

TOOL 2.7

Support Development of Local Women-Owned Businesses

- » **GOAL:** Cultivate women-owned businesses so they can support supply chain needs
- » **TARGET UNITS:** Procurement, Community Engagement

If you are operating in communities where few women-owned businesses have sufficient skill and capacity to support supply chain needs, you might want to provide support so that they ultimately can become a part of the corporate supply chain. Sharing the workload so the effort becomes a joint procurement/community engagement activity can yield broader dividends, including expanding the local procurement base, increasing local economic development, and building positive community relationships.

This tool provides guidance on how to develop women-owned businesses, following a process that includes:

- Assessing and identifying constraints to women's entrepreneurship
- Identifying existing potential partners such as business incubators and local financial institutions
- Creating activities to build the capacity of local women-owned businesses in a collaboration between procurement and community engagement teams
- Monitoring impact on local procurement, local economic development, and women's economic empowerment

Detail on each is provided below.

Needs Assessment

To effectively address barriers and support the development of women-owned businesses, companies need to understand what is getting in the way. An assessment of barriers and opportunities for women's entrepreneurship in a given community will help.

Common Constraints for Women-Owned Businesses

Women face a range of constraints to entrepreneurship, including:

- **Barriers to accessing finance:** Female entrepreneurs often have a harder time accessing financing than men do. Women can face greater challenges getting loans: interest rates may be set higher or loan values may be smaller, especially as women are more likely to use informal funding sources, such as family or church. Although microfinance institutions have proven a popular source of credit for women, these institutions also impose limitations on the size of the organization applying for the

BOX 2F | Winning Women: EY's Multi-Regional Program to Help Female Entrepreneurs Scale

The EY Entrepreneurial Winning Women program targets “the missing middle”—female founders who have built profitable small companies but have not yet found the essential tools needed to scale sustainably. Through offering participants expert business advice, national exposure, coaching on soft skills like building confidence and vision, networking, and community building with peers, EY's program has assisted over 500 participants in 48 countries worldwide with impressive results. On average, program participants experienced an increase of 35% in compound annual growth and a 166% increase in headcount at their companies since becoming members of Winning Women. More than three quarters (77%) of female entrepreneurs said that the program helped them to find advisors and role models.

Source: EY “[Entrepreneurial Winning Women Program](#)”

loan, creating a challenge for women who want to expand their businesses to meet corporate contracting requirements.

- **Limited control of finances:** In some countries, women face legal and cultural restrictions on controlling their own finances. They might not be permitted to have their own bank accounts. They might not have any decision-making authority over how to spend or invest family finances. For aspiring female entrepreneurs, this could create serious challenges to starting a business. If women need to rely on a male relative to access to their accounts, their savings could be at risk.
- **Legal constraints on other aspects of entrepreneurship:** Beyond limited access and control over finances, women may face other obstacles, such as limited ability to own property or to list property in their name. They could be prevented from having their own passports or other forms of identification, which can be critical to starting a business.
- **Cultural norms limiting women's time, mobility, and independence:** Family and cultural obligations can get in the way of running a business. Other challenges include restrictions on speaking or meeting with strangers, limited mobility, and primary childcare responsibilities— all of which make it more difficult to pursue an entrepreneurial dream.
- **Lack of key skills:** In many communities, women may have less exposure to business education, including financial and management training.
- **Lower risk tolerance:** Studies indicate that women may approach risk and investment differently than men, with lower risk tolerance.

- **Limited infrastructure:** Better roads and transportation infrastructure can facilitate women’s access to finance and markets, with a strong positive impact on women’s economic engagement and entrepreneurship.

Identification of Potential Partners

Partners that collaborate to support the development, financing, and sustainability of local women-owned businesses can catalyze a greater impact beyond your company’s efforts. Partnerships to explore include:

- Existing business development resources: Such as business incubators, local entrepreneurship competitions or resources, and the local chamber of commerce
- Financial institutions: Commercial and microfinance banks, grant-making organizations, or non-governmental organizations and non-profits aimed at promoting financial literacy and inclusion
- Mentorship organizations: To support or facilitate mentorship for local women entrepreneurs
- Business development incubators or capacity building/training centers

BOX 2G | Boyner Group Strengthens its Supplier Base Through Capacity Building

The Boyner Group is Turkey’s largest publicly traded non-electronics retailer. Female-owned suppliers make up 17 percent of its vendor base—double the Turkish average. Still, the company has recognized that women-owned businesses face unique obstacles in becoming suppliers to major buyers.

Working in partnership with IFC, the company designed a 12-week program to build the capacity of women-led small companies that have the potential to become part of a corporate supply chain. The “Good for Business” program trains female entrepreneurs and connects them with mentors, financial institutions, and brands that could help advance their businesses.

In addition to building skills and providing mentoring and financial support for these small businesses, the program yielded dividends for the Boyner Group as well, in the form of a stronger and more diversified supplier base.

Source: Boyner Group and IFC, [“Case Study: Boyner Group’s Supply Chain Strengthens Women in Business.”](#)

Partnerships with the types of organizations listed above can be implemented with a view to building the capacity of businesses that may be able to directly contribute to your supply chain or as part of a community engagement and resilience plan, which may also support businesses that are part of the broader economic landscape. For both, business development curriculum should include modules on business skills, registration and licensing, financing, business, and financial management.

In addition to building skills, training programs should include ongoing support during the first few years after business startup given that a disproportionate number of new businesses fail³².

Evidence has shown that such training partnerships can yield results. For example, a South African business development center associated with Rio Tinto's Richard's Bay Minerals project has helped develop over 60 local businesses. The center has created linkages with banks and partnered with Monash University on a program to certify local entrepreneurs in business management. Most of the program participants have been women and young people.

Customized Support Programs

To build the capacity of women-owned businesses and support increased engagement with these businesses, activities should be customized to address specific local circumstances and community-specific constraints:

- Support innovation to develop ideas rooted in local context and ideas: Launch local innovation challenges for women-owned businesses and provide support (for instance, through a local training center) for scaling and growth. The Good for Business program, developed by the Boyner Group in partnership with IFC (see Box 2G) helps develop women entrepreneurs while diversifying and strengthening the company's own supply chain.
- Review internal procurement policies: Ensure that they are supportive of smaller, women-owned businesses. Look at the ways in which contracts are bundled. Also take a look at supplier financing terms to make sure that the current approaches are not creating unfair disadvantages for smaller businesses.
- Finance businesses: Collaborate with local finance institutions to promote and incentivize women's access to finance. Efforts could include:
 - Training local financial institutions on the benefits of women's financial engagement. In many communities, cultural norms may mean that the financial institutions

³² [Data from the U.S. Government](#) suggests that 20% of new businesses fail within one year, 45% within three years, and 65% within 10 years.

themselves are biased against women-owned businesses. Working with banks to address these biases as part of a comprehensive program to support increased access to finance for women-owned companies can be an important first step.³³

- Supporting efforts by local financial institutions to educate female entrepreneurs on the fundamentals of banking and credit, including how to secure credit and grow their businesses.
- Collaborating with local financial institutions to provide low-interest loans for women (could be tied to participation in various training or incubation activities), and to facilitate loan collateralization for women-owned businesses.
- Set up mentorships: Connect successful women-owned businesses with female-owned startups and company executives with local female entrepreneurs.
- Consider complementary approaches to increase sustainability: Evidence indicates that isolated approaches—such as offering financing without business management training—are less likely to result in long-term business sustainability.³⁴

Monitoring Progress

In tracking and evaluating various business development activities, consider effectiveness in building a more gender-diverse local procurement base. Tracking also should measure broader contributions to local economic development and women's economic empowerment.

³³ IFC and GPFI, [Strengthening Access to Finance for Women-Owned SMEs in Developing Countries](#), 6.

³⁴ Urban Institute, [Six Lessons on What Works in Supporting Women-Owned Businesses](#). Washington, DC: Urban Institute, 2016.