

## **Beyond Corporate Social Responsibility: Using Research to Advance Women’s Empowerment through Entrepreneurship<sup>1</sup>**

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### **Global Context**

The 2030 Agenda for Sustainable Development was adopted by all United Nations Member States in 2015 and calls for nations to work together to end poverty. At its heart are the 17 Sustainable Development Goals (SDGs) “that improve health and education, reduce inequality, and spur economic growth—all while tackling climate change and working to preserve our oceans and forests.”<sup>2</sup> SDG 5 calls for the achievement of gender equality and empowerment of all women and girls.

However, as development dollars dwindle, many countries were (and are) seeing donor government funding drying up. To achieve the ambitious SDGs, a new funding mechanism was needed. The Maximizing Finance for Development (MFD) approach leverages private investment to crowd in all possible sources of finance, innovation, and expertise to meet this gap.

WEConnect International connects women-owned businesses with multinational corporate purchasing organizations outside of the United States. Globally, there are approximately 224 million women entrepreneurs worldwide who participate in the ownership of nearly 35 percent of privately owned firms in the formal economy.

We know that women account for over \$20 trillion in spending per year and are involved in over 80 percent of consumer purchasing decisions worldwide. The real drivers of the economy are women—as business leaders, employees, consumers, and entrepreneurs. And yet, globally, women-owned businesses (WOBs) earn less than 1 percent of the money spent on vendors by large corporations and governments. So how can research and a strong evidence base help bridge this gap?

### **Case Study: Strengthening Market Access for Women-Owned Businesses in Bangladesh**

A joint report by WEConnect International and the World Bank Group has identified key opportunities and areas of alignment between large corporate buyers and WOBs. Facilitating market linkages will enable local and multinational corporations to procure goods and services from WOBs while diversifying their value chains. By engaging women’s business associations and national business platforms, the initiative created a more sustainable ecosystem for women business owners to thrive and generate economic growth in Bangladesh. The research has been used to develop a tailored training program to assess the landscape of corporate sourcing in Bangladesh and an initial mapping of the market points of entry for WOBs. The training helped to build the capacity of WOBs to compete for business opportunities with corporations and large firms, design and implement tailored interventions that raise corporate awareness of the benefits of buying from WOBs, and create direct linkages between corporations, WOBs, government agencies, and support services.

Data collection on WOBs and corporations consisted of initial desk research, focus group discussions, and one-on-one interviews. A corporate questionnaire was completed by 38 corporate senior executives and sourcing professionals with a business presence in Bangladesh. A WOB questionnaire was completed by 60 respondents across more than 15

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<sup>2</sup> UN Economic and Social Council. (May 8, 2019). Report of the Secretary-General. Special edition: progress towards the Sustainable Development Goals. Retrieved from <https://undocs.org/E/2019/68>

sectors. A dozen meetings also took place with government officials, non-governmental organizations and financial sector stakeholders, all of whom have expertise in a broad range of topics related to the growth of WOBs.

### **Corporate Questionnaires and Interviews: Emerging Themes**

- Corporations tended to view sourcing from WOBs as a dimension of corporate social responsibility rather than a way to broaden supply alternatives or increase firm competitiveness.
- Fifty-five percent of corporate respondents said they do not believe that WOBs can competitively provide the highest-priority products and services procured locally by corporations. This despite research showing WOBs to be particularly competitive among firms conducting business with corporations globally.
- During interviews, corporate representatives stated that sourcing decisions<sup>3</sup> tended to be made by global headquarters rather than in-country. However, 29 percent of survey respondents stated that company policy encouraged WOB sourcing, which would likely entail local supply-chain decisions.
- Corporates indicated that they have difficulty identifying WOBs because many are self-identified. Nearly 20 percent of respondents did not know whether their corporation procured from WOBs.
- Fifty-three percent of corporations felt that WOBs need to “improve the quality of their offering” to do more business with corporations. Interviews with business owners and the associations indicated that pressure is placed on WOBs to prove the quality of their offer. Corporations said WOBs could do a better job communicating their value proposition and the merits of their products and services.

### **Women-Owned Business Questionnaires and Interviews: Emerging Themes**

- Forty-eight percent reported difficulty in making connections to corporate buyers. They noted that establishing networks in the sourcing departments of large corporations is complex and not transparent.
- Access to capital ranked as another challenge. Financing options were either too small, or too large, with prohibitive collateral requirements, interest rates, and repayment terms.
- Twenty-seven percent of WOBs recognized the need to better communicate and negotiate the value of their products, especially when competing against larger suppliers perceived to be more reliable and experienced.
- Survey data found that entrepreneurship is not seen as a respected career path for women in Bangladesh. All WOBs noted that societal and familial pressures were the greatest barriers to starting and growing their businesses.
- Twenty-eight percent said that women engaging in business faced obstacles that their male counterparts do not. Gender discrimination from corporate buyers had been experienced by 3 percent of WOB respondents in the form of explicit discriminatory statements.

### **Research Conclusions**

- **Leveling the playing field for WOBs has progressed slowly despite government initiatives:** The Government of Bangladesh has made supporting WOBs a priority in part by enacting policies that encourage and enable women’s entrepreneurship development.<sup>4</sup> While this is a positive step, progress has been slow. For example, despite a policy supporting dedicated lending to women-owned small and medium enterprises (SMEs), loan officers at individual banks were either unaware of or failed to implement the directives.
- **Efforts of civil society organizations focus on cottage and micro-level businesses:** Interviews with civil society associations and organizations focused on serving women in business revealed that very few had a strong focus on growth-oriented SMEs in the formal sector and that they rather tended to concentrate their efforts on cottage and micro-level firms. A review of NGO interventions also confirmed this perception.

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<sup>3</sup> Experience in other markets confirms this finding: Procurement is most often a global function, leaving little flexibility for local managers to influence procurement decisions.

<sup>4</sup> The Implementation of the National Women Development Policy 2011, the preparation of National Women’s Development Plans, and the allocation of BDT1.0 billion (\$12 million) from the 2012–2013 national budget as a special fund to promote the development of WOBs are notable examples of the government’s commitment to women’s economic empowerment. Other initiatives focusing on women’s entrepreneurship include a revised Gender Action Plan and updated Industrial Policy developed by the SME Foundation (a public–private body) and a 2007 initiative by the Bangladesh Bank to direct commercial banks to prioritize lending to WOBs.

- **Few banks and lending institutions prioritize women business owners:** Focus group discussions indicated that most banks approach lending without regard to the gender of the borrowers, despite findings from the Global Banking Alliance for Women indicating that the average profit margin for SME loans to women is 15 percent higher than that of loans to men.<sup>5</sup>

### Challenges in Translating Research to Action

- Aggregate data on corporate perceptions toward gender-inclusive sourcing is helpful. But when it comes to engaging individual corporations, it is individual company data or sector-specific information that is most useful. Data from the survey often reflects the views of one individual or one corporate department. It is important to qualify the information through follow-up meetings. When corporate reps leave their jobs, the project team often must start the relationship-building and fact-finding from zero.
- For corporations, answering a survey is relatively easy. But engaging with the project to lead workshops or dedicate the time of their procurement staff to lead information sessions or join committees for supplier diversity is a bigger ask.
- The research revealed a lot of structural and sociocultural issues in Bangladesh. There are many underlying issues that restrict women's economic empowerment, and most women's economic empowerment projects are not usually structured to address those issues as part of the project methodology.

### Closing the Gap between Demand and Supply: Emerging Solutions

- **Corporate engagement:** To set an inclusive sourcing baseline, corporate representatives need assistance mapping their value chains and identifying WOB suppliers. Corporate supply-chain and procurement professionals need to be provided with more evidence to support the business case for buying from WOBs.
- **Capacity building:** Growth-oriented WOBs could benefit from capacity-building programs to help them better articulate the value-add of their products and services, implement quality assurance processes, navigate complex procurement departments of large corporations, and increase their ability to access finance.
- **Engaging women business owners to form a supportive network:** Business mentorship and role-model relationships between successful women business owners and new entrepreneurs is essential. Networking efforts can be facilitated by organizing events, fora, and workshops.
- **Awareness-raising and connectivity:** A database connecting WOB offerings and corporate opportunities via social and traditional media could be created. Networking events should be organized that allow WOBs to pitch their product and services to corporations.
- **Government interventions:** Governments should consider adopting inclusive sourcing policies and practices to make it easier for WOBs to bid for government contracts, updating collateral loan-making policies for WOBs, and encouraging implementation of gender-inclusive financing policies within Bangladeshi commercial banks.

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<sup>5</sup> Financial Alliance for Women: the Opportunity. Retrieved from <https://financialallianceforwomen.org/the-opportunity/>