Women and economic development: women entrepreneurship situation in Haiti

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Abstract: Women’s role in economic development is commonly admitted. But in many countries, women’s economic activities are still an extension of historical domestic occupation. In this article, we analyze the Haitian women entrepreneurial situation and show that women empowerment currently claimed by many actors is more romantic than economically pragmatic since women stay in poverty and undervalued business.

Rezime: Tout moun nan sasye a rekonèt wòl fann yo nan developman ekonomik. Sepandan, nan anpil peyi, aktivite ekonomik pou fann yo, se yon poulonjman travay tradisyonèl nan kay yo. Nan atik sa a, nou ap analize sitiasyon antreprenè fannm ayisyen yo epi ou ap demonte pouvwa yo bay fannm yo, souvan anpil moun revandike, plis parèt romantik passe ekonomikman pratik, paske fannm yo toujou rete pòw, pandan yo aktif nan antrepran biznis ki pa gen oken valè.

1. INTRODUCTION

Ever since Ester Boserup’s pioneering book Woman’s Role in Economic Development [1] many authors agree on the critical role that women play in country’s development [2], [3]. Since Schumpeter considered the entrepreneur as the motor of the economic revolution, Prahalad [4] in his book, “The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits”, praised women for the role they play in the transformation of society, particularly in entrepreneurship. In the case of Haiti, Leara Rhodes [5] provided a realistic analysis on the economic situation of women. In her article on Madan Sara, Rhodes called them “Haitian heroines” since according to the author; they are “the backbone of Haiti’s market system”. For N’zengou-Tayò [6], Haitian women are the pillars of the Haitian society. Contrary to this common belief, in reality, based on economic analysis, Haitian women’s role in business is greatly under-estimated. Therefore, Rhodes is then correct when she later says, “they need help desperately.”

In this article, we continue Rhodes’ analysis by focusing on an entrepreneurial point of view. We address a key question, if women are the backbones of the Haitian economy, what place do they occupy in the nation’s economic policies? By analyzing the nation’s development plans, and other rules that focus on the improvement of Haitian women’s status, we will show that the discourse on women’s situation in Haiti is more romantic than pragmatic, especially from the economic point of view. Therefore, we will make a number of proposals to put women at the center of entrepreneurship for the economic development of Haiti.

2. BACKGROUND LITERATURE ON WOMEN ENTREPRENEURSHIP

In the late 1970s, as more and more women started to join the workforce, scholars began to be interested in the study of women entrepreneurship. Chusmir, Moore and Adams [7] “reported that the psychology literature provided nearly two-thirds of the studies related to gender issues in organizations”. Carter, Anderson and Shaw [8] “concluded that many studies were descriptive and focused primarily on demographic characteristics, motivations of women in business and their business ownership experiences”. They also noted that there were not enough studies done to “provide cumulative knowledge of women entrepreneurs”. The study of women entrepreneurship is still relatively new and a great number of researchers have noted the lack of a robust research stream [8], [9], [10]. According to Parker [10], “From 1976 to 2001, 93 % of the scholarly research related to female entrepreneurship found in entrepreneurship journals was of an empirical nature”. There are not a lot of reviews in the literature on the subject but the few that exists, provide keen insights. It is now admitted that entrepreneurship and particularly women entrepreneurship are essential to the economy of a nation with respect to economic development and poverty reduction.

2.1. Women entrepreneurship in developing countries

For many years, women all over the world in developing countries like Haiti have entered into private enterprises in order to survive in an environment of high unemployment. Although women entrepreneurship has the potential to empower women,
in low economic development countries, it is observed that the percentage of women in business is still low.

For example, in Asian developing countries, Sinhal observed that “less than 10% of the entrepreneurs in South Asian countries, including Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka are women” [11]. Data from a study on Small Medium Enterprises (SMEs) in Indonesia in the manufacturing industry reinforces this fact since it is found that only 29% of SMEs in this sector are run by women and that the rate of women owned businesses tends to decrease. This shows that entrepreneurship in Indonesia is still predominantly male. Women business owners, due to lack of education, tend to operate Micro-Enterprises of no more than 5 people, such as small shops, restaurants and hotels since they are activities characterized by low skills, capital and easy entry [12]. According to Suharyo [13], the small percentage of women entrepreneurs can be associated with a low level of education, the illiteracy rate (higher for women than men), the lack of training opportunities, customs, traditions as well as religious restrictions on the extent to which women can own and operate a business. In rural areas, the women’s primary duty is to take care of their husbands and children, “they are not allowed to start their own businesses or to have jobs that involve contact with or managing men” [12].

In Pakistan, women entrepreneurs are mostly present in Micro-Enterprises [14] and the percentage of women employers is still lower than that of man. Similarly to Indonesia, their activities are mostly concentrated in dress making and retail trading. “Women remain far behind men in enjoying freedom and other basic human rights, let alone participating with men on an equal footing in economic activities” [12].

In Pakistan’s neighboring country, Bangladesh, a great number of women owned businesses operate in the informal sector, thus they are not recognized by the countries’ economy and lack access to information, marketing opportunities and social support. Women owned businesses do not have the same opportunities as the men entrepreneurs because of discriminatory traditions and social and cultural values [15].

In contrast to the Asian countries, in Ethiopia, there are more women entrepreneurs (75.4%) in micro businesses. According to Bekele and Worku [16], women entrepreneurs open new businesses at a rate twice as fast as men. In Ethiopia, small businesses constitute the only livelihood available to the majority of poor women [17], [18]. The challenge for these women is to be able to grow their businesses; a survey done by Kebede [19] shows that only one in three small enterprises stays open in the first 3 years of their existence. These women owned businesses contribute to Ethiopia’s national economy by creating jobs and aiding in the decrease of poverty but they do not receive any support from the Ethiopian Ministry of Trade and Industry. According to Bekele and Worku, “women in Ethiopia often experience severe problems in terms of technical skills, raw materials, technological input, infrastructural development, access to water and light as well as finance” [16]. This can very well explain the constraints that they face in terms of growth potential for their businesses.

Just as in the Asian countries, lack of education, skills and training and gender-related challenges are some key factors that affect growth and productivity of women owned Micro-Enterprises and Small Enterprises.

2.2. Women entrepreneurship and socioeconomic development

The work pioneered by Boserup [1] on women’s role in economic development had a great impact in economic literature. Despite criticism on the fact that her focus was based more on a descriptive approach than a theoretical one, according to Beneria and Sen [20], the data she collected are “rich in insights about the patterns and variations in women’s work across Africa and Asia”.

Women economic activity is vital in several countries. Ardrey IV, Pecotich and Shultz [3] did a longitudinal study to examine the collective interplay of history, culture, policy and marketing, and their dynamic effects on entrepreneurial women in transitioning Cambodia, Laos, and Vietnam. This study provides an important finding that includes insights into the evolving landscape in which women have opportunities to generate income, to provide employment, and to improve their own conditions, status and roles, as well as the well being of their families, communities and countries. With such supportive evidence, women entrepreneurs appear as catalysts for countrywide socioeconomic development. The authors then conclude that it is necessary to implement policies and strategies to re-orient various institutions and sectors to empower women as drivers for greater economic growth and social welfare.

Despite the admitted role of women in economic development, Haiti’s recent and actual development plans (Plan stratégique de développement d’Haiti: pays emergent en 2030, tome 1 et 2; Plan d’action pour le relèvement et le développement national d’Haiti: les grands chantiers pour l’avenir) do not put women in the forefront of economic development [21], [22]. In other words, these documents, while recognizing women’s strong presence in the informal economy and the poor population, they do not put emphasis on women economic activities as a strategy for economic development. In the following section, we attempt to analyze the situation of women entrepreneurship in Haiti.

3. WOMEN ENTREPRENEURSHIP IN HAITI

3.1. Evolution of women in the economy and business creation in Haiti

Women’s economic participation has become a benchmark for economic progress in developing countries [23]. As a country’s
economic development evolves, the nature of jobs available for women may change in order to become more valuable [24]. At the same time, while being more educated, women are able to participate more and more in the business world. Haitian women have always shown this desire, this toughness to overcome their conditions, by mostly doing business in the agricultural sector and in trade, as opposed to the manufacturing industry.

In Haiti, women have not always been in the labor market, in business or in entrepreneurship. They always had economic activities, but their contributions have often been underestimated. The history of the economic activity of women in Haiti dates back to 1492; and can be divided in three different periods [25].

The first period is the colonial and slavery era, which starts from the sixteenth century with the conquest and invasion of the Spaniards led by Columbus. During this time, slaves were brought from Africa to Haiti. The slave woman was a continuous free source of labor for the slave owner, mostly in domestic work and agriculture field [26].

The second period starts with the independence of the country in 1804. This time is marked by a new agrarian order, which extends from the first half of the nineteenth century. Women used the land, and provided food to the household. At the end of the second half of the nineteenth century, trade began to dominate the economy, which motivated women to make the switch to this new sector. The twentieth century is considered as the era of segregation, the period when slave women were gagged and muzzled, and the time when their work was devaluated. According to Mireille Neptune Anglade [27], the political economy of poverty based on gender contracts between the sexes dates from the late eighteenth to the twentieth century. In that contract, the man grants to the woman the task of breeding and taking care of the family. This implied contract, reinforced the inferiority of women, as well as her exclusion from the public and political spheres, which are all consequences of lack of education. With the US occupation from 1915 to 1934, which introduced the typewriter in the country, many women were called to leave their homes and enter the workforce as secretaries. This period is also when women obtained the right to vote in the 1957 elections.

From this moment on, women began to have more responsibilities and confidence in their abilities. Thanks to the feminist movement of the fifties, women also began to integrate jobs that were predominantly male oriented. Ever since the end of the twentieth century, women have been active in the retail industry and in the informal sector. The decree of January 11th 1944 reinforced the integration of women in society. According to the decree, the woman can manage the portion of her salary not dedicated to household expenses. The Decree of October 8th 1982 changed the status of women from that of a minor in order to give her the right to be in charge of her own destiny. Therefore she no longer needed the permission of her husband before taking a decision and was able to practice the profession that she desired.

Women’s place in the informal economy was accompanied by the feminization of the agricultural sector from 1950 to 1971. This coincided with a decrease in the country’s gross domestic product (GDP), Anglade underlined [27].

Women’s evolution in society continued to evolve during the third period, which began in the 1990s. According to a survey realized by the Haitian Institute for Children, from 2005 to 2006 [28], seven women out of ten from those who worked at the time of the survey or who had worked twelve months prior to the survey, 73 % were in sales and services, near 13 % in the agriculture sector, 1 % were manual workers and only 8 % were executive or worked in an administrative professional field.

Women, later on, began to be more and more active in the financial sector. This trend is also observed in the public sector. Thus, the presence of women in top government positions increased, even though men still dominated public sector employment. In the newspaper, Le Nouvelliste of March 20th 2013, it is quoted: “From 2006 to today, Haiti has known five (5) governments. In one governed by Mr. Jacques Edouard Alexis (2006-2008), two (2)
of 18 ministries are governed by women (Commerce & Industry, Women's Welfare & Rights). In the government ran by Michèle DuVivier Pierre-Louis (2008-2009), the number increased to three (3) (Commerce & Industry, Women's Welfare & Rights, Social Affairs). The one governed by Jean-Max Bellerive had (4) women (Foreign Affairs, Women's Welfare & Rights, Culture & Communication, Commerce & Industry). The Government ran by Garry Conille had three (3) (Tourism, Women's Welfare & Rights, Health). And the current government governed by Mr. Laurent Salvador Lamothe which started with six women ministers, increased to ten (10) of the twenty-three (23) ministers (…), a proportion of 44 %. In April 2013, there were 2 women ministers that resigned, thereby decreasing the number of women in the government to eight (8).

If one does not count a head of a ministry twice, (the prime minister governed a ministry for two periods) figure 1 shows the increasing women representation in the government. Even though they are more represented, political analysts observe that they rarely govern key ministries [29].

The industries where women are predominantly present are in wholesale and retail, hotels, restaurants, and crafts. In recent years, there has been more women managers in banking as well as communication and telecommunication, but there are still very few women that are part of board of directors in these sectors.

3.2. Women entrepreneurship in Haiti and Obstacles

Above all it must be said that despite the obstacles, women have been and are still able to create their own businesses in Haiti. Nevertheless, we will discuss various factors that block or limit the movement of women entrepreneurship. Therefore, without these barriers, women would be more inclined to develop businesses, which will in turn create jobs and wealth for the nation.

In Haitian society, the historical distribution of roles within the family and the supremacy of the men as head of the household put women at an inferior level. Women continue to do household tasks while they are also required to earn income outside the home. Even the girls help their mothers instead of going to school, which leaves them with less time for school and other training programs. Therefore, they are often obligated to start a business, in the informal sector with very low levels of production and income.

Traditionally, it is uncommon for a married woman in Haitian society to be the head of the household, to take economic decisions, such as starting and running her own business. This may only occur if the husband abandoned his family or is dead. Even women who are able to implement and manage their companies find it very difficult to overcome cultural barriers that seem to be deeply rooted in Haitian society. Most women, when they do business, find themselves involved in some types of activities, which are an extension of their traditional domestic roles.

Therefore, many Haitian women work in bakeries, restaurants, peanut butter production, etc. In such economic activities they usually manage very low budgets that do not really make them economically sustainable.

The use of entrepreneurial talents for productive means depends widely on the institutional support that entrepreneurs can have. The institutional framework defines a number of facilities and incentives for entrepreneurial activity, especially business training, accessibility to economic information, financial services and reduced transaction costs, etc. Burdensome bureaucratic requirements, expensive and costly business plans, costly information, high collateral requirements for credit and difficulties to get access to technology are some apparent obstacles that affect (i) the decision to start a business, (ii) the production costs, and (iii) the allocation of resources for value-added activities.

The creation of the Center for Facilitation of Investment (CFI) in 2006, with the objective to facilitate and promote private investments in the country has created an incentive to create businesses as well as the perception that the process of business creation became less arduous. However, those measures do not necessarily cater to the real needs of women entrepreneurs but instead they more likely address the needs of foreign investors and bigger local companies. Until now, there is no proper institutional support for the economic sector where Haitian women are more active.

Financing businesses is one of the biggest issues for entrepreneurs in Haiti. Thus, many women, existing or aspiring entrepreneurs, affirm that the lack of credit is the major problem for developing small and medium enterprises (SME) in the development stage. There are not many types of credit at the commercial banks that are available to small businesses. When the banks finance the women entrepreneurs they usually do so through their microfinance entity. But, microfinance, as argued by Aneel Karnani is not the best solution to take the poor out of poverty [30]. On the contrary, it may contribute to romanticize them [31], [32].

In Haiti, because of the scarcity of financial resources and the difficulties in finding funding for projects, microfinance organizations become nominally the largest financial services providers to micro, small and medium enterprises in Haiti. Furthermore, financial exclusion marked by social and geographical limitations of banks has left a vast majority of the population outside of the modern financial world. The exclusion of the poor from the financial system gave way for the development of microfinance institutions particularly in the informal sector of the Haitian economy [33].

There are also external constraints related to credit conditions of microfinance organizations. Microcredits are short term loans issued in small amounts. Microenterprises are not fully able to benefit from them and are not able to accumulate physical
capital (European Economic Commission, 2006). This reduces microenterprises’ possibility for development and growth in the long run. This explains why microcredit in Haiti turns to retail instead of production [34]. However, women are increasingly becoming the favorite targets of microfinance organizations. According to USAID’s latest census, women make up 74.4% of microfinance organizations clients [35].

Women entrepreneurs’ limited knowledge and experience in business plan preparation also represents an obstacle for getting access to loans in order to start a business. Therefore, many women entrepreneurs, either in the formal or informal sector use the tontine mechanism (a form of “rotating saving and credit association”, ROSCA) as a source of funding. More generally, the lack of financial education and business training for Haitian women entrepreneurs strengthen their difficulty to access formal credit and to develop their businesses.

4. PROPOSITIONS FOR MAINSTREAMING WOMEN ENTREPRENEURSHIP IN HAITI

Based on the previous analysis of women’s situation in entrepreneurship in Haiti, it would be easy to mainstream women entrepreneurship and reduce poverty in the country if the private and the public sector carried out an entrepreneurial and institutional voluntarism.

4.1. The need for a real women entrepreneurship empowerment

Just like in the Haitian higher education system, women are under-represented in the higher level of the economy. The recent tertiarization and financierization phenomena in the Haitian economy supported by the microfinance industry [34] have not challenged the persistence of patriarchal stereotypes in the country. To help women access top positions in formal business hierarchy, Haitian families have to invest more in female higher education. As reported by Rhodes [5], the struggle for women economic rights has to start with reducing the illiteracy rate. In Haiti, uneducated girls are relegated to informal economic activities where no specific entrepreneurial skills are necessary. This helps reproduce particular cultural beliefs that are not challenged by Haitian microfinance organizations. Then, to generate a significant socioeconomic change, institutional and behavioral improvements are necessary.

To really contribute to economic prosperity, women entrepreneurship needs to be formal, either from a managerial aspect or an institutional one. For that reason, there needs to be a political effort through a positive-action strategy, to promote formal women empowerment in business management and a formal economy. For example, the Ministry of Women’s Welfare & Rights should be more implicated in economic actions. Women’s rights advocates should also focus on economic rights. They should support a woman’s entrepreneurial plan, since they won the right to participate in politics.

The amended version of Haiti’s Constitution proclaims in its preamble that its application is “to ensure women’s representation in high level positions in which there are lots of responsibility and decision making in order to be in line with gender equality and gender equity.” When one speaks of women’s economic rights, this may also relate to entrepreneurship. The same Constitution contains a new article (number 17.1) that states, “the quota of at least thirty percent (30 %) of women is recognized at all levels of national life, especially in public services”. This law should be extended to include all types of organizations including large private businesses in order to promote women entrepreneurship. Despite many changes in Haitian legislation, the tremendous contribution of Haitian women to their society is not fully recognized [6] nor institutionalized [35].

4.2. From an institutional to a behavioral change and women entrepreneurship development

Institutional change, a theory developed by many authors [36], [37], [38], [39], [40], is the basis for behavioral change [41]. To make these changes in a Haitian entrepreneurial context, institutional makers and providers like families, churches, schools and universities have to work in a different way. Women entrepreneurship should not be confined to economic activities in the informal sector with the image of “Madan Sara” [5], [6], [27]. The educational system should promote women entrepreneurship development through motivations for formal business creation.

The entrepreneurial voluntarism claimed by Paul [42] is related to a public institutional innovation [43] but it can be largely supported by the civil society, and the private sector to facilitate women entrepreneurship. For example, by promoting entrepreneurship, universities – have their own interest to become entrepreneurial universities [44], [45] – can help modify significantly the common perceptions of women in the whole economy. Three decades ago, Hisrich and O’Brien argued that education plays a major role in start-ups, by differentiating between women in “traditional” and “non-traditional” business [46].

The pro-women entrepreneurship behavioral change defended in this article will not occur without a collective and institutional effort of the whole society. As noted by Watkins and Watkins [47] and supported by Tuck [48], the would-be female owner manager does need a greater stimulus than her male counterpart to take the ultimate step, women lack confidence in numerical skills, need the support of a partner and often lack managerial experience. For these reasons, we agree with Birley, Moss and Saunders [49] who claim “women entrepreneurs require different training” and need “specific policies, advice and assistance”.

5. CONCLUSION

In this article, we aimed to analyze Haitian women’s situation in entrepreneurship. After a brief review of the economic literature, we considered the recent economic plans and policies
and found that the current claims about the improved place of women in Haitian society sounds more romantic than economically pragmatic. We then put forth some ideas that concern women education, institutional and entrepreneurial voluntarism in order to support and promote new formal models of women entrepreneurs to balance the cultural bias and economic inequity.

To better promote women’s economic role and empower them through formal business implication, we make a plea: “Do not romanticize Haitian women, please help them progress in business hierarchy“. Although they are present in great numbers in the informal economy [50] – which is not taken into account in economic development indicators - they are under-represented in formal businesses’ board of directors. However, it is argued that women can manage [51], maybe better than men, particularly when they are educated, and not necessary in low-level activity.

Even though they recently gained a better-valued place in public administration, they remain active in services with little or no budget. Microfinance institutions that finance their little economic activities are not really able to help them get out of poverty or economically empower them.

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