

# Prospects and Challenges of Urban Female Microentrepreneurs

Rezwana Abed  
Master of Public Policy  
Goldman School of Public Policy, UC Berkeley

## Introduction:

During the last four decades, the socio-economic condition of women in Bangladesh has changed significantly. Women's participation in the labor force has increased substantially, from 8.4 percent in 1983 to 34 percent in 2010.<sup>1</sup> Notwithstanding this dynamics of change in the labor market composition, the magnitude and momentum of women's involvement in economic activities is still relatively low. For example, women entrepreneurs constitute less than 10 percent of the total business entrepreneurs in Bangladesh compared to OECD countries where women owned businesses represent roughly between 20-40 percent of the total business population. Not only women's participation in entrepreneurship has remained low, equity in terms of opportunity and access to resources are yet to reach a desirable level due to many market and non-market constraints.

There is also inadequate knowledge on women entrepreneurship due to absence of reliable data and comprehensive research. This kind of "market failure" leads to misleading and discriminatory macroeconomic policies towards women. Given that the economic and social significance of women's business ownership and management is increasing, it is imperative that these issues are addressed by the policy makers so that economic potentials of this group can be fully utilized.

The present study aimed to unfold the existing knowledge gaps by

- **Identifying the present status** of women entrepreneurs in different sectors highlighting their business profiles, demography, indicators of success etc.
- **Identifying the challenges and prospects** of women entrepreneurship development.
- **Explore possible policy interventions** to promote a gender-friendly business environment.

## Research Methodology:

The research methodology involved:

---

<sup>1</sup> Khatun et al. (2014): Estimating Women's Contribution to Bangladesh Economy

- Structured survey with 100 microentrepreneurs from different sectors in Dhaka city.
- Key Informants Interview (KII) with experts and stakeholders in the field of women entrepreneurship development.
- Literature Review from relevant research reports, statistical year books, national surveys, and newspaper articles.

**Research Design:** Since the study focused on a subset of female entrepreneurs, namely microentrepreneurs, the researcher employed criterion based purposeful sampling to select respondents into the sample. At first, the researcher obtained a List of entrepreneurs in Dhaka city from Bangladesh Women Chamber of Commerce and Small and Medium Enterprise Foundation. In order to select microentrepreneurs from the existing list, a sample selection framework was developed to choose respondents who fit the selection criteria.

The following criteria were strictly followed:

- **Nature of ownership:** According to the definition by Bangladesh bank, women entrepreneurs are the owner or proprietor of a privately-run organization who have been actively involved in managing the business, or own at least 50% of share in case of a joint venture or company listed with the Office of the Registrar of Joint Stock Companies and Firms.
- **Type of Business:** At most 10 participants from a particular business to ensure diversity.
- **Fixed asset:** In accordance with Industrial Policy 2010, Worth Tk 5 lakh to Tk 50 lakh (for Manufacturing) & Tk 5 lakh or less (for Service and Trade).<sup>2</sup>
- **Number of employees:** In accordance with Industrial Policy 2010, between 10 and 24 employees for manufacturing and less than 10 employees for service and trade.
- **Duration of business operation:** Minimum 2 years.

#### **Issues raised by experts:**

**Access to Finance:** Experts suggested that there's been significant improvement in situation regarding access to finance in urban areas. Selima Ahmed, President of Bangladesh Women Chamber of Commerce and Industries, expressed that access to finance became easier in the last five years with the support of the Bangladesh Bank (BB's) guidelines to the commercial banks.

**Product Diversification:** Experts also urged for product diversification noting that women entrepreneurs are mostly concentrated in a handful of industries such as clothing and handicrafts.

---

<sup>2</sup> Both amount excluding land and factory building, but including replacement value

**Facilitating access to Export Market:** Rokiya Afzal, President of the Bangladesh Federation of Women Entrepreneurs, noted that the export market remains completely untapped by female entrepreneurs. She urged the government for facilitating women's access to international markets through adequate policy support.

**Capacity Building:** Rokiya Afzal also stressed the importance for building capacity through training and skill development. She said that women entrepreneurs are not being able to take advantage of Information technology due to lack of capacity.

**Role of Private Sector:** Khondaker Golam Moazzem, Additional Director, Research, Center for Policy Dialogue, emphasized the importance of the private sector for the development of women entrepreneurs. He stressed that women entrepreneurs lack market information and the private sector can play an important role in developing the supply chain through providing market linkages.