

Entrepreneurial Capital, Social Values and Islamic Traditions: Growth of Women-Owned Enterprises in Pakistan

by Muhammad Azam Roomi

Abstract

This ground breaking study seeks to explore the variables contributing to the growth of women owned enterprises in Islamic Republic of Pakistan. Based on previously established multivariate model, it uses two econometric approaches. First by classifying variables into predetermined blocks and then using the general to specific approach. Statistical analyses and in-depth interviews confirm that women entrepreneur's personal resources and social capital have a significant role in their business growth. It further discovers that moral support of immediate family, independent mobility, and being allowed to meet with opposite gender play a decisive role in both sales and employment growth of women owned enterprises in an Islamic country like Pakistan.

Introduction and Objectives

Internationally, research suggests numerous gender differences among business owners at personal, professional, and institutional levels (Young, 1997; Brush and Hisrich, 1999; Carter et al., 2001; Brown et al., 2002; Orser and Riding, 2003). By implication, these differences become manifold in Islamic societies where women are further discriminated against and subjugated due to socio-cultural values and traditions in the name of religion (Roomi and Harrison, 2008). In such societies it is difficult for women to embark upon entrepreneurial initiatives. Those who are brave, courageous or fortunate enough to do so face additional barriers to grow their businesses.

The research investigating women-owned businesses has developed considerably over the past two decades. Most of the women's entrepreneurship development theories have emerged primarily from research carried out in developed countries with specific social norms and values regarding women's participation in economic activities. There is a dearth of studies conducted in different social contexts especially in Islamic societies, where social and familial control over women; their economic dependence on men, and restrictions on their mobility determine the differential access that males and females experience concerning education and other key supporting services. This raises the concern about the applicability of women's entrepreneurship establishment and development theories and models, mostly

Muhammad Azam Roomi is a Senior Lecturer and the Director of Research at the University of Bedfordshire's Centre for Women's Enterprise. His research interests are in the growth and performance of SMEs, entrepreneurship intentions and education, and women's entrepreneurship in the UK as well as Islamic and Asian countries.

developed in the Western societies; and challenges the extent to which these theories apply to women's entrepreneurship development in Islamic countries such as Pakistan, Iran, and Afghanistan.

As there is not even a single study conducted so far, focussing on factors contributing to the growth of women-owned businesses in Pakistan (Roomi and Harrison, 2008). This study is an attempt to fill this gap. The main objective of conducting this study is to create an understanding of the factors influencing the growth of women-owned businesses in Pakistan, given the barriers of gender and socio-cultural norms.

Theoretical Framework

Factors Contributing to Growth in Enterprises

There is a general consensus that growth in enterprises is a complex process, which is neither linearly continuous nor dependent upon only a limited number of factors (Smallbone et al., 1995; Deakins, 1996). While various studies recognise the importance of the availability of financial, human, and social resources; technical and management skills that can adapt to and cope up with a changing environment; the potential to develop staff; and creativity and opportunity recognition as the key factors to determine the growth of enterprises, there remains an absence of a comprehensive theory to explain which small firms will grow, or how they grow (Bridge et al., 1998).

The literature mainly describes factors thought to influence small business growth in two categories. The first comprises entrepreneurs' characteristics such as behaviour, personality, attitude (Storey, 1994); their capabilities, including education and training that create higher expectations in some industry sectors (Henry et al., 2005); and their social capital which influences access to resources (Brush et al., 2004). Other entrepreneurial factors identified by (Storey, 1994) are previous management experience, family history, functional skills, and relevant business sector knowledge. None of these, though, has been shown conclusively to constitute a universal success factor. The second category of the factors influencing the business growth is the business itself in terms of its structure and goals, the performance of its management, in particular their ability to make rational decisions about its operation (Bridge et al., 1998).

In addition to this, some studies have emphasised the effect of cultural, political, and economic conditions of a country or region on the growth and development of enterprises. (Bridge et al., 1998: 110) have pointed out that "... the triggers for enterprise are found along a continuum from inborn attributes of individuals to complex interrelationships amongst often changing cultural, political and economic conditions at national, regional and regional and local levels". Smallbone and Wyer (2000) also point out that sectoral variations on small firm growth are common because of differences in market trends and competitive activities. Location is another factor. Variation in size, scope and buoyancy of demand in local markets is likely to affect growth opportunities. On the supply side, variation in the cost and availability of labour, premises and services is also influential. Nevertheless, small businesses are often adaptable, employing different strategies to deal with these local variables so that their impact is minimised.

Empirical evidence also suggests that growth orientation does not automatically create actual business growth, but a distinguishing characteristic of high growth businesses is the owner's commitment to expansion. Gibb and Davies (1990) identified the *personality – dominated approach* in which the entrepreneur is regarded as key to business development. A business set up to exploit an identified market opportunity would therefore be expected to have stronger growth orientation than one set up as a result of 'push' factors such as a lack of alternative opportunities. The owner's attitude to risk is another factor, which affects

willingness to use external finance (Brindley, 2005). More recently, the concept of “entrepreneurial capital” has also emerged as one of the contributing factors to the growth of enterprises (Davidsson and Honig, 2003; Lam et al., 2007). Entrepreneurial capital is considered to be the combination of financial and non-financial resources also known respectively as financial and non-financial capital possessed by the entrepreneurs (Firkin, 2003, Lam et al., 2007). Non-financial capital can be identified as including physical, organisational, technological, human, social, cultural, and symbolic capital of business owners.

Growth and Women-owned Enterprises

Despite its significance, not much work had been done to study growth of women-owned enterprises until the launch of Diana project in 1999 (Greene et al., 2003). “Notably absent was an understanding of factors affecting growth” and a lack of cumulative knowledge to adequately conceptualise and build explanatory theories on the growth process of women-owned enterprises (Brush et al., 2006: 4). Most of the work conducted was on women’s motivations to start a business and the subsequent effect of those motivations on growth (Buttner and Moore, 1997; Lerner et al., 1995); effect of their location (urban or rural) on business performance (Merret and Gruidl, 2000); and the effect of the size and sector on business development (Cliff, 1998; Du Reitz and Henrekson, 2000).

Buttner and Moore (1997) and Lerner et al. (1995) highlighted women’s motivations to start their own businesses (self-fulfilment and personal goal attainment, etc.) as the prime reason for women’s low quantitative performance (such as jobs creation, sales turnover and profitability) as compared to men. On the contrary, Carter and Allen (1997) found that access to financial resources and other financial aspects of business had stronger effects on business rather than choice or intention. Chell and Baines (1998) and Boden and Nucci (2000) also argued that women’s lack of human, social and financial capital affects their businesses more as compared to their intentions to start businesses. Selection of strategies that focused on market expansion and new technologies; and willingness to incur greater opportunity costs for the superior performance of their firms were the key factors for the high growth of women-owned business as compared to low or no growth firms as determined by Gundry and Welsch (2001). They also pointed out adequate capitalisation, access to a wider range of financial resources, organised structure, quality control, and earlier planning as the differentiating factors for better performance and growth of the women-owned enterprises.

Under the Diana project, Brush et al. (2004; 2005; 2006) confirmed that “...women often lacked the economic power and the social and family support structure to grow their ventures”, and the lack of adequate childcare might have forced them to keep their businesses smaller and more manageable (Brush et al., 2004: 8). They also found that one of the most important reasons of slower growth of women-owned businesses was that women encounter social structures in work, family and social life that influence development of human and social capital, different from their male counterparts. This lack of appropriate social capital to make meaningful exchanges within business networks limits their opportunities to raise growth capital and other resources crucial for the development and growth of businesses (Brush et al., 2005).

Though, considerable work has been done in the recent years to study the factors contributing/affecting the growth of women-owned enterprises especially under the Diana project, notably absent is the role of social values and cultural traditions in different societies. Bridge et al. (1998) have pointed these to be important factors affecting the growth and performance of enterprises. Since the dawn of civilization, women have been deprived of equal rights as of men in almost every field. Even today the subordination of women in the society prevails in varying extents irrespective of country and culture (Indra and Bharti,

2005). While the degree, the reasons and its impacts may vary, gender discrimination still persists having roots in social systems worldwide (Alila and Paderson, 2001; Dhameja, 2002).

Women Entrepreneurs in Islamic Societies - Pakistan

Though, significant progress has been made by women in the last few decades. Social, economic, political, and technological changes have helped introduce a new social structure which facilitated women's gradual movement to the public arena from the confinement of their homes. The situation in most of the Islamic countries is not the same as in the Western and other developed/developing countries. No matter which class or region Islamic women belong to, their situation relative to men is one of systemic subordination determined by specific patriarchal forces. Two factors especially influence women's occupational roles: the cultural norm of *pardah* (veil) and the notion of *izzat* (honour) (Roomi and Parrott, 2008: 2). *Pardah* has significance as an instrument of sexual segregation and seclusion based on spatial boundaries, where women's activities are confined mainly inside the home while men work outside, or where women's extramural activities are concealed behind the portable boundary of the veil (Papanek, 1982). *Izzat* is the notion that women are repositories of a family's honour, and that their chastity and good reputation, being highly valued, must be guarded (Shaheed, 1990).

Religious prescriptions, cultural norms and actual practices related to a woman's status and role vary widely and are sometimes highly contradictory. "There is considerable diversity in the status of women across classes (the socio-economic status of a woman's family), geographical regions, ethnic origin and the rural/urban divide due to uneven socioeconomic development and the impact of tribal, and feudal, social formations on women's lives" (Roomi and Harrison 2008: 2). For example, additional subordination of women derives from restrictions on spatial mobility (Shabbir and Di Gregorio, 1996). Women are not often permitted to move around freely in some families; from early childhood, they are not allowed to go out of their houses or to mix with males independently. Throughout life, they are protected and discouraged from doing things on their own. However, for others, who are willing to let their women go out and get educated and become active in economic arena, inadequacy of transportation facilities, both private and public, acts as an actual limitation on their physical movement (Roomi and Harrison, 2008).

Despite all these socio-cultural problems, the condition of women is not homogeneous in all Muslim countries. For example, in Pakistan, many women are able to cross these barriers and actively participate in economic activities. Moral support from immediate family members, actual perception of Islamic values regarding women's participation in economic activities, their mobility and access to transport, and their interaction with opposite gender for business can help them growing their businesses (Roomi and Parrott, 2008; Roomi and Harrison, 2008).

Proposed Framework

Based on the above mentioned discussion and previous research (Jovanovic, 1982; Evans, 1987; Basu and Goswami, 1999; Altinay and Altinay, 2006), five sets of explanation were identified for business growth. These sets of explanations focus on entrepreneur's personal resources, firm's characteristics, human resource strategy, entrepreneur's social capital, and social values and cultural traditions. Following hypotheses were developed on the basis of above mentioned discussion:

H1: For women-owned businesses in an Islamic society, business growth depends on the entrepreneur's personal resources.

- H2: For women-owned businesses in an Islamic society, business growth depends on the firm's characteristics.
- H3: For women-owned businesses in an Islamic society, business growth depends on the human resource strategy.
- H4: For women-owned businesses in an Islamic society, business growth depends on the women entrepreneur's social capital.
- H5: For women-owned businesses in an Islamic society, business growth depends on favourable/women friendly social values and cultural traditions.

Research Design and Methodology

The theoretical models developed by Jovanovic (1982), Evans (1987), Basu and Goswami (1999), and Altinay and Altinay (2006) were used to develop the theoretical model as a basis for econometric estimation for this study. It considered purely economic (Jovanovic, 1987), socio economic (Altinay and Altinay, 2006) as well as socio-cultural variables (Basu and Goswami, 1999). The model contained entrepreneur's personal resources, firm's characteristics, social capital, human resource strategy, and socio-cultural values as different blocks of variables and can be presented as follows:

$$y_i = f(x_{i1}, \dots, x_{ij1}, x_{ij1+1}, \dots, x_{ij}, \dots, \epsilon_i) \quad (1)$$

Where y_i refers to business growth for the i th firm, where x_{i1}, \dots, x_{ij1} refer to entrepreneur's personal resources variables ranging from 1 to $J-1$ and x_{ij1+1}, \dots, x_{ij} refer to firm's characteristic variables ranging from $J-1+1$ to J , for the i th firm and so on. ϵ_i is a firm – specific stochastic variable, independent across firms. Basu and Goswami (1999: 59) have partitioned variables into initial factors and expansion strategy variables, as described below:

$$y_i = f(x_{i1}, \dots, x_{ij1}, x_{ij1+1}, \dots, x_{ij1}, x_{ij1+1}, \dots, x_{ij12}, x_{ij12+1}, \dots, x_{ij}, \epsilon_i) \quad (2)$$

The equation 2 is transformed into a double log linear specification for the purpose of statistical analysis as follows:

$$\log y_i = \alpha + \sum_{j=1}^J \beta_j \log x_{ij} + u_i \quad (3)$$

Where $u_i = \log \epsilon_i$ ($i = 1, \dots, N$)

$u_i \sim N(0, \sigma^2)$

and $y_i = (Y_t/Y_s)^{1/(t-s)} - 1$

Y_t refers to the i th firm's sales turnover in period t (which is the last financial year) and Y_s is the sales turnover in the first year after start-up, adjusted for inflation.

The variables included in these blocks are explained in Table 1, which specifies their nature and measurement in detail. It also describes whether these are log or dummy variables. All dummy variables with a prefix D were used to "incorporate qualitative explanatory variables into a linear model" (Altinay and Altinay, 2006: 211), whereas continuous variables represented numerical data.

The study was carried out in Islamic Republic of Pakistan. One thousand and four hundred names of women entrepreneurs were randomly sampled from lists at the Federation of Pakistan Chambers of Commerce and Industry, the Trade Development Authority, the First Women's Bank, and from local directories and yellow pages. Random sampling was employed to minimise biases in the collection of data—although it must be acknowledged that the sample was not representative of a fully broad social spectrum and was mainly comprised of small and medium enterprises, excluding micro enterprises.

The data was collected through a questionnaire which included a mixture of scaled, multiple choice, rank order items, and open-ended questions designed to analyse the factors

influencing growth of women owned enterprises in Pakistan. The questionnaire was sent to 1400 women entrepreneurs across the country. Moreover, the online version of the questionnaire was sent to 900 women entrepreneurs through email with some cross-posting. Initial data was collected through 767 completed questionnaires from all over the country. The key factors influencing the growth of these enterprises were grouped into five categories i.e. entrepreneur's personal resources, entrepreneur's socio-cultural situation, nature of business / firm's characteristics, human resource strategy, and entrepreneur's social capital (Roomi and Harrison, 2008; Altinay and Altinay, 2006; Basu and Goswamy, 1999). Multiple regression analysis was performed using SPSS to test the hypotheses that these groups of factors influence the business growth independently and significantly.

A variety of financial measures have been utilised in the literature to evaluate business growth such as sales revenue (Rosa et al., 1996), the number of employees (Birley, 1987; Birley and Westhead, 1990), profit level (Edleman et al., 2005), and the number of customers (Baldwin et al., 1994). However, for this study, only compound sales growth and compound employment were adopted. One of the main reasons for doing so was the fact that extracting information from entrepreneurs about annual sales turnover and number of employees is considered to be least problematic through structured questionnaire (Rosa et al. 1996; Edleman et al., 2005) as these two are mostly recorded because of the administrative and legal reasons (Rosa et al., 1996; Barkham et al., 1996; Freel and Robson, 2004). Majority of the respondents were reluctant to share information about their customers and profit figures. This confirms the findings of Birley and Westhead (1990) and Edleman et al. (2005).

Based on the method adopted by Altinay and Altinay (2006) and Basu and Goswamy (1999), business employment growth was measured by change in employment since start-up.

$$E_i = E_j (1 + r/100)^a$$

Where E_i is the employment today, which is in year 2007-08, E_j is the employment at start-up, 'a' denotes the number of years since start-up, and 'r' is the compound average growth rate of employment since start-up.

Compound annual revenue growth was measured by change in annual revenue since the end of the first year of business.

$$S_i = S_j (1 + r/100)^a$$

Where S_i is the annual revenue generated in the most recent year, S_j is the annual revenue generated at the end of the first year of business, 'a' denotes the number of years since start-up, and 'r' is the compound average revenue growth rate since start-up.

Please insert Table 1 about here

Depending on the multivariate nature of the relationship between dependent variable (business growth) and independent variables, multiple regression analysis was performed. The main reason for using multiple regression as compared to a simple bivariate analysis was due to the problem of not able to "show one variable's influence on business growth without controlling for the influence of other variables" (Altinay and Altinay, 2006: 212). The F-test was applied to investigate the significance of a block. The purpose of using this method was to test the effect of a all five sets of variables one by one on the growth of women-owned enterprises. After identifying the significance of specific blocks of variables, significance of specific variables was identified through second econometric method. Based on the previous studies (Basu and Goswamy, 1999; Altinay and Altinay, 2006) the Kitchen Sink Model was used and all the listed variables were included as follows to move to a simpler model, for the estimation of regression:

$$\log y_i = \alpha_0 + \beta_1 D_{xi1} + \beta_2 D_{xi2} + \beta_3 \log x_{i3} + \dots + \beta_{26} D_{xi26} + u_i \quad (4)$$

Where D represented a dummy variable and i had a range from 1 to N. In the first stage, all variables were included in the model. The consequent stages involved eliminating the insignificant ones (with P values of greater than 0.9, 0.7, 0.5, 0.3, and 0.1 respectively).

Due to the complexity of the notion of growth, the research question was unfolded in certain categories, as mentioned above. In addition to quantitative findings, an explicatory method was applied as well involving a process of analytic induction by face to face in depth interviews of 50 women entrepreneurs. As explained by Jankowicz, the purpose of the enquiry was to gain sufficient understanding of the situation in order to predict future outcomes (Jankowicz, 2005: 111). Therefore, the method used in this study involved collecting data from women entrepreneurs in Pakistan through structured questionnaire as well as face to face interviews. The qualitative data collected was inductively analysed and interpreted in response to open-ended questions.

Findings and Analysis

Compound Sales Growth

The analysis was conducted for two dependent variables, compound sale growth rate and compound employment growth rate. The ANOVA test for the block of variables showed that entrepreneurs personal resources, entrepreneur's social capital and favourable socio-cultural factors made a significant contribution to the compound sales growth rate of women-owned enterprises confirming H1, H4, and H5. General to specific approach to test the significance of independent variables was applied and the results are presented in Table 2. The White's test and the Lagrange multiplier tests were conducted for the sample's heteroskedasticity (Basu and Goswamy, 1999) and confirmed that the sample was homoskedastic. Whereas, variance inflation factors ratios (VIF) for all the excluded variables at each stage confirmed that the multicollinearity was not a problem for the variables in the model.

The final model/equation for compound sales growth rate based on only those variables having a significance up to 10 per cent was found as below:

$$\text{Compound Sales Growth} = 0.0411 + 0.141 \text{Business Family Tradition}^{**} + 0.297 \text{Previous Work Experience}^{***} + 0.222 \text{Informal Networking}^{**} + 0.199 \text{Moral Support of Immediate Family}^{**} + 0.175 \text{Meeting with Opposite Gender}^{*} + 0.311 \text{Independent Mobility}^{***}$$

(Where * = Significant at 5 per cent, ** = Significant at 1 per cent, *** = Significant at 0.1 per cent, and the variable without * is significant at 10 per cent)

F- value = 58.544*** means significant at 0.001 level, $R^2 = 0.733$, $R^2 = 0.716$, N=739

Please insert Table 2 about here

Table 2 shows kitchen sink model including all the variables. The results for significant variables are illustrated in Table 3. The model has quite a high F-value (46.65*** significant at 0.001 level) with R^2 value of 73.3 per cent. This illustrates that OLS estimation for this model describes 73.3 per cent of the variation in the dependent variable, compound sales growth. The adjusted R^2 is 71.6 per cent, demonstrating that this empirical model can illustrate about 71 per cent sales growth of women-owned entrepreneurs in Pakistan. The absolute values of all the coefficients (β) between 0 and 1 indicate that the functional relationship between the dependent variable and all independent variables, is estimate to be concave (irrespective of being positive or negative). This means that the marginal contribution of each explanatory factor to growth is subject to diminishing returns (Basu and Goswamy, 1999; Altinay and Altinay, 2006).

The equation for compound sales growth shows significant influence of work experience in the same sector and independent mobility (at .001 level), business family traditions, informal networking, moral support of family members (at .01 level), and (able/allowed to have) meeting with opposite gender (at .05 level). The detailed discussion with 50 respondents helped in gaining in-depth understanding of the factors contributing to the growth of their businesses. Women entrepreneurs having business family traditions (immediate family members running their own businesses) and moral support of their family members appeared to be confident and well aware of the problems and issues and expressed that their family members (husband, brother or father) helped them with guidance, advise, providing contacts, and helping in mobilising resources when needed. A couple of the participants of the research stated:

“In the eight years of my entrepreneurial career, whenever I was stuck in a situation or any problem arouse, I knew my father and brother were there, at least to give me an advise, if not for fire fighting”.

“My husband has been running a business for seventeen years. Prior to starting my own four years ago, I worked for him for seven years. The experience I gained, the contacts I made, and the tricks of the trade I learned during those seven years help me almost every day. It gives me confidence and courage to take calculated risks. And I know I can always get a free advise from my husband whenever I need it.”

Please insert Table 3 about here

While living in a society, (which is reluctant to let women actively participate in the mainstream economic activities, though slowly and steadily moving towards it), the importance of family’s moral support was quite evident from their interviews as well. As one of the respondents described as follows:

“The biggest barrier to growth for any women entrepreneur is her male family members if they are not supportive; and they can be her biggest strength if they are supportive of her business activities. I was lucky that my father always supported me. He was the one, who not only appreciated my business idea but also introduced me to a couple of investors for financial resources.”

The literature describes women entrepreneurs’ endowment in financial, human, and social capital as one of the factors restricting their growth (Chell and Baines, 1998; Boden and Nucci, 2000; Brush et al., 2006). However, it also suggests that building and using social capital in an appropriate manner can solve this problem (Brush et al., 2004; 2005). Both the quantitative as well qualitative findings of this study confirmed the same and it was well explained by one of the women entrepreneurs as follows:

“One year before starting my business, I started going to women entrepreneurs networks, attending seminars and training programmes, and consciously meeting other women in business. It took a lot of my time, effort and energy, but I tell you, it was worth it. I got my first investor, first supplier of raw material, and first customer through my contacts I made during that year. The process has not stopped even in the fifth year of my business. I still get my clients, my suppliers and even investors from my contact. I am going to open my fourth branch in two months time with the financial share of someone whom I met at a house warming party”.

The unequal status of women in Islamic societies is due to the connection of gender with various forms of exclusion, although not uniformly so (Roomi and Harrison, 2008). The same is evident in Pakistani society as well. In certain classes, women's interaction with men is only frowned upon and in others it is highly objectionable. Their mobility is also restricted especially for women belonging to middle and lower middle class. Women in the upper class have access to private transport means and there are very few families who put restrictions on their mobility. For the lower classes, it is a matter of economic survival and most of the women are part of the mainstream economic activities. The study showed that women's independent mobility was highly significant (at .01 level) and meeting with opposite gender was significant (at 0.1 level) factor contributing to the sales growth of their businesses. A couple of the interviewees appreciated the importance of these factors as follows:

“Any woman entrepreneur's family has to trust her as far as meeting with opposite gender is concerned. Until she has restrictions on her mobility and access to other business owners (most of whom are men), it is near to impossible to develop and grow her business. The only other option left is to jump on the band-wagon and work in traditional women based businesses where margins are quite low and competition is cut throat”.

“You ask me about the secret of my success. There could be many but the most important of them all is, the trust my husband has in me. Never he has put any restriction on my mobility or my interaction with men.”

Compound Employment Growth

The ANOVA test for the block of variables for compound employment growth rate as dependent variable also showed that entrepreneurs personal resources, entrepreneur's social capital and favourable socio-cultural factors made a significant contribution confirming H1, H4, and H5. General to specific approach to test the significance of independent variables was applied and the results are presented in Table 4.

Please insert Table 4 about here

The final model/equation for compound employment growth rate based on only those variables having a significance in the range of 0 to 10 per cent was found as below:

*Compound Employment Growth = -.0527 + 0.331 Educational Qualification*** + Employee Incentives* + 0.288 Informal Networking** + + 0.219 Trust*** + 0.181 Moral Support of Immediate Family** + Meeting with Opposite Gender**

(Where * = Significant at 5 per cent, ** = Significant at 1 per cent, *** = Significant at 0.1 per cent, and the variable without * is significant at 10 per cent)

F- value = 52.144*** means significant at 0.001 level, $R^2 = 0.687$, $R^2 = 0.668$, N=739

Table 4 shows kitchen sink model including all the variables. The results for significant variables are illustrated in Table 5. The model has even higher high F-value than the model for compound sales growth (52.14*** significant at 0.001 level) with R^2 value of 68.7 per cent. This illustrates that OLS estimation for this model describes 68.7 per cent of the variation in the dependent variable, compound employment growth. The adjusted R^2 is 66.8 per cent, demonstrating that this empirical model can illustrate about 67 per cent employment

growth of women-owned entrepreneurs in Pakistan. As same as for the compound sales growth, the absolute values of all the coefficients (β) between 0 and 1 indicate that the functional relationship between the dependent variable and all independent variables, is estimate to be concave (irrespective of being positive or negative). This means that the marginal contribution of each explanatory factor to growth is subject to diminishing returns (Basu and Goswamy, 1999; Altinay and Altinay, 2006).

Please insert Table 5 about here

Three of the variables, informal networking, moral support of immediate family and meeting with opposite gender have significant influence on both the compound sales and employment growth rates. Other factors include educational qualifications, employees incentive and presence of trust, which is an important variable for building and maintaining social capital contributing to access, mobilise and generate human and financial resources needed to develop and grow a business in the long run (Boden and Nucci, 2000; Brush et al., 2004; 2005; 2006; Deakins et al., 2007). One of the respondents explained her experience as follows:

“I believe that one of the most important aspects to make one’s business successful is by building trust with other stakeholders, be it suppliers, employees, existing customers or potential clients. Once I was able to develop trust, other things were easy to follow”.

One of the reasons for educational qualifications being an important influencing factor for compound employment growth could be deducted from the following statement:

“I completed my degree in management from the University and learned that building powerful teams was one of the most effective ways to achieve success in business. From the very beginning of my business, I looked for the best talent in the industry and those creative and innovative people never let me down”.

A number of respondents talked about employee incentives and termed them as a win-win situation to retain valuable human capital. One of them considered it as the most valuable tool to restrict brain drain as follows:

“It takes at least 6 to 9 months to train an employee, especially for technical jobs. I always try to save those expenses, an above all my time and energy. I give all my employees lucrative incentives, sometimes even the shares of my business, to retain them and make them an effective and efficient stakeholder in my business, and I know it works”.

It is worth notable that in this study, blocks of variables on entrepreneur’s social capital and favourable socio-cultural factors were proved to be highly significant contributing factors in the growth of both sales and employment rates of women-owned businesses. Whereas, other factors considered to be significant in the previous studies such as entrepreneur’s characteristics including behaviour, personality, attitude (Storey, 1994), location (Smallbone and Wyer, 1990; Merret and Gruidl, 2000), business age (Burns, 2007), size (Grant, 1998; Cliff, 1998), sector (Du Reitz and Henrekson, 2000; Johnston et al., 2005) as well as age of the entrepreneur could not proved to be significant influencing factors in the growth of women-owned enterprises.

Conclusions and Implications

This study, based on two econometric approaches, first by classifying variables into pre-determined blocks and then using the general to specific approach (Basu and Goswamy, 1999; Altinay and Altinay, 2006), illustrates the factors contributing to the growth of women owned businesses in Islamic Republic of Pakistan. This ground breaking work fills the gap in the literature of women's entrepreneurship development in Islamic societies. It finds six important factors each for both the sales as well as employment growth of women owned businesses with an overlapping of three factors, namely, informal networking, moral support of immediate family and independence to have meetings with opposite gender. This confirms that socio-cultural variables plays an important role in the growth of women owned enterprises in Pakistan. Women entrepreneurs do not enjoy the same opportunities as men due to a number of deep-rooted discriminatory socio-cultural values and traditions. Only few of them receive encouragement from immediate male family members, resulting in limited spatial mobility and a dearth of social capital for others (Roomi and Parrott, 2008). Women whose husbands and families tend to be less discouraging and those who can afford to have private transportation means for spatial mobility, undoubtedly have an advantage over others.

The study also found educational qualifications, employee incentives, and trust as important contributing factors to compound employment growth. Whereas, business family traditions, work experience in the same sector, and independent mobility were other factors being important for the growth of enterprises. This fortifies the findings of previous studies (Storey, 1994; Henry et al., 2005) that education and work experience are important factors for the growth of enterprises. However, the unique contribution of this paper is the identification of socio-cultural variables affecting or contributing to the growth of women-owned enterprises in Islamic countries. The qualitative analysis authenticates the quantitative findings of the multivariate analysis as well, strengthening the case for building and using social capital as well as favourable socio-cultural conditions for women's entrepreneurial growth. In addition, the findings of human capital as a vital factor, as measured by educational qualification and work experience in the same sector reinvigorates the need for development of human capital as national level, especially for women.

The findings also suggest that most of the women entrepreneurs are concentrated in low growth oriented, services, handicrafts and textiles sectors. They operate in the local market, where most of their customers are women. This is in line with women's enterprises in other Islamic countries, where the initial investment is relatively small as life experiences, hobbies and interests develop into fledgling businesses (Al-Riyami et al., 2003; Roomi and Parrott, 2008). Either they tend to remain small or face enormous problems because of endowment in their entrepreneurial (financial, human and social) capital. Only some of them, who are ambitious, creative, innovative as well as lucky enough to have adequate human capital, support of their immediate family members, and are able to access, mobilise or generate resources, cross the barrier and grow their businesses.

There are quite a few implications of the findings of this pioneering work. Firstly, there should be the 'true interpretation' of the status of women in an Islamic society. There is a need to change the current thinking at school level to promote the inclusion of women in economic activities. This would help by changing the stereotypical images of women in society and encourage family support and help. Thereby encouraging young women to develop entrepreneurial ambitions. Secondly, there is a pressing need to change the current public transport system. Government should take the lead in revising the provision of these services, thereby enabling more women to access transport services allowing them to travel more freely in the course of running their enterprises. Thirdly, print and electronic media should play its role of portraying the appropriate images of a modern 'Muslim woman' (who

has the right to acquire knowledge through education, right to own property and the right to manage their own enterprises). This could be facilitated by publishing images of inspirational and positive role models of successful women entrepreneurs. This would not only provide a source of inspiration for women to make specific career choices, but will also create an environment for family members to provide encouragement as female entrepreneurs seek to establish enterprises.

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Table 1
Independent Variables

Variables	Abbreviation	Name of Variable and Transformation
Entrepreneurs' Personal Resources		
Business entry decision	DENTMOT	Dummy variable if negative motives influence business entry decision = 1 otherwise = 0
Business family tradition	DFATH	Dummy variable Businessman/trader = 1 otherwise = 0
Age at business entry	AGENT	Age at business entry
Educational qualifications	DGRAD	Dummy variable Degree holder =1 otherwise = 0
Competent in English (official language)	DLANG	Dummy variable fluent in English = 1 otherwise = 0
Work experience in the same sector	DEXP	Dummy variable Yes =1 otherwise = 0
The Firm's Characteristics		
Business location	DENTLOC	Dummy variable in the least deprivation Index = 1 otherwise = 0
Business age	AGE	Business age
Legal status at start	DLIMIT	Dummy variable Limited Company = 1 otherwise = 0
Entrepreneur's Human Resource Strategy		
Delegation of functions to non-family members	DOUT	Dummy variable delegation of more than 3 Function (of 6) = 1 otherwise = 0
Employee business training	DTRAIN	Dummy variable if invested in employee Business training = 1 otherwise = 0
Employee incentives	DINCENT	Dummy variable if invested in employee Incentives = 1; otherwise = 0
Formal Recruitment	DFORMR	Dummy variable most favourable recruitment method is formal = 1; otherwise = 0
Entrepreneur's Social Capital		
Help of close relative(s) in business	DCLSRETV	Dummy variable Yes = 1 otherwise = 0
Help of friend(s) in business at start-up	DFRNDS	Dummy variable Yes = 1 otherwise = 0
Membership of formal groups	DMFGP	Actual number
Importance of informal networking	DINFNTG	Dummy variable Yes = 1 otherwise = 0
Participation in community activities	DPCOMACT	Dummy variable Yes = 1 otherwise = 0
Getting along with ...(trust)	DGETTST	Dummy variable Yes = 1 otherwise = 0
Business advise from friends, family....	DBSADVS	Dummy variable Yes = 1 otherwise = 0
Socio-Cultural Values and Traditions		
Moral support of immediate family	DMORSUP	Dummy variable Yes = 1 otherwise = 0
Awareness of Islam's actual perspective	DARISLAM	Dummy variable Yes = 1 otherwise = 0
Meeting with opposite gender	DINTMEN	Dummy variable Yes = 1 otherwise = 0
Independent Mobility	DINDMOB	Dummy variable Yes = 1 otherwise = 0
Availability of personal transport	DPTRSPT	Dummy variable Yes = 1 otherwise = 0
Overnight stay for business	DONTSTY	Dummy variable Yes = 1 otherwise = 0

(Adapted from Basu and Goswamy, 1999; Altinay and Altinay, 2006)

Table 2
Kitchen Sink Model Equation I (Includes All Variables)

Coefficient Table				
No.	Variable	β	t	Sig.
	Constant	0.018769978	0.432	.783
1	Business entry decision	-0.058657421	-.444	.419
2	Business family tradition	0.187650437	2.014	.001
3	Age at business entry	0.015653987	.329	.421
4	Educational qualifications	0.047689365	.296	.337
5	Competent in English (official language)	-0.069834787	-.674	.575
6	Work experience in the same sector	0.197859898	6.682	.000
7	Business location	0.065676583	.487	.184
8	Business age	-0.056007650	-.191	.719
9	Legal status at start	0.043498974	1.256	.329
10	Delegation of functions to non-family members	0.234354554	.905	.227
11	Employee business training	-0.065367543	-2.776	.765
12	Employee incentives	0.098798767	1.648	.662
13	Formal Recruitment	0.235325675	1.696	.564
14	Help of close relative(s) in business	0.076767690	.441	.298
15	Help of friend(s) in business at start-up	-0.065776892	-.764	.624
16	Membership of formal groups	-0.005667987	-.561	.454
17	Informal networking	0.198987245	5.540	.000
18	Participation in community activities	0.165472735	2.265	.207
19	Getting along with ...(trust)	0.145987568	.911	.455
20	Business advise from friends, family....	-0.023839730	-.369	.581
21	Moral support of immediate family	0.118475923	2.998	.000
22	Awareness of Islam's actual perspective on WE	0.023683248	.539	.281
23	Meeting with opposite gender	0.186518765	1.125	.001
24	Independent Mobility	0.289874539	.877	.000
25	Availability of personal transport	0.098675547	.290	.090
26	Overnight stay for business	0.002344574	.117	.783

Dependent variable is compound sales growth since start-up

Table 3
Kitchen Sink Model Equation II (Excludes Variables with P>0.10 in Equation I)

Coefficient Table				
No.	Variable	β	t	Sig.
	Constant	0.041148	3.98	.008
2	Business family tradition	0.141675	4.98	.006
6	Work experience in the same sector	0.297387	5.65	.000
17	Informal networking	0.222476	5.69	.002
21	Moral support of immediate family	0.198768	8.65	.001
23	Meeting with opposite gender	0.175185	3.97	.023
24	Independent mobility	0.311445	7.12	.000

Dependent variable is compound sales growth since start-up

Table 4
Kitchen Sink Model Equation III (Includes All Variables)

Coefficient Table				
No.	Variable	β	t	Sig.
	Constant	0.078534456	0.645	.467
1	Business entry decision	-0.086765459	-.734	.272
2	Business family tradition	0.185654544	2.674	.058
3	Age at business entry	0.026765654	.426	.868
4	Educational qualifications	0.199767852	2.879	.000
5	Competent in English (official language)	0.024834676	.558	.042
6	Work experience in the same sector	0.117645468	2.217	.008
7	Business location	0.023874678	.243	.387
8	Business age	-0.002657890	-.277	.291
9	Legal status at start	0.047565975	.376	.562
10	Delegation of functions to non-family members	-0.039871234	-1.983	.065
11	Employee business training	0.003464571	.298	.512
12	Employee incentives	0.074645474	1.127	.013
13	Formal Recruitment	0.465758432	1.992	.029
14	Help of close relative(s) in business	-0.017354758	-1.002	.301
15	Help of friend(s) in business at start-up	-0.004576849	-.449	.817
16	Membership of formal groups	-0.005765686	-.265	.761
17	Informal networking	0.127657558	2.567	.002
18	Participation in community activities	0.427365464	1.388	.029
19	Getting along with ...(trust)	0.290199283	4.365	.000
20	Business advise from friends, family....	0.011897239	.112	.816
21	Moral support of immediate family	0.298091876	2.992	.000
22	Awareness of Islam's actual perspective on WE	0.026454786	.427	.311
23	Meeting with opposite gender	0.217564365	1.198	.003
24	Independent Mobility	0.225436782	.619	.004
25	Availability of personal transport	0.026534742	.318	.096
26	Overnight stay for business	0.032765432	.425	.662

Dependent variable is compound employment growth since start-up

Table 5
Kitchen Sink Model Equation IV (Excludes Variables With $P > 0.10$ in Equation III)

Coefficient Table				
No.	Variable	β	t	Sig.
	Constant	-0.052745	-2.34	.005
4	Educational qualifications	0.331476	7.87	.000
12	Employee incentives	0.074645474	1.127	.021
17	Informal networking	0.288243	6.14	.002
19	Getting along with ...(trust)	0.219231	3.98	.000
21	Moral support of immediate family	0.181487	2.16	.002
23	Meeting with opposite gender	0.196787	1.787	.034

Dependent variable is compound employment growth since start-up