

**FCCISL - Key Note Address on Youth and Women  
Entrepreneurship**

**30 July 2009**

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Good Afternoon, Ladies and gentlemen,

Mr. Wickramanayake,

Let me first thank the FCCISL / SMED for having invited me to speak here today. It is indeed a great honour and privilege ! And if one of the qualifications is seniority, the celebration of the ILO's 90<sup>th</sup> anniversary here in 2009 certainly brings us in among the oldest international organisations.

I have been asked to speak about entrepreneurship with a specific focus on youth and women, but let me first say a few words about the ILO itself. The ILO is a specialized organisation in the UN family and our mandate is anchored in the world of work. We are the only organization where governments, employers and workers sit around the same table to find ways to realize the same mission. I would like to stress that the business community is as important a member of our constituency as the workers are, and we defend their interests too. This has often been misunderstood.

The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.

The goal of decent work is best expressed through the eyes of people. It is about their job and future prospects; about their working conditions; about balancing work and family life, putting kids through school or getting them out of child labour. It is about gender equality, equal recognition, and enabling women to make choices and take control of their lives. It is about their personal abilities to compete in the market place, keep up with new technological skills and remain healthy. It is about developing their entrepreneurial skills, about receiving a fair share of the wealth that we have helped to create and not being discriminated against; it is about having a voice in our workplaces and in our communities. In the most extreme situations it is about moving from subsistence to existence. For many, it is the primary route out of poverty. For many more, it is about realizing personal aspirations in their daily existence and about solidarity with others. And everywhere, and for everybody, decent work is about security human dignity. Whether we are employers or employees.

Ladies and gentlemen, micro and small enterprises, after agriculture, are the main employer in this country and the fastest growing one.

In concrete terms the promotion of decent work can happen through a variety means including through enterprise promotion programmes which focuses on nurturing the enterprise spirit among men and women. The ILO has been involved in this field since 2000 here in Sri Lanka.

The Business Development Services market in Sri Lanka has experienced rapid expansion over the last years. At the same time, thousands of micro and small enterprises, especially in the rural areas, are not aware of how business development services can help them. Practical

micro-interventions can only work if there is also good policy, regulations, business training, market development and organization building. It is important with an environment that supports the creation of jobs. And it is important to have an integrated approach that takes this ‘environment’ into account by developing innovative ways of engaging the key stakeholders.

That Entrepreneurship with a specific focus on women and youth is at the center of the ILO’s work on employment is reflected in the fact that The Governing Body of the ILO adopted a Women’s Entrepreneurship Development Strategy in 2008. This strategy seeks to reduce the vulnerability of women’s enterprises relating to: working conditions; safety and health at work; social protection; weak organization; representation and voice; access to appropriate financial services; and all forms of gender-based discrimination. The strategy works to enable women entrepreneurs to achieve growth and create further decent work opportunities in the economy.

This strategy promotes measures of affirmative action and gender mainstreaming so that governments, workers and employers as well as other stakeholders can support effective women’s entrepreneurship development. The strategy also works on the various levels (meta, macro, meso and micro) to remove systemic barriers and increase the capacity of women to start and grow their businesses.

Today we know that sustainable economies and societies require the full participation of both women and men, young and old. The development of micro, small and medium enterprises in particular in rural areas is very much at the core of livelihood development in Sri Lanka as reflected in

the Mahinda Chintana and I am sure that we soon will see programmes for the North targeting the development of enterprises at different levels and scales.

In South Asia including Sri Lanka, women continue to be an untapped potential and the youth are a group that is often hardest hit by unemployment. In Sri Lanka, this is also the case.

The world is currently facing a serious crisis with huge implications for job-security. In Sri Lanka we have preliminary data on the implications with jobs lost in some sectors while job opportunities are increasing in others and on the positive side with the ending of the 30 year old war and the IMF loan now coming this way, there are optimistic vibes for business development.

But during crisis it is so that women and youth will have a harder time finding and keeping a job.

The paradox, however, is that increasingly, and even more so in current times of financial and economic crisis, both women's and youth entrepreneurship development are seen as positive strategies to improving employment access, economic empowerment, poverty reduction and gender equality.

Why is that? During these times, many women and youth will be pushed towards entrepreneurship as a means to sustain their families and livelihood but in order for them to make it through they need to be supported and empowered.

All development is about change and essentially it is about behavioural change. We want people to act differently to act better for themselves and their communities, and to optimize their opportunities. This is an important principle in development work but it is really just a common sense principle. And it is about getting away from thinking that “we know better” we need to listen to what people themselves say, to meet them where they are, so to speak. Let me share an experience with you from our work here in Sri Lanka. When we started a new programme on enterprise development 5 years ago, we were identifying which challenges the programme would need to meet in order to succeed – and prompted by our stakeholders in four districts namely Kurunegala, Polonnaruwa, Puttalam and Anuradhapura we started to look at what they called “the immense negative attitude towards business and a lack of entrepreneurship spirit” as major obstacles to local economic development. We therefore undertook an in-depth assessment of challenges related to enterprise and culture.

Negative attitudes towards business were often voiced by stakeholders as a constraint to enterprise development. This is also supported by evidence from employment studies that show a marked cultural preference for public sector, white-collar employment. Youth, whose education is oriented towards theoretical knowledge, are less inclined to value practical knowledge, or take pragmatic decisions about their future. Moreover, there are considerable cultural and social barriers preventing women from starting or expanding businesses that are beyond mere survival-level income generation activities, especially related to issues around mobility and reputation. Most key informants interviewed both in the private sector (Chambers and BDS providers), as well as in the government sector at the national, provincial and district level considered

the role of business people in providing goods and services to society, as well as creating employment, as important. However, many private sector representatives complained that there was no enabling environment for people to go into business, both in terms of the regulatory framework and socio-cultural attitudes. The widely prevailing notion that business people are exploitative and the resulting lack of respect and recognition for performing a useful service or contributing to the community were mentioned by private sector representatives. They also pointed to a resultant lack of fulfilment as human beings from not receiving due social recognition. However, some chamber representatives and BDS providers, who came from professional backgrounds, were critical of the short-term orientation of entrepreneurs in doing business, especially because they considered it to be unprofessional and not good for business in the long run. Government officials while acknowledging shortcomings on the government side, such as the lack of a coherent policy towards industry and the need for an improvement in government support services, frequently highlighted what they perceived were weaknesses of entrepreneurs, such as the reluctance to register businesses and pay taxes. They also complained that business people are too dependent on government to provide subsidies, rather than compete, as well as lacking a concern for quality and customer orientation. Some government officials perceived business people as those with narrow, individual, short-term interests, although concerned about their immediate family and social networks. They had divergent views on the status and respect given to entrepreneurs, pointing out that large entrepreneurs generally had more status than micro and small ones, and respect was dependent on their social class background and networks.

Divergent views were also expressed on the influence of religion and ethnicity on attitudes towards business, arguing that while Islam was generally more conducive to business, Buddhism could be both constraining and enabling of business.

What is important in relation to the subject of my intervention this afternoon is that in assessing the role of gender in business, a **significant minority** (close to 40% of respondents) **thought men were better** at business, while around 30% respectively perceived that women were better or both genders were equally good. In general, more men thought men were better at business, while more women thought women were better. Those who argued that men were better at business based it on socio-cultural restrictions on women such as the household work burden, mobility after dark and concern about reputation, better knowledge and skills of men and superior physical strength of men. Those who perceived that women were better, based it on superior customer relations and communication ability, cunning, thrift, commitment, patience and experience of buying and selling through handling the household budget. Those who argued for both genders pointed out that individual skills mattered most, or that the two genders had complementary skills/qualities to run a successful business together. This finding is extremely important, because it shows that the promotion of female entrepreneurship development could get a boost if we looked at removing some of the barriers and if we focus on further development of the strong sides women possess.

Some of the steps we recommend to look at when we zoom in on women and youth can be summarized in the following steps;

**First of all it is important to ensure an enabling business environment** that is inclusive of women and youth-led businesses and their needs to achieve their full potential for decent work creation. Policies and programmes in enterprise development should take into account the specifics of all entrepreneurs and address barriers due to gender, age, disability and HIV AIDS.

**Secondly,** Integrated and coherent approaches to entrepreneurship development is important: There is a need for integrated approaches for youth and women that take a life cycle approach to respond to their needs. This means that for example a female entrepreneur has specific needs during her childcare age such as childcare facilities or a local support system. Further, to address entrepreneurship and enterprise development in a coherent and sustainable manner, there is a need for increased partnerships, collaboration and coordination among stakeholders and relevant partners so that their strengths and limitations can complement each-other for the benefit of everyone.

**Furthermore, ensure that services for entrepreneurs adapt to the needs of women and youth-led businesses:** Business development service providers need to make more efforts to target and serve the needs of entrepreneurs, both women and youth.

**Finally, and this relates to what I talked about before in terms of negative attitudes towards business... Promote an entrepreneurial culture** that supports the creation of enterprises as well as an entrepreneurial mindset.

Of course, all entrepreneurs face the challenges of starting a sustainable enterprise, however women and youth face systemic barriers, according to their socio-demographic background and the specific country context, that impede their capacity to achieve their full potential as entrepreneurs.

- Some of these barriers may include discriminatory property and inheritance laws or cultural practices;
- A lack of access to finance;
- Norms and attitudes towards entrepreneurship as a career option;
- Limited mobility;
- Lack of access to networks
- An unequal share of family and household responsibilities and no maternity protection.

The good news is that globally, the number of women who are starting and owning their own business as a career has increased significantly over the past 10 years. In spite of the systemic barriers that many women face, they are succeeding as entrepreneurs. I believe that Sri Lankan women have the same potential.

It is also important to recognise that women entrepreneurs are a diverse and dynamic group that adopts a variety of business models and sizes and works in various sectors. Some concerns need mentioning. Our research and experience has identified that the majority of women entrepreneurs can be found in the micro-enterprises, a large number of which operate in the informal economy and tend to be grouped in particular sectors such as food processing and textiles. The ILO is concerned that many of these

economic opportunities are precarious and do not offer women decent working conditions that enable women to build sustainable livelihoods for themselves and their families. The transition from informal to formal economy is one key element to improving the conditions of women-led businesses. But what we are witnessing today is that many women and youth move from formal jobs for example in the garment industry into informal jobs for example in the agricultural sector... which means that we need to look at social protection mechanisms that can reach into the informal sector instead of waiting for more people to join the formal sector.

Further, only a very small minority of women entrepreneurs access international markets or start businesses in growth oriented sectors. This is largely due to obstacles, such as high transaction costs, mobility and weak networks. The importance of women's business associations cannot be denied and I would like to emphasize that this area needs more attention. It is crucial to strengthen their capacity not only to represent and advocate for an enabling business environment that includes women entrepreneurs but also to build their membership and become self-sustaining. But there are real life challenges here because if this has to happen, i.e. increased mobility then the burden of child land eldercare responsibilities need to be shared more equally with men or addressed through institutional solutions. This will undoubtedly meet resistance in many corners of the world including Sri Lanka, where childcare and family-care very much is viewed as the responsibility of women.

Youth are generally three times more likely than adults to be unemployed and in Sri Lanka twice as many young women are unemployed compared to young men.

There is growing recognition among governments and international bilateral and multilateral organisations that as jobs become scarce, youth entrepreneurship becomes an important strategy for integrating youth into labour markets and addressing unemployment.

It is not enough to simply encourage youth to start businesses. They must be able to start a business with the right tools and supports so that the inherent risks are mitigated and so that precarious youth do not fall deeper into poverty. There is a need for:

- Holistic approaches that address in and out of school youth
- Approaches that take into account the transition from school to work
- Policy coherence and affirmative action towards the support of young people and entrepreneurship development
- Business enabling environment (BEE) where laws and regulations facilitate rather than hinders youth-led business start-up and address gender-based barriers.
- Access to business support services and technical training that meet the needs of young entrepreneurs.
- Access to affordable finance (start-up, investment and working capital)
- Mentorship programmes so that young entrepreneurs have access to practical and experience-based advice

In order to promote and develop an **entrepreneurial culture** that supports enterprise development and entrepreneurial thinking in society it

is important to start early. Starting at a young age, and through **Entrepreneurship Education**, it is possible to prepare for the next wave of entrepreneurs. Entrepreneurship Education encourages young women and men to think differently. Instead of seeing problems, they start seeing solutions. Entrepreneurship education helps all young people to build valuable skills that enable them to be entrepreneurial as an employee or as an entrepreneur. In Sri Lanka, the ILO is supporting entrepreneurship education in schools and vocational training institutions, so as to foster positive attitudes towards entrepreneurship and considering enterprise development as a possible career option.

Let me end by saying that I personally believe that not every person necessarily makes a good entrepreneur. We are different and let us praise our diversities. But Entrepreneurship can be an effective means to empower women and youth and create employment. As entrepreneurs, as well as being seekers of economic opportunities, women and youth can become active agents with a potential to create employment and foster change in society. So how can we afford not to support entrepreneurship development, when it just makes good sense!