

Female entrepreneurship in sweden and ethiopia: their challenges and motivations

[Sociology](#), [Social Issues](#)



Female entrepreneurship is one of the fastest growing types of entrepreneurship in today's world. Comprising between one-quarter and one-third of business in the formal economy and likely to play an even greater role in informal sectors states Dafna Kariv in "Female entrepreneurship and the new venture creation". They are key drivers of economic and social progress. Despite the enormous economic contributions of this group, female entrepreneurship remains underestimated in most cases.

Female entrepreneurship is one interesting area for me and with this short comparative essay I will focus on one of the common problem female entrepreneur's encounter and how this affects their progress in Sweden and Ethiopia, moreover to simply understand the cultural phenomenon in both countries better. Rapidly growing female entrepreneurial enterprises are important sources of innovation, productivity growth and employment, especially as small and medium-sized enterprises account for a high percentage of all jobs in emerging economies. Many governments are therefore trying to actively promote entrepreneurship through various forms of support. How these growing groups are treated generally in a socio economic field in these countries?

Comparative studies are useful because it is easier to catch sight of a trend if one can compare with a place where the same event is taking place in a different way and to identify existing strengths and weaknesses. I have chosen Sweden for comparison as I live here and have acquaintances who are entrepreneurs. Also it is easy to compare with the country I have most

connection with Ethiopia, where my family and friends are involved in medium and small business. Even though my comparison seems unfair as Sweden being one of the developed and most advanced countries in the world which has managed to reduce the gender gap. Ethiopia, on the other hand, is one of the poorest countries which mean that it is almost impossible to compare these two. Moreover there are big information gaps, rich material for comparison in Sweden such as archives, statistic and other documentation and almost none in Ethiopia. Secondly, the fundamental institutional conditions of these countries, such as the welfare systems, differ in some important respects. Despite the differences in women's economic participation, economic opportunity, political empowerment, educational skills and health in these two countries, I am paying attention to what these female entrepreneurs in both countries have in common by placing the following questions:

- What kind of difficulties they face as a woman?
- How entrepreneurship affects women's perception of their identity?
- What motivates them to be entrepreneurs?

Theoretical points

I found inspiration for my theoretical analysis from historian Yvonne Hirdman "The gender system - Reflections on women social subordination" (1988). I believe gender perspective is relevant to this essay and the key concepts such as gender and identity will be part of my empirical analyzes.

Gender

As Helene J. Ahl in “ The Making of the Female Entrepreneur” (2002) quotes the term gender was introduced as a useful tool to differentiate between biological sex (bodies with male or female reproductive organs) and socially constructed sex, which was a result of upbringing and social interaction.

Gender and its components (roles, norms, and identity) were seen as varying along a continuum of femininity and masculinity and should be thought of as independent of a person’s biological sex.

Identity

Katarina Pettersson & Sigrid Hedin “ Supporting Women’s Entrepreneurship in the Nordic Countries - A Critical Analysis of National policies in a Gender perspective” cited that in a feminist view identity is formed through relations of power and through “ constellations of systematic (but not necessarily coherent) ideas [...] both construct gender as relational - masculine and feminine - and also evaluate one gender over another - masculine over feminine”. These constellations of ideas and their associated practices can be conceptualized as discourses.

Entrepreneurs

Stephen L. Mueller & Anisya S. Thomas, cited Joseph Schumpeter in “ Culture and entrepreneurial potential: A nine country study of locus of control and innovativeness” He described entrepreneurs as individuals who attempted to “...reform or revolutionize the pattern of production by exploiting an invention... or untried technical possibility for producing a new commodity or producing an old one in a new way... This requires aptitudes that are present

in only a small fraction of the population...". Furthermore, the author's state entrepreneurs by most definitions are " initiators, taking responsibility for their own welfare and are not dependent on others". Entrepreneurship provides the individual with the freedom to craft a career and a personal path based on her or his own needs, interests, capabilities and dreams. In short an entrepreneur is someone who organizes, manages, and assumes the risks of a business or enterprise.

The gender wage gap

Augusto Lopez-Claros & Saadia Zahidi, " Women's Empowerment: Measuring the Global Gender Gap" wrote in spite of international awareness of gender issues, that in reality no country has yet managed to eliminate the gender gap. Those that have succeeded best in narrowing the gap are the Nordic countries, with Sweden standing out as the most advanced in the world. As stated by UNIFEM's 2000 report in both, developed and developing countries, women are still averaging slightly less than 78% of the wages given to men for the same work. A gap which refuses to close in even the most developed countries. According to Swedish Statistic Bureau women's wages, for fulltime work is on average about 17 percent lower than men's. The statistics shows that the two genders are ranked, with the male placed above the female. Ahl writes " anything " female" is almost consistently valued less than the " male" and the female is defined as something else than the male, which is the standard to be measured against". How come this issue still continues to exist in the 21st century with technology improving extensively in our modern and globalized world? To reflect on this

question we have to understand the cause of the gender gap and how this been maintained. Furthermore how men and women alike recreate the gender system in all societies.

According to Hirdman gender contract “ inherited” from one generation to the other, the mother introduces her daughter, the father to the son and so on. The other explanation is on the level of society and Hirdman holds further that the “ gender system” lies on two kinds of logic. The first logic is dichotomy, that is, separation: male and female should not be mixed. The second rationale is the hierarchy: it is the man that is the norm. It is men who are the people, where they constitute the standard for what is normal and what is universal. The “ gender system” is the base for other orders - social, economic as well as political. A change in the power relationship between the sexes would change other power centers as well, and the other power centers would quite naturally resist this.

Despite enormous gain in social and economic influence, women entrepreneurs work in social settings in which gender stereotypes have been found to persist. The stereotypes as elements of situational and cultural influence are biased perceptions that women-owned businesses are less successful and capable.

Both in Sweden and Ethiopia women’s work experiences and their roles in society have shaped their entrepreneurial behaviors and prospects. The labor market fact shows that women are much more likely to work and invest in retail and service sectors than in manufacturing, construction and other

industrial sector. This work-related segregation has shaped how much women earn, whereby the wage gap contributes to the amount of personal savings that can be accumulated which in turn have an effect not only on their savings but is also part of the cause to the lower loan and credit acceptance rate for women in general. Women entrepreneurs dominate the middle and small enterprise sector in both countries. The question which needs to be asked is: what kind of difficulties and challenges you encounter during your start-up? The first challenge in interview point out was administration as the biggest obstacle in starting a business. The second challenge mentioned was noticeably the financial aspect. The possible forms of financing in general are basically: loans or grants from family, relatives and close friends for these entrepreneurs.

One female entrepreneur who took part in the interview is Carla from Stockholm. She is 58 years old, middleclass, well-educated and well connected. She was working in the business communities prior to opening her own boutique (for women clothes & accessories). She described her experience as follows: “ When I started few years ago I had a good business plan and idea. In that process getting the loan and finance is a biggest part I remember it was bit complicated but we sorted that out in time, then I felt the administration took such a long time it was horrible I remember I was so disappointed I believe it’s better now days, I hope things has changed”.

According to the SCB in Sweden around 65percent, both men and women, of the entrepreneurs without experience expressed administration as the

greatest barrier when starting an own business. Louise, another female entrepreneur who participated in the interview characterizes her experiences regarding administration and finance a bit differently. She is in her late forties and described her socioeconomic background as working class due to the fact that she is a part-time anesthetic nurse in a hospital while she runs a Café in old town in Stockholm.

“ When it comes to bookkeeping or administration regarding official applications and other paper work I leave it to my husband. I know it takes time but I am busy working and organizing other parts of the business. Before we started with the Café I was working full time as a nurse and caring for my son. I was so busy I did not give it much thought how long it took to get the paperwork done. As for the loan from the bank I got some assistant from my sister, she works for a bank and again my husband was involved as well. We got good credit so it went well for our part.” She pointed out to me that when it comes to financial support from banks gender should not matter. “ Everybody should be treated equally as long as they have a good record”. She adds: “ I know at times it’s difficult for most women because of their low income.” The interesting thing with Louis is that she is a very independent woman and she is member of the board for the company who owns the Café. But because of the different circumstances she left the administration and finance to her husband. According to Kariv women tend to avoid the financial part of their business and they delegate finance-related activities and responsibilities to their male counterparts such as family

members. However this may differ depending on the background of the entrepreneur and her admin experience.

Networking has been mentioned as another problem by all interviewed regardless prior experience, educational level or skills. Core factor is domestic responsibility. Women in general have less time than men to network as they spend more time taking care of the family. M. J. Greer and P. G. Greene, in "Feminist theory and study of entrepreneurship" point out issues of relative power and influence differences between men`s and women`s networking. Male entrepreneurs share networks with higher status professionals in various fields such as banking and law than women.

Networking gives men advantage of strong resources, business contacts to support firm growth and creation of new venture. The extent and form of women`s participation in the market is different from that of men entrepreneurs despite the fact that participation of women plays an important role in the economy. This shows us that entrepreneur`s experience of business are influenced and shaped by their gender and the reasons are strongly linked to the roles and positions of women in society. An additional challenge female entrepreneurs facing in common in both countries are criticism for their leadership styles and are likely to be described as less assertive, less competitive, less achievement oriented, and so on. Such stereotyping of women entrepreneurs continues to overshadow the great achievement of women entrepreneurs.

How the difference in cultural values and beliefs does affect women entrepreneurship?

In individualistic cultures, social identity is based on individual contribution.

Basic social values emphasize personal initiative and achievement.

Autonomy, variety, pleasure, and personal financial security take precedent over group loyalty. As a result, in highly individualistic countries, there is greater employment mobility since individuals are expected to look after their own interests. In Sweden everyone is expected to look after himself or herself and the immediate family. Women are more aware of their rights and an adequate support system is in place. They suffer less from gender discrimination comparing to developing countries such as Ethiopia. In Ethiopia group identity is very important and therefore individual initiative and opinions are not highly valued. As Desta Solomon explains in “ Desk Review of Studies Conducted on Women Entrepreneurs in Ethiopia” Women entrepreneurs in poor countries suffer from gender discrimination in society and laws, underdeveloped enterprise culture, inadequate support system for businesses and underdeveloped markets and infrastructure. Generally, women-owned businesses are concentrated in the low growth segment, face constraints such as poor access to finance, lack of business development services and business networks, limited exposure to business management experience and the challenges of juggling business with household and family responsibilities”. When being asked “ what is your favorite aspect of being an entrepreneur and how does it affects your identity?” three of my respondents from Ethiopia can be summarized as the following: Noria: 65 years old, retired business owner (wholesale stall at one of the biggest

market in Addis Ababa) middleclass background, illiterate, lives with her husband; she has 6 children and eight grandchildren. Noria described her experience as follows (my translation):" Entrepreneurship has made it possible for me to earn my own money and it gave me independence. As in relation to my identity I am still a wife, a mother and a grandmother. With that being said it has changed my status in the community." Almaz is 45 years old and she describes her socioeconomic background as working class, secondary school dropout, and divorcee with four children. She states: " Entrepreneurship has made it possible for me to be a " modern women" and being independent. Knowing that you are working for your family and being self-sufficient is a great opportunity and privilege for a woman." Maria is the youngest of the three informants, 35 years old. She is in a relationship, well-educated and holds a university degree. She comes from the upper middle class and the family runs second generation business. She describes her entrepreneurship and how she identifies herself as follows:" It made me independent and self-contained. Entrepreneurship means freedom; it makes it easier to identify yourself as independent and strong successful woman. There are a lot of challenges for young entrepreneurs especially as a women but things are getting better; however more is needed to be done to change the mindset of our society." Even though these female entrepreneurs from different generations and culture has tried to be strong independent women, they all expressed that they do not have an solid status like the men do when it comes to their position on the market or the business communities. Despite the fact that their contribution have made substantial and extremely important contributions to family, local community, regional, national and in

increasing number to global economy, women entrepreneurs are often described by other counterparts as survivalist, less entrepreneurial driven and less likely successful. What motivates these women to become entrepreneurs?

Motivation

On women entrepreneurship Kariv explains motivation is heavily dependent on the link between the external environment effects and the individual. Entrepreneurs are often either “ pushed” or “ pulled” into entrepreneurship. Furthermore she mentioned core drivers of entrepreneurial motivation as for example a desire for independence, desire for work-family balance, skilled area and earning money. More specifically, the independence of entrepreneurship allows women to decide and control their time schedule, tasks work pace and workload relative to their family and personal time.

According to SCB (2008) most entrepreneur in Sweden said they are motivated by new challenges, this is followed by the option to be your own boss and making money as the third aspects. The females I have interviewed in Sweden have clearly stated that their motivation were problems with finding an accurate job in the right field, second to family reasons. Third place is dissatisfaction with the current wage labor and the fourth being a hobby developed to a company. Females from Ethiopia mentioned as motivation inheriting the business from a family member and problems in finding a job. A record on Solomon ´s research shows that the top three reasons for women to engage in medium and small enterprises in Ethiopia

are lack of other alternative (38%), profit (33%) and skilled in the area of activity they chose (38%).

Conclusion

It is difficult to get a clear overview and to draw firm conclusions regarding female entrepreneurs in Ethiopia or to compare it to Sweden in such a short essay. But I found it quite interesting to hear these entrepreneurs telling their stories in spite of the cultural and socio economic differences they had. They were successful and motivated by their achievements despite the fact they all came across gender discrimination, wage gaps and different cultural barriers. Their perceptions of identity are positive self-images as entrepreneurs and as some mentioned it they are proud business women, mothers and daughters.

This has given me a broad perspective how we all are connected and that even though we have narrow gaps in Sweden between men and women, still there is more work to be done. As for Ethiopia it seems things are changing in the right direction which will keep young female entrepreneurs taking more space and creating more changes for upcoming generations. They all admitted that it is not easy to accomplish the job and to have a family. Nevertheless they all said that it is not impossible for women to be successful. Another interesting observation I made is that most of them said " I have not really thought about myself as an entrepreneur until you asked about it in this interview". This highlights the different ways in which women approach and see themselves as entrepreneurial and their enterprise.

Women hold an entrepreneurial mindset that reflects their own experiences

and biography combined with the cultural attitude. And we have to take into account different environmental and cultural constraints that impact female entrepreneurship. Women in almost all professions have to prove themselves harder, especially when they are an entrepreneur. Entrepreneurial activities with a specific focus on women are essential for the creation of vibrant businesses and enterprises that could ultimately improve the gender gap and the dilemma of women inequality in the world.