Empowering Women Entrepreneurs through Legal Reform and Business Associations

In 2010, Pakistan ranked 133 out of the 134 countries evaluated by the World Economic Forum’s Global Gender Gap Report on economic participation and opportunity for women—lower than Saudi Arabia and ahead only of Yemen. This jarring gender gap is also evident in national data. Women account for 52 percent of Pakistan’s population, yet only 3 percent of them work in the formal sector, according to the Federal Bureau of Statistics. One important reason for women’s absence in economic activities has been the lack of women’s business organizations. This SmartLesson shares what we at the Center for International Private Enterprise (CIPE) learned from our work to promote women’s participation in business associations and the creation of women’s chambers of commerce in Pakistan.

Background

Many chambers of commerce exist in Pakistan, but their membership is predominantly male. According to the 1961 Trade Organizations Ordinance governing the formation and operation of chambers and associations in Pakistan, women entrepreneurs could not form their own chambers uniquely suited to their needs.

In 2006, when CIPE began its work in Pakistan, we started a dialogue with the Federation of Pakistan Chambers of Commerce and Industry and the Ministry of Commerce to reform the outdated law. The Ministry created a six-member committee to recommend changes through a consultative process and invited CIPE Pakistan to participate. Upon our recommendation, committee members traveled across Pakistan and met with more than 150 representatives from various chambers and sectoral associations. Based on this input, the new Trade Organizations Ordinance was drafted and then enacted by a Presidential Order on December 31, 2006.

This law enhanced freedom of association and created new governance mechanisms for chambers and associations. It also mandated transparent elections and the appointment and development of professional management within all trade bodies. Crucial for women, the new regulation required that regional chambers include women on their boards. It also allowed for the creation of women’s chambers, which introduced a healthy competition between women’s and mainstream chambers over attracting new members.

The results showcase the resourcefulness and determination of Pakistani women entrepreneurs. There are now over 60 female board members in regional chambers, and eight women’s chambers have been registered, including some in conservative areas such as Mardan, Peshawar, and Quetta—regions generally regarded as challenging for women’s rights.

These chambers are proving to be an effective means of supporting women entrepreneurs. Their work and the relationships and role models they are establishing give women at the grassroots level a network and a voice to start closing the gender participation gap in Pakistan’s economy.
Lessons Learned

Lesson 1: Focus on gaps in the legislative framework to address structural barriers to women's participation.

Lack of proper legislation can be a huge hindrance to participation of women in business. This was clearly the case in Pakistan, where the outdated 1961 Trade Organizations Ordinance did not correspond to the modern business environment and did not reflect the true voice of entrepreneurs, especially women.

CIPE engaged women from across Pakistan in a policy dialogue on barriers they face. Those discussions revealed that the lack of gender-focused business organizations and weak representation of women in existing chambers of commerce helped explain low participation of women in the economy. The enactment of the 2006 law was thus an important step in the economic empowerment of women.

Yet, changing the law was not enough. Sustained efforts were necessary to ensure that the Ordinance was implemented in practice and that, once formed, women's chambers would have the leadership and capacity to govern themselves and effectively address their members’ needs.

One serious challenge that we encountered in this work was that most women entrepreneurs in Pakistan do not have registered businesses. The old rules specified that having a national tax number — that is, being a formally registered business — was a condition for membership at any chamber. The updated law now allows women entrepreneurs to become members as individuals, based on their national ID cards.

To help such women entrepreneurs, CIPE published a Pakistan-specific guide, with practical advice on starting and growing a business, and continues to support the development and operations of women's chambers across the country. However, the larger challenge of bringing more women into the formal sector remains.

Lesson 2: To achieve a multiplier effect, empower women through business organizations.

Many development programs focus on individual women and on challenges in their daily lives. Although important in their own right, those programs tend to see women as victims rather than as active change agents with power to transform not just their own circumstances but also the future of their countries. Voluntary membership business organizations such as chambers of commerce can multiply the impact of investing in women entrepreneurs, because they leverage the power of association.

Women from diverse sectors — banking, pharmaceuticals, agriculture, manufacturing, handicrafts, information technology, media, education, and many others — belong to the Pakistani chambers today. As individuals, they were just business owners making their living; working together through chambers, they are now collectively a voice of the female business community in Pakistan.

"[Women entrepreneurs need their own voice], because otherwise no one takes women seriously — their issues are not presented or addressed in a male-dominated chamber.”

Fitrath Ilyas Bilour,
Peshawar Women Chamber of Commerce

When asked why they believe women’s chambers are such effective vehicles for women's advancement, many women entrepreneurs who earlier belonged to mainstream chambers say that despite their extensive business experience they were not treated as equal members. Belonging to dedicated women’s chambers, they can now enjoy equal status and put forward their agenda.

Lesson 3: Make advocacy a key part of the value proposition that a women's organization brings to its members.

An often underappreciated aspect of a successful chamber’s mission is policy advocacy. It is particularly crucial in Pakistan, where the voice of women entrepreneurs for a long time remained unheard.

Typical services that business organizations offer members include professional development, market research, and trade promotion. Women’s chambers are no different and help their members through various training sessions, exhibitions, and trade delegations, or through assistance with obtaining credit and taking advantage of government-sponsored programs.

Public policy advocacy is another crucial service. In addition to removing systemic barriers that affect all women entrepreneurs — not just chamber members — advocacy also establishes a collective identity for women entrepreneurs in the political landscape. They become a constituency, a force to be reckoned with.

"We have our own chamber now — government officials and different institutions take us more seriously.”

Aneela Iftikhar,
President and Founder,
South Punjab Women Chamber
The South Punjab Women Chamber, for example, is negotiating with the State Bank of Pakistan for the provision of collateral-free loans up to 500,000 Pakistan rupees (approximately $5,800) for women entrepreneurs. The chamber is also advocating better regulations for commercial banks that would facilitate such loans.

On a national level, women’s chambers became a strong voice advocating for changes in the country’s SME (small and medium enterprise) policy. The reform process is still ongoing, but it is already of great significance: for the first time in Pakistan, such reform suggestions came from women.

**Lesson 4: Work with women across the country, including conservative or rural areas, to provide positive role models.**

All too often, women’s empowerment projects that are focused on business and entrepreneurship never venture beyond the capital city or commercial centers. Yet, women living in more remote areas are the ones most in need of assistance when it comes to honing their business skills and learning about the benefits of association. It has been CIPE’s experience in Pakistan that, even in rural and conservative areas, women can be successful entrepreneurs and organize themselves.

Registered in July 2007, the Central and North Punjab Women Chamber of Commerce and Industry (CNPWCCI), located in Lahore, was the first women’s chamber in the country. Today, seven other such chambers exist, not only in Islamabad but also in conservative districts of Mardan, Multan, Peshawar, and Quetta.

All those chambers provide positive role models of successful female entrepreneurs, encouraging others to join and the next generation of women to consider entrepreneurship as a career path. CNPWCCI, for instance, makes recognizing outstanding local business women a key part of its activities through an annual award ceremony and a series of educational and social events. In January 2011, Shehla Javed Akram, President of CNPWCCI, became Vice President for Women Entrepreneurs at the Federation of Pakistan Chambers of Commerce and Industry, testifying to CNPWCCI’s accomplishments and clout.

Many challenges remain when it comes to providing positive role models and building sustainability of women business organizations. For example, there is a dearth of leadership capabilities in women’s chambers. Training programs run by various nongovernmental organizations and donor agencies for women’s chambers are typically not conducted by chamber specialists, providing limited benefit to the participants. Women’s chambers, especially in less affluent areas, also face cash flow issues because of limited membership that is not growing fast enough. Their staffs are usually underqualified, because they cannot afford to hire professionals, and their office facilities are ill equipped.

To help address these challenges, CIPE is using a two-pronged approach. We engaged the leadership of women’s chambers in capacity-building programs and consultative discussions on issues related to women entrepreneurs. Through CIPE’s grant program, we are also helping chambers with basic infrastructure problems, such as access to electricity.

“We feel that we are fighting for the cause of women who have not been afforded an opportunity to participate in the economic life of the country . . . . The creation and existence of a legal body representing them has given a lot of encouragement to the women confined to houses, who were the victims of harsh traditions.”

Ambreen Khan Hoti, President, Mardan Women Chamber

**Lesson 5: Engage men in women’s economic empowerment.**

Women entrepreneurs in Pakistan often lack business awareness and know-how, and they face social constraints that make it difficult to start and run a business. The first step—and often the most serious obstacle—for women entrepreneurs starts at home with fathers, husbands, and brothers. Men’s better understanding of the value in their daughters, wives, and sisters pursuing business ventures, and support for such initiatives, is key for aspiring women entrepreneurs. This is an often overlooked lesson.

Chambers of commerce and associations provide a platform where women can come together to address such challenges. The Women Chamber in Quetta, for instance, teaches its members how to explain to their male family members the benefits of women engaging in entrepreneurship. Those women, through their affiliation with the chamber, derive encouragement from the fact that they are not alone.

“Initially, most challenges to women entrepreneurship come from our households. In order to overcome them, we are creating marketing platforms and opportunities where we can present our work.”

Fehmida Kuasar Jamali, Executive Director, Quetta Women Chamber
Male support for the formation of women’s chambers is also crucial, especially in conservative areas. For example, the vision for forming a women’s chamber in Mardan came from Haji Naseem-Ur-Rehman, a prominent local industrialist and founder of the Mardan Chamber of Commerce. The promulgation of the 2006 Trade Organizations Ordinance inspired him and other likeminded people — men and women — to work together toward establishing a women’s chamber. As a result of these efforts, Mardan Women Chamber was created in 2010.

Similarly, Chairman of the Senate’s Standing Committee on Commerce and Head of Khyber Pakhtunkhwa Chamber of Commerce Ilyas Ahmad Bilour was instrumental in the formation of Peshawar Women Chamber, inaugurated the same year.

Another way in which men’s support has been crucial is through Women Resource Centers dedicated to the needs of women entrepreneurs. Such centers, created at the chambers at Lahore (in 2008) and at Sialkot (in 2009), provide venues for women entrepreneurs to discuss opportunities and challenges. They also function as secretariats for business activities, provide training programs, and help address issues such as access to credit. As parts of larger, established chambers, the centers also give women an outlet for advocacy on national-level policies.

**Conclusion**

Since the enactment of the 2006 Trade Organizations Ordinance, women entrepreneurs in Pakistan have accomplished many big and small successes—from local artisans being able to better market their goods; to the Sahiwal Chamber electing its first woman president; to the Federation of Pakistan Chambers appointing its first female vice president. In many conservative areas, the mere existence of women’s chambers is a huge success.

The benefits go beyond women entrepreneurs and extend to Pakistan’s economy as a whole. The new regulation makes the operations of all chambers and business associations more transparent and promotes competition among those organizations, raising the quality of services they offer their members and helping improve Pakistan’s overall governance and business climate.

That said, the space for women entrepreneurs created by the 2006 Trade Organizations Ordinance still needs to be fully institutionalized. From a legislative perspective, it should become a Parliament-ratified, permanent legal act.

Certain improvements in the law itself can also be made. For instance, the 100-member requirement for forming a local chamber is too high in many areas with few women entrepreneurs. Nonetheless, their chambers give Pakistani women a vehicle for working with policymakers on addressing concerns related to the business environment for women entrepreneurs.

“The key is to sustain our chamber and to keep moving it forward. This is not the end. This is just the beginning.”

Samina Fazil, President and Founder, Islamabad Women Chamber

As women’s chambers in Pakistan grow and mature, the key to their sustained success will be good governance and leadership development. Sound decision-making mechanisms must be put in place to ensure the chambers’ vitality and longevity, with the issue of leadership succession being of particular concern.

Another overarching challenge is widespread informality. Many women-owned enterprises remain unregistered and, although chambers encourage them to do so and offer legal help, the cost and bureaucracy involved in registration and the fear of harassment by tax officials discourage entrepreneurs — men and women alike — from formalization. CIPE will continue working to address those issues by helping Pakistani women’s chambers play an active role as the voice of women entrepreneurs.