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# The growing strength of rural women micro-entrepreneurs in Latin America and the Caribbean

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## KEY WORDS

Rural microenterprises  
Women  
Jobs  
Income  
Gender  
Rural development

Whether these small rural businesses manage to become consolidated enterprises depends on a combination of factors related to business performance and structural aspects such as the development of rural economies, the availability of public goods and services, market access, the performance of labor markets and gender-related disparities. One of the most important factors is how well organized a group of producers is and how it manages its productive activities. However, few countries have national policies and strategies intended to support small businesses and institutions that assist them in their endeavors. Not surprisingly, only a small number of initiatives manage to grow and consolidate their position in increasingly competitive markets.

To illustrate the ground that small rural women's enterprises have gained since the 1990s, and give the reader some idea of their potential, it is worth looking at three interrelated factors.

- a) The **modernization** of agriculture in the 1980s, to which rural women contributed as food producers. This, however, took place as primary agriculture was increasingly becoming a precarious activity, women were taking on the role of heads of household and rural poverty was becoming feminized (ECLAC, 2002).
- b) The **complexity of the process** via which large numbers of women have been integrated rapidly into labor markets in LAC, particularly in rural areas, but not on an equal footing. There is a marked tendency for rural women to engage in non-agricultural activities.

## *More visible but still not receiving the recognition they deserve*

**O**rganized groups of rural women producers devoted to agricultural and other activities are now commonplace. In some cases, it is women who manage the initiatives; in others, women play a key role in small, family-run businesses or enterprises.

When rural women work in the informal sector, it is generally regarded as a survival strategy and as the feminization of rural poverty. In fact, women micro-entrepreneurs are involved in a wide variety of situations and contexts, both in rural areas and throughout their respective countries.

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- c) The “novelty” of self-employment opportunities, with women setting up small businesses or rural enterprises in labor markets that reproduce gender disparities that work against them. Gender is also a major cultural factor in terms of the practice and values of women as entrepreneurs, in contrast to the traditional construct of business as a male-dominated field.

### *Women in agriculture*

The recognition of rural women’s contribution to agriculture and the rural milieu is a much more recent development than some care to admit. It was not until the 1970s, when the United Nations declared the “Decade of Women” and the debate on the crisis in development gave rise to structural adjustment programs, that certain efforts were made to establish the participation of women in issues that were of national concern.

Those first efforts, based on the “women in development approach,” resulted in investments being channeled toward them and their being included in the agendas of development institutions. However, the projects and programs implemented with the women in development approach were aid-oriented and urban-centric, and designed to make up for the handicaps they faced. This did little to foster the inclusion of rural women in more dynamic development processes on equal terms or to establish their true contribution as part of the economically active population (EAP) in domestic economies.

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Years later, an IICA study on the contributions made by women food producers in 18 countries in the region highlighted the continued invisibility of the work of rural women in LAC (Kleysen and Campillo 1996). The study revealed that many women who worked on small family agricultural units were not even considered part of the EAP and their contribution to agricultural production was underestimated in the figures for the manpower involved. The assumption was that women’s contribution on family plots or farms was an extension of their domestic work, for which they received no remuneration. As they were not paid a wage, their activity was not included as work in official estimates of economic activities. The study estimated that the contribution of women was between 1.25 and 5 times greater in the Central American countries in the 1990s than official figures suggested.

Although the invisibility and underreporting of rural women’s contribution to agriculture are long-standing problems, the structural adjustment programs in the 1980s and the modernization of rural areas and agriculture created new conditions for rural women in LAC.

Small-scale primary agriculture has declined or deteriorated and large-scale agribusinesses based on traditional agricultural products have undergone a process of modernization. At the same time, labor mobility has intensified, with the rural population migrating to other national and international labor markets and more schooling becoming an increasingly important factor for young people in rural areas. Furthermore, the efforts to breathe new life into small-scale agriculture by adding value are being stepped up. Non-agricultural activities such as tourism (in its different forms) are also on the rise and rural economies are diversifying through the preservation of environmental resources.

In this new context, there is clear evidence of the feminization of the countryside, with women increasingly being forced to assume the role of head of the household, in addition to the key role they play in subsistence farming or small-scale family agriculture (with surplus production being sold). Furthermore, one of the biggest changes that took place in the 1980s was the increase in the integration of rural women workers into the production of nontraditional

products for export and into the services sector, as employees, self-employed workers or people who combine agricultural work with other income-producing activities. There was a sharp increase in the incorporation of women into the workforce in the 1980s<sup>2</sup>, in a relatively short period of time and on markedly unequal terms.

### *The integration of rural women into non-agricultural activities*

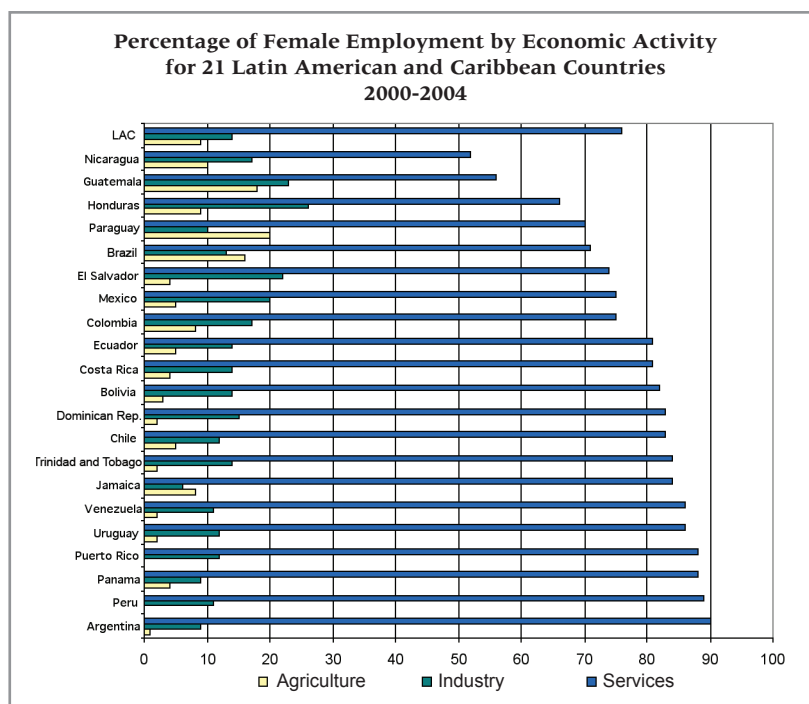
**Chart 1** shows the trend in women's participation in different economic activities during the period 2000-2004. In particular, there was a growing tendency for women to participate in economic activities other than primary agriculture, such as industry and the

services sector. Women's roles in production clearly became more diversified. Nonetheless, it is difficult to make a realistic comparison of the increase in women's participation in production due to the underemployment of women in previous years.

By 2006, rural women in LAC accounted for nearly 44% of the non-agricultural EAP, but only 27% of the agricultural EAP. However, the importance attributed to non-agricultural jobs is due to the quality of the income, which complements earnings obtained from agricultural activities but does not replace them (IICA 2006).

The integration of women into the labor market may have begun speeding up in the 1980s but in rural labor markets they remain at a clear disadvantage as far as their male counterparts are concerned.

**Chart 1**



Source: World Bank 2006

<sup>2</sup> The integration of rural women into the labor market was a turning point in the 1980s, difficult to measure because they worked mostly in the informal sector. This trend had already been observed in earlier years.

*Women themselves frequently state that their involvement in small productive organizations is due to the flexibility that such enterprises offer, allowing them to combine income generation with domestic and reproductive tasks.*

Although gender gaps have narrowed over the last decade, the rates of open unemployment for women remain significantly higher than those for men<sup>3</sup>.

**Chart 2** shows the trend in the gap between the rates of male and female rural unemployment for the period 1995-2000. Women may be playing a bigger role in rural economic activities but it has not necessarily improved their lot.

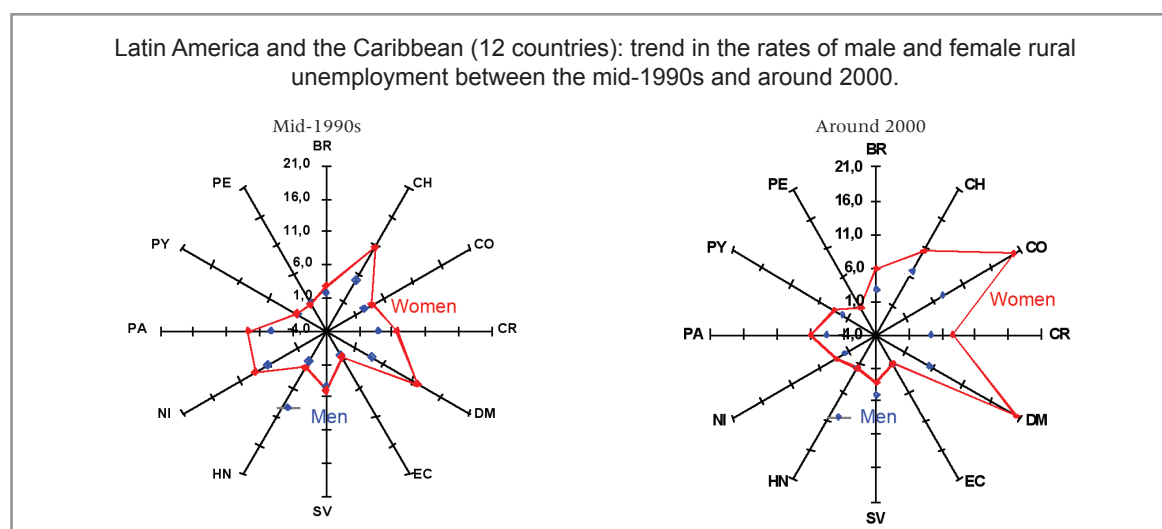
In the circumstances, it is reasonable to assume that women are more inclined to create new enterprises, self-employment initiatives and small businesses because of the unfavorable conditions they face in labor markets.

While the relationship between the greater participation of women in small rural businesses (SRB) and the inadequate, disparate conditions in labor markets may not necessarily be one of cause and effect, complex gender-related factors do come into play when men and women have to decide for which economic sector to opt. The structural conditions of labor markets do not take into account nor solve the problem of the reproductive tasks of rural women workers, so women must find a practical solution to the daily dilemma they face.

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This has not increased women's income, nor resolved the structural gender disparities that affect them. What it shows is the fine line that separates the development of microenterprises from the opportunities generated by labor markets. When markets fail to create an enabling environment or offer rural women workers ways of performing their reproductive tasks, subcontracting and income generation in the informal market become more attractive options. Underestimating women's work via different mechanisms (including the reproductive tasks that rural women must perform) is a handicap to rural women workers gaining access to sectors that are more productive. It is no coincidence that the highest rates of indigence and rural poverty are to be found among female salaried agricultural workers, subsistence agricultural producers, income-producing entrepreneurs and members of indigenous communities (Portilla and Avendaño 2005).

**Chart 2**



Source: Prepared using IDB data (2003)

<sup>3</sup> The same report notes that El Salvador is the exception, where this indicator fell to a lower level than the figure for men.

*Women are generating new concepts of rural entrepreneurship*

Despite the contradictions described above, the growing number of women managing small rural businesses (SRB) constitute not only a practical solution to an unmet need but an alternative for greater economic and social inclusion accompanied by major innovations.

Women's participation in business activities makes them more self-aware and they come to realize the importance their productive role, because it generates new values and ideas about business practices. All business activities involve a certain degree of planning and management but the experiences of women entrepreneurs are particularly interesting because they are required to perform a multifunctional role. Both the simplest and most complex women's enterprises (networks, corporations and consortia) tend to establish mechanisms that place emphasis on the well-being of families (health, housing, credit, etc.) as benefits that go hand in hand with the organization of business and productive activities.

The above undoubtedly poses complex challenges in terms of the policies and investments required if these small businesses are to turn a profit. Certain examples demonstrate that adjusting mechanisms and investments can tap the potential of women in the different areas of business development. Women have become the main clients of micro-finance institutions and programs worldwide, such as the Grammeen Bank in Bangladesh, whose initiatives have been replicated with the same success in countries all over the globe (Latifee 2006). In LAC, it is harder for rural women to obtain formal credit than men and to register goods in their name for use as collateral. On the other hand, it has been shown that when credit actually reaches women through alternative microfinance mechanisms, they are excellent credit recipients.

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the social and economic constructs of what being "successful" in business means, which influence the models, instruments and resources used to develop enterprises.

Far from being gender-neutral, many of the instruments used today to encourage the development of business skills are male-biased and based on pre-established relationships between public (productive) activities and private (reproductive) activities that view the latter as less important than, and dependent on, the former.



*Small businesswomen are not simply workers trapped in the informal sector or entrepreneurs unable to make a living.*

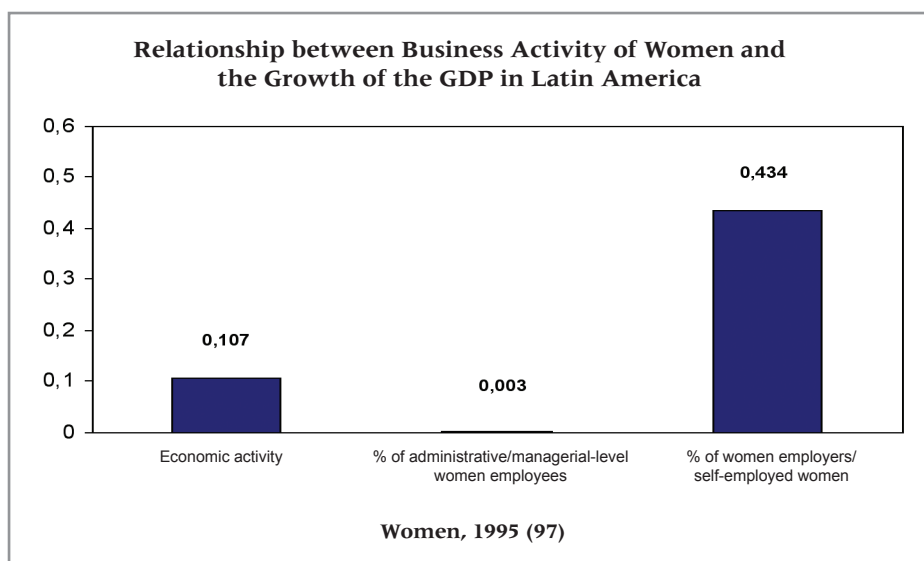
From a different perspective, studies like that of Weeks and Seiler (2001) shed light on novel aspects of the economic potential of businesswomen, even at the level of domestic economies. One of the main conclusions of this study is that when micro-enterprises run by women are efficient and do well, there tends to be a positive relationship between self-employed women entrepreneurs and women employers and the growth of gross domestic product, as illustrated in **Chart 3**.

Consequently, small businesswomen are not simply workers trapped in the informal sector

or entrepreneurs unable to make a living. Like other micro-entrepreneurs, their work is the only basic productive factor that the vast majority of rural businesswomen possess, and it needs to be strengthened by giving them access to, and the use of, goods and services adapted to their needs.

Capacity building and financial organization can enhance the potential of rural women involved in small businesses. However, access to public goods and productive assets is a determining factor if they are to make the qualitative leaps that will unleash their true potential.

**Chart 3**



Note: Percentages derived from companies with computers

Source: Weeks and Seiler 2001

## *Final considerations*

To tap the potential of small rural businesses as generators of substantive economic and social opportunities, it is necessary to analyze the trends in rural and urban labor markets. However, there are disparities in the integration of rural women workers into labor markets that undermine their human development and the productivity of economic activities. But these are the conditions under which rural businesswomen must struggle to find new work options, through innovative initiatives that could be underpinned by public and private institutions.

The consolidation of these efforts poses two key challenges:

1. Promotion of the organization of rural women producers at levels that substantially increase their opportunities and benefits, and their impact on the economic development of territories (i.e., networks, consortia, corporations).
2. Formulation and management of differentiated policies, strategies and investments designed to consolidate the different types and groups of small businesses, including investment in capacity building and public goods and services at the territorial level.

*A coordinated effort of this kind would do far more to turn small businesses run by rural women into dynamos of rural economies than poverty alleviation mechanisms.*

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## Resumen / Resumo / Résumé

### **La creciente fuerza de las microempresarias rurales en América Latina y el Caribe**

**L**as microempresarias rurales forman parte de la renovada geografía humana de actores sociales y agentes económicos que han sobresalido en las últimas dos décadas en la región. Pese a una serie de condiciones desventajosas que día con día enfrentan, las empresas de mujeres parecen estar

contribuyendo no sólo a generar empleos e ingresos en el medio rural, sino a la creación de nuevos conceptos en torno al potencial de la pequeña empresariedad en América Latina y el Caribe (ALC). Este documento brinda algunos elementos para una mejor comprensión del contexto en que la mujer microempresaria gana visibilidad, lo cual permite dimensionar el potencial de estos pequeños negocios rurales para la superación de patrones de desarrollo asimétricos.

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### **A força crescente das microempresárias rurais na América Latina e do Caribe**

**A**s microempresárias rurais formam parte da renovada geografia humana de atores sociais e agentes econômicos que vêm se destacando nas duas últimas décadas na região. Apesar de enfrentarem diariamente uma série de condições desfavoráveis, as empresas de mulheres parecem estar contribuindo não

apenas para a geração de emprego e renda no meio rural, mas para a criação de novos conceitos quanto ao potencial do pequeno negócio na América Latina e no Caribe (ALC). Este documento mostra alguns elementos que ajudam a compreender melhor o contexto em que a mulher microempresária ganha visibilidade, o que permite dimensionar o potencial dos pequenos negócios rurais para superar padrões de desenvolvimento assimétricos.

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### **La force croissante des microchefs d'entreprise rurales en Amérique latine et des Caraïbes**

**L**es microentreprises rurales font partie de la nouvelle géographie humaine d'acteurs sociaux et d'agents économiques qui sont apparus au cours des deux dernières décennies dans la région. Malgré une série de conditions désavantageuses auxquelles sont confrontés les entreprises dirigées par des femmes, celles-ci

semblent contribuer non seulement à créer des emplois et des revenus en milieu rural, mais aussi à faire naître de nouveaux concepts au sujet du potentiel de la petite entreprise en Amérique latine et dans les Caraïbes. Le présent document apporte quelques éléments visant à faire mieux comprendre le contexte dans lequel la femme chef de microentreprise acquiert une visibilité, ce qui permettra d'évaluer dans quelle mesure ces petites entreprises rurales peuvent aider à dépasser les modèles de développement asymétriques.