 5-6                | 03                   | 6.38%      |
| 7-8                |                      |            |
| Total              | 47                   | 100%       |

Source: Field survey

Women with a small family are happy in their personal life and have ample time to spend on their businesses. A positive correlation exists between happiness in family life and satisfaction with the business. (Stanworth J.K. and Curran, J. 1977) also found that women business owners experienced more life satisfaction and less stress than others.

#### 4.5 Training and Monthly Income of Women Entrepreneurs

Training makes a man perfect. Entrepreneurs are not born, they are developed. They acquire and enhance their skill and business knowledge through training and guidance. They can utilize their money in a proper way and control cost effectively by having proper training. This will give them opportunity to gain proportionately higher monetary benefits. The following table exhibits the relevant observation.

**Table 5. Training and income of entrepreneurs**

| Type of entrepreneurs | No. Of entrepreneurs | Percentage | Invested amount (average) | Monthly income generated (Average) |
|-----------------------|----------------------|------------|---------------------------|------------------------------------|
| Trained               | 43                   | 91.41%     | 1,73,883.72               | 38,407                             |
| Un-trained            | 04                   | 8.51%      | 7,64,000.00               | 14,250                             |

Sources: Fieldwork.

The above table shows that trained women entrepreneurs are generating more income than untrained women entrepreneurs, though they invested less amount than that of untrained entrepreneurs. (Begum, Razia. 1993) found that entrepreneurial training is useful for developing women entrepreneurs' skill and efficiency. (Hosain, S.R. et. al. 1987) in their report on market study of CONCERNS indicated that the level of skill and motivation of women entrepreneurs is not up to standard, resulting in low quality of products and marketing problems. (Hisrich, R.D. and Brush, C. 1984) in their study showed that lack of skill in the area of finance, marketing and business operation might be due to their lack of participation in business training and that only few had direct experience with finance, marketing and business operations. (Abdul Moyeen, A.F.M. and Huq, A. 1994) also mentioned this phenomenon in their investigation that the lack of experience in finance, marketing, organizing and planning could lay problems that limit the growth of their businesses unless women entrepreneurs can acquire the required relevant skills and capital needed. Women in general, need a large scale of technical and managerial training so that they can engage themselves in new and innovative business. Business training should also be provided to women entrepreneurs that will enable them to produce goods and services in a cost effective way and to utilize their money perfectly.

#### 4.6 Motivating Factors of Women Entrepreneurs

Motivation refers to the degree of readiness of an individual to pursue some designated goal and implies the determination of the nature and locus of the forces, including the degree of readiness. Motivation is a driving factor and it is required for entrepreneurial activities. A number of factors have been listed by women entrepreneurs that lead them to take initiative in starting an enterprise.

**Table 6. Motivation force of women entrepreneurs**

| Motivating factors           | Responses | Rank order |
|------------------------------|-----------|------------|
| Earning money and prosperity | 13        | 02         |
| Gain independence            | 11        | 03         |
| Avail high social status     | 03        | 08         |
| Self motivation and courage  | 23        | 01         |

|                                   |    |    |
|-----------------------------------|----|----|
| Help husband for meeting expenses | 07 | 05 |
| Government support                | 01 | 09 |
| Engage oneself in some activities | 08 | 04 |
| Intend to do some creative job    | 06 | 06 |
| Encouragement from family members | 05 | 07 |

Source: Fieldwork

This research study reveals that majority of the women entrepreneurs have been motivated to start their businesses mainly through self-motivation and courage followed by motivation to gain more money and prosperity. Then come other factors acting as motivating force of women entrepreneurs. Almost the same factors were revealed from the study of many researchers on women entrepreneurship. (Chawdhury, R.H. and Ahmed, N.R. 1980) in their study analyzed women's status in employment and specified the problems faced by working and self employed women and the general attitude of the society towards female employment. (Hossain, A.R.M.A.1980) also found a positive relationship between female incomes and their status and opined that a rural formal sector needs to develop for landless and destitute women.

#### 4.7 Problems of Women Entrepreneurs

This research study tries to explore multifaceted problems, which hamper women entrepreneurship development in Chittagong. Respondents were asked to identify most significant factors which act as constraints of women entrepreneurship development.

**Table 7. Constraints of women entrepreneurship development as identified by the respondents**

| Factors                             | Responses | Rank order |
|-------------------------------------|-----------|------------|
| Financial problems                  | 18        | 02         |
| Marketing problems                  | 23        | 01         |
| Inadequate supply of raw materials  | 05        | 05         |
| Inadequate linkage support services | 04        | 06         |
| Lack of training                    | 03        | 07         |
| Lower level of education            | 01        | 09         |
| Family problems                     | 05        | 05         |
| Marital problems                    | 01        | 09         |
| Lack of business information        | 06        | 04         |
| Poor infrastructure facilities      | 02        | 08         |
| Lack of advertisement               | 10        | 03         |
| No problems                         | 01        | 09         |

Source: Fieldwork

Finance and marketing are the two top-listed constraints of women entrepreneurs. They have neither substantial resources of their own nor any easy process for obtaining loan. . Limited access to education together with lack of information undermines women entrepreneurs' ability to cope with the lengthy and complex process of financial institutions (Nazma A. Hussain, 1994). In Bangladesh, women entrepreneurs are mainly dependent on their relatives and others in marketing their products. (Rashid, R.1986) pointed out that the failure of women income generating projects is a mere cause of failure in marketing. (Jahan, S.1985) in this study of MIDAS identified marketing of goods as one of the major problems of women entrepreneurs. Hence, it is an established fact that flow of finance and marketing contribute to a great extent to the constraints of women entrepreneurship. Then other problems like sourcing of raw materials, institutional support, lower level of education, lack of proper training and experience, lack of skill and sometimes, family problems adversely affect the growth and development of women entrepreneurship.

## 5. Recommendations

Considering the constraints found by this study, appropriate measures should be taken to promote women entrepreneurship. A few suggestions may be given as follows:

1. Since the majority of target group of women entrepreneurs are not rich, having land properties of their own to be used as collateral for any bank loan, a reasonable alternative of collateral security should be developed. In such cases, mortgage of ornaments or assets of the projects run by them or personal guarantee by any business personality should be accepted.
2. Short-term loan or any form of special credit scheme should be introduced to meet the need of women entrepreneurs in the informal sector. This may serve as working capital of the projects run by women entrepreneurs.
3. There should be an institutional arrangement for sourcing of raw materials and marketing of the finished products of enterprises run by women. Women's Association and any Govt. financed bank with a separate wing for women entrepreneurship or any NGO may serve this purpose.
4. Extensive training may be given to women entrepreneurs to develop their skills in both quality production and marketing. Govt. management development centre or any bank having training institutes may come forward to offer voluntary training facilities to the leading women entrepreneurs.

5. Special attention should be given to the infrastructure development of women owned projects. Board of Investments, Ministry of Industries and other Govt. agencies should give priority to those cases.
6. Ministry of finance, Ministry of women affairs may adopt appropriate policies to favor women entrepreneurs so that they may enjoy advantages of tariff and tax policies and in other fields, which fit to the needs of the women entrepreneurs.
7. Above all, women entrepreneurs should have a strong forum or association of their own, so that they may approach the appropriate Govt. and other non-government agencies and organizations to fight for their own causes.

### **Conclusion**

Women entrepreneurship movement is gathering momentum. The desire for autonomy and control and the search for autonomy of their own have brought a large number of women into business. There has been a steady increase over the last 5 years in the number of students who have attained or are on the way to attaining higher educational qualifications and technical skills. Moreover, more women are turning their hobbies of part-time self-employment into full time profitable business ventures. As a result, these small employers are creating more jobs for desirous uneducated women. Though younger women opt for paid employment to acquire work experience in the chosen field, after some years they want freedom and flexibility if they get social support. As more and more women become economically independent they would be more confident, better skilled and more willing to take risks than before. Helping these women in an organized form should be the common goal for the Government and other private institutions to keep them involved in the economic development of Bangladesh.

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