

Challenges facing women entrepreneurship in Iran

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Abstract

Like the other parts of the world, trends show that the women are launching new entrepreneurial ventures in Iran. With the growth of women population, specially the educated ones (49% of Iran population), the necessity of women entrepreneurship development has attracted the attention. Because, of the increasing women unemployment rate, this paper is to recognize the challenges facing women entrepreneurship and ask them the cause (s) of it. Through searching the past studies, in this study, it is tried to provide a definition for entrepreneurship and put an emphasis on its development and the challenges facing women entrepreneurship. The unique features of this paper include using various researches and mostly local cases in the country.

Keywords: Women entrepreneurship, Challenges facing women entrepreneurship.

Introduction

Entrepreneurship means the process of producing value-added product using time, needed and necessary efforts along with financial, psychological and social risk in order to get financial profits, personal satisfaction and independence (Ali Shahhoseini, 2004). Entrepreneurship aims at creating job opportunities, wealth and optimum economic situation, which are the basis for improving societies' cultural level (http://www.sharifthinktank.com/HTML/Enterpre_). With the ability to recognize opportunities and move towards their development, Entrepreneurs are the true pioneers to change economy and make economic developments.

Entrepreneurs start businesses and are the motivation of economic growth. It is been a long time for women to make living along with men, but their monetary share is often ignored or considered so low. Women also have great potential for Entrepreneurship in terms of science and personality. Findings show that women tend to manage an efficient unit that necessitates their

cooperation and motivation in all levels, from home, society to public units (Rajani, & Sarada, 2008). We all can be Entrepreneurs and turn innovative ideas into economic activities. But the issue that in spite of the growth of women population, their employment and entrepreneurship development rate is not grown and it needs to be studied closely. Women economic share is reported 8.21% for women aging 24-29 and 4.22% for 30 and over in 2009. This figure was 9.1% in 1375 (<http://amar.sci.org.ir/>). During the last decade (1345-1375), the number of managers increased from 12000 in 1345 to 91000 in 1375, i.e. 5.7folded has high. The number of female managers increased from 389 to 2543 in the same period, i.e. 6.5 folded as high (Zhaleh Shditalab, 2002).

Entrepreneurship

The term "Entrepreneurship" is derived from French term "Entrepreneurship" means "commitment". Entrepreneurship consists of the process of making value through creating a unique collection of resources in order to make capital out

of the opportunities (Mahmood Ahmadpoore Dariani, 1999). Entrepreneur is a person who provides necessary sources to start a business and focus on a competitive environment in order to satisfy customers with an emphasis of innovation, creativity and centralization process development. In the other words, Entrepreneur aims at making profit and development. His success is rooted in using innovative ways and his output is to turn a primitive idea in to an economic activity. Entrepreneurship in job creation is also not of great importance as well. According to Milson-Smith & John (2003), idea, modern economy, is a cradle to grow new generation of Entrepreneurs whom he calls "technologic Entrepreneurs" (Milton-Smith, John, 2003). De Bruin and Welter (2006), stated that women are the majority owners of 30% (6.7 million) of all privately held firms in United States and own at least a 50% share of 46% (10.1 million) of such enterprises. It is necessary to mention that these firms boast \$1.2 trillion in revenues and employ 19.1 million employees. Like other parts of the world, trends show that women are launching new entrepreneurial ventures (De Bruin, & Welter, 2006)

Women Entrepreneurs

Entrepreneurs are people who accept the challenging role and are often in interaction with themselves, societies, source and supporting district (Pareek, 1992). The manager of NEWBO, Lois Haber, the editor and financial service of Delareyalley states: "women are likely to start their own business for two reason: to proactive their own Entrepreneurial ideas that they did for their manager before. He adds: "These are the initial motivations for 44% of women". About half of our country's population is women that cover the most educated people. Now, women expect a bigger share in managing their society and family and a better situation as well. Within a decade just before and after the Islamic revolution, this expectation belonged to a small part of (élite) women. However, nowadays, with their more active participation in social, political activities and after joining a considerable part of lower-class and more

traditional women to the elite society, this expectation is widening as well (Gartner *et al.*, 1985). However, in spite of a bigger share in population, women occupy lower share of employment and engage working in public units. Therefore, strengthening Entrepreneurship moral in women leads to their higher level of employment. But they still own a lower percentage of Entrepreneurship compared to men and their activities are more limited. In this case, it is necessary to recognize women entrepreneurship factors and introduce challenges facing them as well. Weeks *et al.*, (2001), published a report in which, introduced the discussion of gender gaps in entrepreneurship development and explored possible actions that could effectively foster women's entrepreneurship. With this purpose in mind, the authors searched for results of recent fieldwork on women entrepreneurs in Latin America and the Caribbean, and reported a limited number of countries that allow researchers to start the analysis of the existing gender gaps among entrepreneurs (Weeks & Seiler, 2001).

The necessity of women entrepreneurship

Due to higher population, women can have a major part in faster economic growth rate. Furthermore, because of various political, social, economical, cultural and technical developments, women are more ready to cooperate actively in social activities. Public units are facing the flow of human fore and due to the limitation of private sector in Iran; this sector has not succeeded in attracting educated human resource, especially women. While official status shows that the unemployment rate is increasing among educated women, entrepreneurship development among women is one of the developments among women and one of the solutions to fix the problem of women unemployment. Women entrepreneurs can pave the way for national economy growth. They possesses the necessary capability and consciousness to develop the economy (Minniti, *et al.*, 2004).

Gundry *et al.*, (2002) examined and highlighted the most recent scholarship on women's

entrepreneurship within several key domains. Their findings integrated broad areas of inquiry, including the emergence of women-owned firms in the global economy, entrepreneurial and firm characteristics, financing patterns, the greatest challenges to enterprise growth, and the influence of culture and family on the entrepreneurial organization (Gundry *et al.*, 2002). Educated women, who share a considerable part of the society, have a great role in developing entrepreneurship and its results based on their knowledge, skills and being trained in the case of making business and having self-confidence morale. The women, who have global entrepreneurship thoughts, should be energetic, innovative and well-committed to the goals and be familiar with modern world of business as well. Having these qualities, they can attract the attention of partners, which is the first stage, i.e. communication. Intrinsically, Women are superior to men in the case of entrepreneurship that help them to be more successful in this field:

1. Women are better supporter than men. Women are the basic element of the families and their moral support is a kind of necessity. This support can also be seen in business; researches show that the sense of cooperation and helpfulness is much stronger in women entrepreneurs than men.
2. They are much more capable than men in the case of knowing others, recognizing behaviors and immediate judgment. They often think of it that why others behave and talk in this way. Men often do not care about body language while women do. This behavior can lead them to decide truly when they do not know about their partner's culture in international business.
3. Women are more patient and forgivable. The world of business belongs to those who let others be suspicious or misunderstood. Business behaviors are sometimes too unkind, therefore, the winner is the one who smiles and fixes the problems patiently. Doubtlessly, women are more successful than men are in this case.

4. Women have better social behavior due to their care to recognize various situations. Knowing the customs of foreign cultures is a necessity for success, which makes women more capable than men. In the other hand, because the number of women entrepreneurs is lower than men, they are at the focus of attention. Therefore, 21st century can be known as the century for women entrepreneurship fast growth among women lives ([Http://www.aftab.ir/articles/view/economy_marketing_business/job/c2c1190469173_entrepreneur_p1.php](http://www.aftab.ir/articles/view/economy_marketing_business/job/c2c1190469173_entrepreneur_p1.php)).

Challenges facing women entrepreneurship growth among women:

Because women entrepreneurship is in its infancy, there are various problems facing this field such as the lack of availability to essential properties, services and resources (Room, 1995). Kephart & Schumacher (2005) explored some of the reasons why women in today's workforce change from the rise on the corporate ladder path to the world of entrepreneurship. They found that issues such as job stress and one of its most notable offshoots - the 'glass ceiling' are made severe effects on women motivation. Ultimately, in this paper, participating women who initiated organizations defined the women's movement of the 21st century (Kephart & Schumacher, 2005).

In a research in Iran in 1379 by Firoozeh Saber, about women entrepreneurship challenge (Firoozeh Saber, 2000), some women entrepreneurs were researched randomly in which they talked about their entrepreneurship barriers. Based on this research, constraints and barriers named by studied entrepreneurs can be divided into three groups of individual, organizational and environmental barriers.

Individual barriers

Barriers caused by personal and family limitations of women entrepreneurs. It included scientific and family limitations. Barriers caused by entrepreneurship environment can also be put in this category. Family and the surrounding

environment affect the quality of women entrepreneurship.

Deivasenapathy (1986), in his study points out that the family support can affect entrepreneurs' success (Deivasenapathy, 1986). Anna (1990), also states that family motivation is an important factor for fostering entrepreneurship (Anna, 1990). Job opposes family when job applications like long working hours contradict family responsibilities (Safoora Abbasi, 2002).

Organizational barriers

Barriers which are related to the internal situation like company or business. These barriers often include financial, physical, marketing, selling and human resource barriers.

Environmental barriers

The ones which include cultural, social and somehow legal barriers. Researches and studies about women entrepreneurship Challenges in various countries show that, three barriers facing women entrepreneurs.

First group includes the ones, which exist for both men and women entrepreneurs. Second group includes the barriers, which have been worsened due to family, social and legal situations of women entrepreneurs. And the third group which just includes women entrepreneurship barriers. A study in 1965, employed mothers in Tehran shows that 3.14% of respondents consider their job as a barrier for doing their maternal responsibilities and 6.10% of them consider work as a barrier for doing their housework. While 2.5% of responses to this item showed that woman tendency to leave job is a result of their husbands' opposition toward their employment (Shirin Ahmadnia, 2009). According to Gartners' (1985) view, four elements of person, organization, process and environment are in direct interaction with one another (Khadije Safari, 1998).

Frat *et al.*, (1993) believes that there are four kinds of capital that every organization's situation is related to them, including physical, financial, social and human capital. Physical capital consists of infrastructures and national capital such as loan

or needed capital, which is available for business owners. Social capital includes provided resources by supporting networks that help entrepreneurs in different ways. Human capital includes individual qualities such as education, entrepreneur skills and work experience (Fateme Javaheri, 1986). In a study, on 21 women entrepreneurs in the U.S, important challenges were discovered such as credibility and overcoming this social belief that women are not as serious as men in working (Hisrich, & Brush, C, 1985).

In another study, on 50 high level managers it was shown that these entire managers confessed women commitment, accountability, disciplinary compared to men, and half of them were more satisfied of women compared to men. However, men are still preferred for high positions compared to women with the same experience and education. Because the sense of leadership and management are the qualities of entrepreneurs; women personality may not be developed in term of entrepreneurship if they are not positioned as manager. Even, in some situations, when women are given management position, they refuse it due to their wrong imagination about their capabilities (Alvazzi del Frate Anna *et al.*, 1993).

Due to the effect of other aspects of gender inequality in job organization, women are limited in getting new work experiences (Gartner *et al.*, 1985). One of the worst facts about women entrepreneurship in Canada, is that the banks evaluate women's ability to pay off loans more critically than men do. Therefore, they are deprived of an essential element for financial independence, helping the economy and job creation. Rajani and Sarada (2008) have known the influential factors in women entrepreneurship as follows: Age, training skills marital status, family type, number of children and motivational factors (Bahare Maleki, 1992). Kim (1994) pointed out that women start their business activities after the age of 30. Researches also show that the possibility of women self-employment increases as they get older and this possibility is in highest level between the ages 35-45 (Kim TS., 1994). According

Schwartz studies in 1979, women's motivation to start a business is to get the job satisfaction and raising their economic power (Schwartz, 1979).

Conclusion

Due to women cooperation in higher education and their increasing participation in the fields of knowledge and science, making small and average businesses based on women entrepreneurship can lead to great achievement.

Discovering the discouraging factors for women entrepreneurship in order to fix these challenges and governments' cooperation to pave the way for Iranian genius women is an inevitable necessity. According to the results of this study, discouraging challenges for women entrepreneurship includes 1) organizational barriers such as financial, physical, marketing, selling and human resource barriers, 2) environmental barriers such as cultural, social and some of legal barriers and 3) individual barriers such as family limitations, lack of self-confidence and scientific barriers. Accordingly, in order to improve the level of entrepreneurship and remove the above-mentioned limitations, it is necessary to develop the social culture, recognize women's capabilities as a driving force in society and train related public skills. Authorities are supposed to make the bed of equal availability for both men and women to physical and financial resources. It is also an inevitable necessity to improve families' viewpoint toward growing entrepreneurship power, regardless of gender, and support women entrepreneurs as well.

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