

## Small and Medium Enterprise for Women Entrepreneurs in Taiwan

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**Abstract:** Women represent about 40% of the total labor force in Taiwan. The majority of women employment is concentrated in manufacturing and service sector such as commerce and social or personal community work. Small and medium enterprises in Taiwan accounted for 97.8% of the total enterprises and employed about 78% of the total work force. Small and medium enterprises have played a crucial role in economic development of Taiwan. There is also lack of sufficient research on women's role in small and medium enterprise development on women entrepreneurs. Women owned small and medium enterprises in Taiwan are on a small scale were 81.6% women employers employ 2-9 persons and 13.2% employ 10-29 persons. This paper proves that almost many women employers as their male counterparts owned larger firms that employ up to 200-499 persons, suggesting that women entrepreneur are capable as men running a business. From findings also suggests that women in middle ages, between mid-30s and mid-40s, are more likely to set up their own businesses. In conclusion, with resounding economic policies at macro and micro would create a room for financial institutions to give loans to women entrepreneurs to invest in small and medium enterprises for healthy economic growth.

**Key words:** Women entrepreneurs • Small • Medium • Enterprises • Taiwan

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### INTRODUCTION

The population of the Taiwan area was 22,689,000 according to December, 2004 census report. The population density was 626.98 people per square kilometer. The Tropic of Cancer passes through Hualien, Chiayi and Penghu, creating two distinct climatic zones in Taiwan. The south of Taiwan is tropical and the north is subtropical. Both regions are typically hot (averaging 20 degrees Celsius), rainy and subject to seasonal typhoons. Seasonal distinctions are moderate and the chances of freezing temperatures or snowfall are remote. Economic liberalization and internationalization are the administrative principles of the government. From the 1950s, when Taiwan strived to develop labor-intensive light industries to substitute imports in the 1980s an era of internationalization during, which the emphasis was on technology orientation and internationalization, the island develop foundation positioned to advance in the direction of becoming high-value-added manufacturing and logistics center [1]. With the international economy warming up once again, Taiwan's general economic situation is gradually stabilizing and the island is displaying greater advantages than ever in the areas of

industry, innovation, research and development, human resources, geography, culture, transportation and communications [1, 2]. Women represent about 40% of the total labor force in Taiwan. The majority of women employment is concentrated in manufacturing and service sector such as commerce and social/personal community work. Small and medium enterprises have played a crucial role in the economic development of Taiwan and women have contributed immensely to the success of small and medium enterprises to build the economy [3]. However, official statistics seldom have gender-desegregated data on women in relation to small and medium enterprises. There is also a lack of sufficient research on women's role in small and medium enterprise development on women entrepreneurs. The performance of Taiwanese businesspersons is as good as their counterparts in the developed societies such as the United States and Canada [3-4]. However, official statistics indicate that women employers and women own-account workers have been steadily increasing over time, suggesting that more women are likely to become entrepreneurs [4]. Therefore, one objective of this paper is to examine the contributing role of women entrepreneurs in small and medium enterprise for economic development in Taiwan.

## REVIEW OF LITERATURE

**Definition of Women Entrepreneurs:** Women entrepreneurs in Taiwan are in three broad socio-economic categories: women employers, women own-account workers and bosses wives referring to those women who normally hide behind their husbands but are the real managers of their husbands' businesses [5]. Women employers refer to those women who provide paid-work opportunities to employees. Women own-account workers are those self-employed business owners who do not hire employees. However, the so-called "bosses' wives" are not included in the official statistics, yet they are common existences in the society. "Bosses' wives" are often behind-the-scene operators of small and medium enterprises in Taiwan. Although they are normally without wages, most of them in fact are half owners and half managers in their husband's' companies. When examining the statistical data on women entrepreneurs, it is necessary to state at on set that essential statistics concerning various elements of women entrepreneurs are unfortunately not available in Taiwan [5, 6]. According to Tsai [7] lacking statistics on women entrepreneurs in Taiwan is not an isolated phenomenon, it is a particular negligent of the government not compiling the relevant data, given the enormous economic contribution the small and medium enterprises have offered to the economy and the role women are playing in economic development. However, small and medium enterprise taking as umbrella body analyzing their contribution to Taiwan's economic development. This negligent reflects in the absence of the official data on women entrepreneurs. Checking through the available official statistics and census data, women entrepreneurs are forgotten group. However, a few published statistics-mainly the numbers of women employers and women own-account workers, the educational attainments and the age groups of women employers and women own-account workers and the employment size of companies owned by women employers- can still provide us with some clues about women entrepreneurs in Taiwan [8].

**Women Entrepreneurship in Taiwan:** After examining, some useful statistics concerning women entrepreneurs this section will look at business start-up process for women who want to set up businesses. It will shed light on characteristics of women entrepreneurs in Taiwan in the area of organizational structure, management style, training needs of women entrepreneurs. Moreover, it will also discuss a prevailing special phenomenon in Taiwan

the so-called "boss's wives"- which are indeed hidden women entrepreneurs in Taiwan. It has clearly spelt out that, this study conducted primarily on secondary data.

**Start-up Process:** Women entrepreneurs for business start-up for most women employers, women own-account workers and women unpaid family workers are in the middle-aged groups where majority of women entrepreneurs belong to this category of age [7-8]. As most women in middle age group already become mothers for many years, it is time for them to consider returning to work again or it may be too late to join the labor market. In the case of work flexibility, many married women do not prefer to work when thinking of the desire to have more flexible job in order to look after work and domestic duty, particularly child-care commitments. The fragility to choose working hours was therefore particularly attractive for women. Some studies cited that women wanting to spend more time with their family as a reason for setting up their own business. Being an employer or self-employed offers such flexibility as this would better build the capacity of women to manage their own businesses effectively and efficiently and take decisions without the influence of outsiders [4]. According to literature to gain, autonomy is an important reason for women to set up their own business. Many women entrepreneurs influence by the idea of being one's own boss. According to literature, women expressed their desire for independence at different stages of their livelihood. Economic necessity and profit seeking considered as driving force behind setting up business. In order to gain, more financial reward, many women decide to start up their own businesses. According to previous studies pointed out that "glass ceiling" is a major motivating factor for women to create their own business. There exist enormous frustrations for many women in the employment sectors due to patterns of occupational segregation and restriction to top positions. To establish business and become a boss would give women entrepreneurs an important sense of self-esteem and self-achievements [7]. Who iterated that high social status is very important to start up business rather to be head of a chicken than tail of an ox" is a famous Taiwanese proverb, which captures very well the prevailing sentiment of entrepreneurship in Taiwan. Such entrepreneurship spirit is the basis for rapid development of small and medium enterprise in Taiwan for the past decades. For both men and women in that society, it is better to be in a dominant position rather than commanded for high social status of being a "boss" is so irresistible [8-9]. The society generally regards boss as

powerful and influential and such image results in some women who wants to become bosses either by the form of self-employed or being employers. However, lacking capital is a common as women encounter some hitches as when they want to start their own business. Securing a loan is therefore a common way that women entrepreneurs solve their capital problem. Thus, women in Taiwan apart from using personal savings prefer to borrow money from their parents, their husbands, their friends or informal network to start-up business as using loans from relatives or friends has a benefit of a less restricted payback period and lower interest [10].

**Characteristics of Women's Entrepreneurship:** The organizational structure of women-owned small and medium enterprise tends to be small, although data also shows that, gradually an increasing number of women entrepreneurs in Taiwan own larger firms as well. As study revealed, the fact that majority of women owned businesses are small also explains that most of the women owners have sole ownership of their businesses. The reasons for small or micro size of women-owned business attributed to a few factors such as difficulty in getting bank loans or other forms of capital investment to expand. Many women-owned enterprises are family business in nature where family members are part of work team. The organization structures of women-owned small and medium enterprises allow more flexibility in the arrangement of work to meet different needs. According to several studies, women business owners tend to be quiet prudent in making important decisions to avoid risks. They also like to share their decision making with their business partners or team members, reflecting a more participatory leadership style. It pointed out those women entrepreneurs tend to adopt a more collaborative way in managing their business. They anticipate a collective action than individual working environment [5, 6]. Teamwork usually preferred by women entrepreneurs to accomplish work. The management style of women-owned enterprises usually is less hierarchical, women business owners tend to use more personal and informal communication style in dealing with others. Women regarded to have a manner of hard working, dedication and orderly. As reported women business owners prefer a more humanized management style with less restrictions and limitations at work. The less institutional management style provides their employees with a working environment of more working hours, easier sick leave or time-off. In general, they are more concern with the well-being of their employees [5]. Moreover, one study indicate that women entrepreneurs also tend to form

support network and adopt network strategy with other small and medium enterprises to share information, resources and facilitate business cooperation [6]. About training needs, a study reveals that women business owners consider use of new technology, in particular, computer skills and internet is crucial to acquire. Moreover, sales and marketing skills, financial management, budgeting and bookkeeping identified as necessary skills for their business [11]. Most women entrepreneurs in Taiwan only obtained a middle level formal education, which may not be enough to run a business in a competitive market situation [12]. Therefore, many women business owners would take courses to learn additional knowledge and skills. Business networks and informal support mechanisms it is mentioned earlier that women business owners tend to use informal network to obtain information, resources for business purpose. This is a give and take practice which, has proven very useful in running business operation. If one gets help this time, she will return assistance in another time. There are different types of women organizations in the society, but women entrepreneurs' organizations or women chamber of commerce are still lacking [12, 13]. To gain business support through formal business network is still not apparent for women entrepreneurs in Taiwan

## **MATERIAL AND METHOD**

To data obtained for women entrepreneur in small and medium enterprises was on secondary information. The information gathered for this paper is from published journals, non-published journals and other useful reading materials. Most of the materials downloaded from the internet as reference materials. The paper provides some useful statistics on three areas. First, is the important data on women labor force and employment situation over the last two decades, some essential small and medium enterprises statistics and some basic but useful statistics on women entrepreneurs were reviewed.

## **RESULTS AND DISCUSSION**

In terms of age, according to figures shown in Table 1, most of women employers were in the age of mid-30s and mid-40s. The majority of women own-account workers were also in the same age groups as women employers, although we can see a significant number of women were in mid-20s and mid-50s as well. A similar age distribution also applied to unpaid women family workers. These figures mostly suggest that women in middle ages are more likely to establish businesses. Contrast to

Table 1: Women Entrepreneurs by Age Groups, 2004 Unit: thousand persons

Age	Employers (male)	Employers (female)	Own-account workers (male)	Own-account workers (female)	Unpaid family workers (male)	Unpaid family workers (female)
15-19	0	0	2	1	14	8
20-24	3	2	13	9	30	25
25-29	24	6	66	23	44	44
30-34	62	12	131	39	37	75
35-39	91	17	182	48	22	94
40-44	98	15	195	53	12	96
45-49	75	11	172	46	7	70
50-54	36	5	123	27	5	44
55-59	25	3	140	126	6	45
60-64	12	1	119	18	4	33
65 years +	9	1	73	10	3	13

Source: Data from table 53 of Yearbook of Manpower Survey Statistics in Taiwan, 2004

Table 2: Educational Attainment of Women Entrepreneurs in, 2004 Unit: thousand persons

Educational attainment	employers	Own-account workers	Unpaid family workers
Illiterate and Self-educated	1	34	65
Primary school	14	120	203
Junior high	12	57	106
Senior high	8	18	33
Vocational	20	52	109
Junior college	10	13	22
College and graduate school	7	7	8

Source: Data from table 53 of Yearbook of Manpower Survey Statistics in Taiwan, 2004

women entrepreneurs, the age of men entrepreneurs crossed a wider range of age groups, spreading from mid-20s to mid-60s.

In terms of educational level for women entrepreneurs, Table 2 indicate that most women employers received primary, secondary (consist of junior and senior high schools) and vocational education. The majority of women own-account workers also had a similar educational background receiving primary, secondary and vocational education. The same educational background applied to the majority of women unpaid family workers as well. It is interesting to note from Table 2 that both illiterate women and women with higher educational levels such as college and above are less likely to set up their own business. These figures tell us that high education did not necessarily equipped women with the ability and willingness to become women entrepreneurs. Some official statistics show that high level of education tends to make men and women engage in professional careers. The current situation in Taiwan is that, most women entrepreneurs have a middle level of education that according to Diversity in Action [14] makes them more practical in pursuit of their own business.

Table 3: The Employment Size in Male and Female-owned small and medium enterprises, 2004 Units: thousand persons (% to total)

Employed persons	Employers	
	Male	Female
1	-	-
2-9	337(76.24)	62(81.57)
10-29	79(17.87)	10(13.16)
30-49	14(3.17)	2(2.63)
50-99	9(2.04)	-
100-199	2(0.45)	1(1.32)
200-499	1(0.23)	1(1.32)
500 persons +	-	-
Total	442(100)	76(100)

Source: Monthly Book of Manpower Survey Statistics in Taiwan December 2004

Looking at figures of the employment size of businesses presented in Table 3, it is evident that, majority of companies owned by women in 1998 were actually small scale in nature, about 81.6% women employers employed 2-9 persons and 13.2% employed 10-29 persons. The same situation applied to male employers. However, it is interesting to note that,

Table 4: Numbers of Employment in small and medium enterprises Taiwan, 2004

Year	Total Employment (A) Unit: thousand persons	Employment in SMEs (B) Unit: thousand persons	SMEs' ratio B/A Unit: %	Total paid employees (C) Unit: thousand persons	Paid employees in SMEs (D) Unit: thousand persons	SMEs' ratio C/D Unit: %
1991	8,439	6,637	78.65	5,666	3,869	68.28
1992	8,632	6,792	78.68	5,856	4,019	68.63
1993	8,745	6,878	78.65	6,008	4,145	68.99
1994	8,939	7,078	79.18	6,160	4,305	69.89
1995	9,045	7,213	79.75	6,260	4,434	70.83
1996	9,068	7,131	78.64	6,287	4,353	69.24
1997	9,176	7,197	78.43	6,423	4,448	69.27

Source: Data from graphs 2-1-2 and 2-1-3 of the "2004 small and medium enterprises White Paper in Taiwan

Table 5: Numbers of Employment by Industry Category, 2004 Unit: persons

Industry Category	Total employment	Employment in SMEs	% to total (SMEs)
Agriculture, forestry, fishing, and animal husbandry	878,000	868,000	12.06
Mining and quarrying	13,000	10,000	0.14
Manufacturing	2,570,000	2,088,000	29.01
Electricity, gas and water	35,000	2,000	0.03
Construction	885,000	861,000	11.96
Commerce	1,995,000	1,874,000	26.04
Transport, storage and communication	465,000	281,000	3.9
Finance, insurance and real estate	351,000	168,000	2.33
Business services	240,000	211,000	2.93
Social, personal and related community services	1,421,000	835,000	11.60
Total	9,176,000	7,197,000	100

Source: Data from table 2-1 of "The 2004 small and medium enterprises White Paper in Taiwan

numbers of female employers who owned a larger company, i.e. employment size of 100-199 and 200-499, were similar to that of male employers. These figures may suggest that, women entrepreneurs are capable as male entrepreneurs in operating a business. In general, this data tells us that the numbers of male employers are much larger than that of female employers in Taiwan almost six times more. This perhaps carries the message that women are not provided with enough policy assistance by the government to establish businesses. The traditional family role of women are expected to perform often hinders their opportunities to set up businesses [15].

From the result in Table 4, indicate that the numbers of employment in small and medium enterprises in Taiwan accounted for about 78% of the total employment numbers in 2004. Moreover, the percentage of paid employees in small and medium enterprises to the total paid employees in the same year was about 69%. These figures explained the important contribution of small and medium enterprises to the entire labor market in Taiwan. It is unfortunate that, the available official data does not have sex-disaggregated statistics that can show the total

numbers of employment in small and medium enterprises employed by women-owned enterprises. Such figures can generally tell the contribution of women employers to the labor market. Table 5 shows that majority of the employment in small and medium enterprises were concentrated in industries like manufacturing and commerce, accounting to 54% of the total small and medium enterprises employment.

## CONCLUSIONS

This paper examined the contribution of women's entrepreneurs who want to start up businesses in Taiwan. Some women think that business start-up is a possible way of re-entering to the labor market for middle-aged women as they could obtain more flexibility in their work to take care of family responsibilities. Some feel that "being one's own boss," offers the sense of freedom, autonomy and independence, which are increasingly important for some women. To acquire self-esteem and self-achievement drives many women to set up business. Moreover, some women motivated by economic necessity and profit seeking and the high social status that comes

along with being bosses. In terms of financing business start-up, women business owners tend to borrow money from their relatives or friends rather than from financial institutions as seen to be less credible by male bankers due to social stereotype. Promotion of women business owners and support from various levels of government are now attracting “new generations” of women entrepreneurs [16]. Women are becoming increasingly noticeable in sectors that were primarily male dominated in the past, such as manufacturing, transportation, communications, finance, insurance and real estate. Women who are currently working in these “high growth” sectors will develop new markets and new product will continue to embrace new methods of doing business. Continuing support will be required to encourage entrants into these non-traditional arenas of female entrepreneurship. Program delivery has too often been restricted to geographic areas due to the participant availability required to maintain reasonably priced programming. Service providers faced with the challenge of evolving skills enhancement needs of women business owners. As business owners strive to reach new markets, sector specific and export related support is required. The use of technology will be the key medium in program delivery designed to reach broader audiences across the country [17]. One important aspect is training programs particularly targeting on the need of women entrepreneurs should be implemented. Some practical knowledge and skills of business start-up taught in educational institutions. There should be more training courses on computer science, internet and e-commerce etc offered by the government vocational training centers to help women business owners [18]. Although the government for many decades has conducted essential statistical data collection in almost every important areas of economics in a very systematic fashion, sex disaggregated data are still lacking in many areas. Moreover, statistics on women entrepreneurs as was discussed earlier are particularly weak. Without sufficient statistics on women entrepreneurs, it also imposes difficulty in conducting meaningful research on the subject [19]. It is therefore important to have gender-desegregated data in official statistics and general census on women entrepreneurs needed. In conclusion, there is a need for the government to make relevant policies that would help and empower women to start their enterprises in an enabling business environment particularly easy access to finance and market is vital economic development.

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