

Chapter 8

Women's Entrepreneurial Activity in Taiwan and Government Policies to Promote It

Not only does helping women to improve their economic circumstances benefit families, regional economies and the national economy as a whole, it also constitutes a direct, immediate way of overcoming the problem of poverty. For this reason, international organizations such as the United Nations, the World Bank and the Asian Development Bank, along with the Organization for Economic Cooperation and Development (OECD), the World Trade Organization (WTO) and Asia Pacific Economic Cooperation (APEC), have all been aggressively promoting women's entrepreneurial activity.

In Asia, organizations such as the Asian Development Bank and the Association of Southeast Asian Nations (ASEAN) have for many years been promoting a range of activities to help women combat poverty and secure economic independence. However, it was not until after the Asian Financial Crisis of 1997 that women's entrepreneurial activity became a major focus of attention for APEC. Today, the number of SMEs in Asia that are owned or run by women is significantly higher than it was before the crisis, and the number is continuing to grow rapidly.

In Taiwan, with the emergence of a more open society and the development of the knowledge economy, women have come to account for an increasingly large percentage of entrepreneurs. Of all the new enterprises that were established in 2003, 37.57% had a woman as the "responsible person"

(chairperson or business owner), higher than almost any other country in the world. In 1978, women accounted for just 10.15% of business owners and 15.79% of the self-employed; by 2003 these figures had risen to 15.14% and 22.00% respectively. As women come to account for a higher percentage of Taiwan's entrepreneurs, the importance of female entrepreneurs within the economic system is increasing.

This chapter will examine the forms taken by women's entrepreneurial activity in Taiwan and the key issues relating to this topic. It will also consider ways to improve the entrepreneurial environment for women and increase the percentage of female start-ups that are successful, with the aim of encouraging more women to establish their own businesses.

I The Factors Affecting Women's Entrepreneurial Activity

For the purposes of this chapter, the term "women's entrepreneurial activity" is used to refer to cases where women establish new business enterprises, either alone or in partnership with others (such as friends, relatives, their spouses, etc.). As women come to account for a growing number of Taiwan's entrepreneurs, women's entrepreneurial activity has become an important issue for Taiwan.

The main factors affecting women's entrepreneurial activity can be summarized as follows:

1. Higher Income Levels

In traditional society, the social status of women was much

lower than that of men, and it was widely felt that women should stay in the home. The only socially acceptable functions for women were bringing up children and other homemaking chores. After the Second World War, however, Taiwan began to experience rapid economic growth. The opportunity to achieve higher income levels and secure a better quality of life provided stimulus for the entry of women into the workplace. At the same time the promotion of family planning brought about a lessening of women's childcare responsibilities, and the diffusion of new types of home appliances made housework less onerous, giving women more time to participate in formal employment.

2. Increased Availability of Educational Opportunities Has Given Women More Options

Following the introduction of nine-year compulsory education in Taiwan in 1968, women's educational opportunities were significantly enhanced. This gave them more options in the workplace, and made it possible for them for them to demonstrate what they were capable of doing. At the same time, Taiwan's industrial structure was being transformed, with hi-tech industries becoming increasingly important. While increasing the potential for growth in Taiwan's manufacturing sector, this trend also gave women greater opportunities to perform work of a technology-intensive nature. The continuing development of the service sector gave women in Taiwan even more opportunities to work outside the home, and even to set up their own businesses.

3. Gradual Acceptance of the Need for Equality between the Sexes

As educational levels in Taiwan have risen, it has become less easy to deliberately restrict the roles that women can play in society or to ignore their contributions. The more highly-educated they are, the more independent-minded women become, and the more likely they are to insist on receiving equal treatment with men. Women's right to compete on an equal footing with men has gradually come to be accepted by society as a whole, and women have been able to fight for higher status in the political, economic and social spheres. This reflects a universal trend; as attitudes in a country become more liberal and as that country's systems become more democratic, the opportunity for women to compete with men in terms of work and productivity increases.

4. The Service Sector has Provided Women with Significant Opportunities for Entrepreneurial Activity

Unlike the manufacturing sector, the service sector emphasizes the provision of physical and mental services. With the expansion of the service sector and the growth in demand for specialist services, the opportunities available to women (whose physical characteristics tend to put them at a disadvantage compared to men in the manufacturing sector) have grown. Women tend to be considerate of others, be effective communicators and display great attention to detail; these characteristics make them ideally suited to working in the service sector. If one examines the experience of other countries in this regard it can be seen that, as a country becomes more advanced, the importance of the service sector within that country's economic structure increases, and so do

women's working opportunities and the incentives for entrepreneurial activity by women.

5. The Emergence of the Knowledge Economy Has Created New Opportunities for Women

The development of the knowledge economy had led to the transformation of traditional forms of production, favoring mental output over physical labor. Women have been able to leverage their managerial and interpersonal-relations skills. At the same time, with the rapid development of computer and information technology and the growth of the Internet, there is increasingly less need for work to be performed in a fixed workplace. This makes it easier for women to achieve a satisfactory balance between family and work, and offers greater flexibility for women trying to start their own business enterprises.

6. The Growth of Franchise Operations

The traditional attitude that it is "better to be the head of a chicken than the back end of an ox" is reflected in the strong entrepreneurial spirit of the Taiwanese people. As the industrial and commercial sectors have developed and income levels have risen, the popularity of the franchise concept has grown. With franchise store operation know-how and techniques becoming increasingly mature, franchise store operation has become an attractive option for would-be entrepreneurs who feel that it offers a greater chance of success. The development of franchise store operations has been a major catalyst for women's entrepreneurial activity in Taiwan.

7. Promotion by the Government

Since 1968 the Taiwan government has been providing special loans to young entrepreneurs so as to encourage the establishment of new SMEs, promote the economic development of Taiwan and create new jobs. These loans do not specifically target women. Nevertheless, as of the end of 2003 the loan program had helped nearly 30,000 individuals, many of them women, to start their own businesses; the loans have thus made a significant contribution towards promoting entrepreneurial activity by women. In recent years, the government has also organized special incubator facilities and guidance programs for female entrepreneurs; these measures have helped women to strengthen their business capabilities and undertake effective business development planning.

II Women's Entrepreneurial Activity in Taiwan Today

Human resources surveys can provide us with some information about the characteristics of female entrepreneurs in Taiwan. The operational performance data presented in this chapter is based on the Ministry of Finance Tax Data Center's business tax data, which note the sex of business owners. The following section examines the current state of women's entrepreneurial activity in Taiwan from the point of view of operational performance and human resources.

1. Enterprise Operational Performance

In 2003 there were 1,164,121 natural persons heading business enterprises in Taiwan, of which 394,245 (33.87% of the total)

were women (Table 8-2-1). By comparison, in 2002 women accounted for 46% of the owners of unlisted companies in the US; the figure for mainland China was only around 12.6%.

Table 8-2-1 The Operational Performance of Enterprises in Taiwan in 2003 – by Enterprise Size and Sex of Owner

Units: enterprises ; NT\$ billions ; %

Item	Male			Female		
	SMEs	Large Enterprises	Total	SMEs	Large Enterprises	Total
Values						
No. of Enterprises	749,829	20,047	769,876	390,443	3,802	394,245
Operating revenue	65,926	152,697	218,623	18,549	14,317	32,866
Export sales	10,264	47,887	58,151	2,203	3,281	5,484
Domestic sales	55,662	104,810	160,473	16,347	11,036	27,382
Percentages						
No. of Enterprises	97.40	2.60	66.13	99.04	0.96	33.87
Operating revenue	30.16	69.84	86.93	56.44	43.56	13.07
Export sales	17.65	82.35	91.38	40.16	59.84	8.62
Domestic sales	34.69	65.31	85.42	59.70	40.30	14.58

Note: SMEs are defined as enterprises in the mining and quarrying industry, manufacturing sector and construction industry with capitalization of NT\$80 million or less, and enterprises in other industries with annual operating revenue of NT\$100 million or less.

Source: Ministry of Finance Tax Data Center.

Using capitalization or operating revenue as the standard for determining SME status, it can be seen that, of the 394,245 business owners in Taiwan, only 3,802 are the heads of large enterprises. Female owners of Taiwan's 390,443 SMEs account for 99.04% of all female business owners in Taiwan. The percentage of business owners running SMEs as opposed to large enterprises is thus higher for women than for men.

The combined operating revenue of businesses run by women in Taiwan is NT\$3,287 billion, or 13.07% of the combined operating revenue of all enterprises in Taiwan. SMEs account for NT\$1,855 billion, and large enterprises for NT\$1,432 billion. The average operating revenue for a female-owned large enterprise is NT\$376.56 million, roughly 79 times the figure for SMEs (NT\$4.75 million). For those businesses owned by men, the average operating revenue of a large enterprise is 86 times that of an SME. However, the average operating revenue of female-owned businesses is only around 30% that of male-owned businesses; the overall size of female-owned businesses thus still tends to be quite small compared with those businesses owned by men.

For those enterprises owned by women, domestic sales account for 83.31% of total sales, while export sales account for 16.69%; the equivalent percentages for male-owned businesses are 73.40% and 26.60% respectively. In other words, although both male-owned and female-owned enterprises are more likely to be oriented towards the domestic market, this trend is more pronounced among female-owned enterprises.

As regards the form of organization, sole proprietorships are the largest single group of female-owned businesses (66.37% of the total), followed by limited corporations (24.29%) and corporations limited by shares (6.67%). However, corporations limited by shares have the highest combined operating revenue (NT\$1,368.1 billion), followed by limited corporations (NT\$1,215.8 billion); the combined operating revenue of all female-owned sole proprietorships in Taiwan is only NT\$431 billion, reflecting the fact that average size of these businesses is quite small.

The service sector accounts for 86.42% of all female-owned businesses in Taiwan, and 73.82% of the total operating revenue of all female-owned businesses. The industry with the largest number of female-owned businesses is the wholesale and retail industry, with 225,247 businesses and combined operating revenue of NT\$1,747.9 billion.

In terms of the ages of the enterprises, those that have been in existence for less than 5 years account for the largest share of both the total number of enterprises and total operating revenue. The total number of these enterprises is 154,725 units (about 39.25% in share) and their total operating revenue amounts to NT\$965.7 billion (about 29.37%). In 2003 a total of 41,864 new female-owned businesses were established in Taiwan, accounting for 10.62% of all female-owned enterprises, and 37.56% of all newly-established enterprises. However, these new businesses accounted for only 4.01% of the total operating revenue of all female-owned businesses combined, and only 17.57% of the total operating revenue of all new enterprises. At first glance, these figures suggest that the operational performance of newly-established female-owned enterprises tends to be relatively weak. However, newly-established male-owned enterprises account for only 2.83% of the total operating revenue of all male-owned enterprises in Taiwan, so from this point of view the operational performance of newly-established female-owned enterprises is actually superior to that of newly-established male-owned enterprises.

Female-owned businesses in Taiwan are highly concentrated in the major metropolitan areas of Taipei City (69,110 enterprises), Taipei County (52,426 enterprises) and

Kaohsiung City (30,070 enterprises). These three districts combined account for 38.46% of all female-owned enterprises in Taiwan, and 55.93% of the total operating revenue of all female-owned enterprises in Taiwan.

2. Human Resources

Although the human resources data available for female business-owners does have some value, it does not derive from the same source as the operational performance data referred to above; it is thus not possible to make direct comparisons between the two sets of data.

Business owners can be divided into employers and the self-employed depending on whether or not they employ other people. As of 2003 there were 409,180 female business owners in Taiwan, accounting for 20.66% of the total number of business owners (1.98 million). Of these 409,180, 81,880 were employers and 327,300 were self-employed (Table 8-2-2). Women accounted for 16.50% of all employers and 22.05% of the self-employed.

Table 8-2-2 The Size of Female-owned Enterprises in Taiwan in 2003

Units: thousand persons ; %

Size	Employer		Self-employed		Total	
	No. of persons	Percentage	No. of persons	Percentage	No. of persons	Percentage
SMEs	81.59	99.65	327.30	100.00	408.89	99.93
Large enterprises	0.29	0.35	0.00	0.00	0.29	0.07
Total	81.88	100.00	327.30	100.00	409.18	100.00

Note: SMEs are defined as enterprises in the mining and quarrying industry, manufacturing sector and construction industry with 200 or fewer employees, and enterprises in other industries with 50 or fewer employees.

Source: Directorate General of Budget, Accounting and Statistics, Executive Yuan, 2003.

If the definition of SMEs is based on the number of employees, then almost all of the businesses owned by female employers were SMEs; only 0.29% were large enterprises. If the definition is based on capitalization or operating revenue, then 0.96% of businesses owned by female employers could be classed as large enterprises.

In 2003 the vast majority of female business owners were aged between 25 and 65, with nearly 40,000 (43.41% of the total) in the 35–44 age range, and 27,000 (30.14%) in the 45–54 age range. Self-employed women were mostly aged 35 or older. These figures reflect the need to accumulate experience and know-how.

Around 58,000 (70.55%) of female employers had a spouse or partner in 2003; for self-employed women, the percentage was 70.13%.

As regards the level of education, those educated to senior vocational school level account for the largest share of female employers, followed by those educated to junior college level. Those educated to primary school level account for the largest share of the self-employed, followed by those educated to junior high school level. The average educational level of employers is thus higher than that of the self-employed.

Those female business owners educated to senior vocational school level or above had usually majored in business or management (about 107,000 people). This was true for both employers and the self-employed, suggesting that those who possess specialist knowledge in the fields of business or management are more likely to become entrepreneurs.

III The Forms Taken by Women's Entrepreneurial Activity in Taiwan

1. Forms Taken by Women's Entrepreneurial Activity

In order to gain a better understanding of the forms taken by women's entrepreneurial activity in Taiwan, interviews were conducted with 30 female entrepreneurs. The interview questions focused on their reasons for setting up the business, their technical capabilities, market and product positioning, funding sources, brand management, sales channels, etc. so as to isolate the different models of female entrepreneurial activity.

(1) Motivation for Setting up the Business

Broadly speaking, there are two main types of motivation for establishing a new business – self-motivated and externally motivated.

a. Self-motivated

Self-motivated entrepreneurial activity may be the product of economic factors; alternatively, it may derive from a woman's desire to combine homemaking with work, to pursue her own ideals and interests, to gain a sense of achievement, or to be one's own boss. O'Girl Trading Corporation's President Ho founded the business because she wanted to be able to work from home, and making women's clothing allowed her to do this. In the case of Ms. Hsu and Ms. Cheng, the founders of Otoro.com, it was realizing the enormous business opportunities that existed in the black tuna market that led them to establish their business.

b. Externally motivated

Women that undertake externally motivated entrepreneurial activity have usually already built up a certain amount of work experience; however, the idea for the business is not theirs, and they received assistance from relatives or friends when establishing the enterprise. When Ms. Chien established L'orangerie International Art Consultant Co., Ltd., although she already had considerable familiarity with the art world, possessed an extensive network of contacts and was herself an expert on art, she received funding assistance from another company. Similarly, the founding of Soho International Service Inc. (Taiwan Soho Association) by Ms. Chang occurred after a friend who knew that she had worked for many years in the consulting business offered her some money to start her own business.

(2) Technical Capabilities

With respect to technical capabilities, entrepreneurial activity by women can be divided into "technology-oriented businesses" and "non-technology-oriented businesses." Technology-oriented businesses are those where the business founder had a background in the field in question before establishing the enterprise; non-technology-oriented businesses are those where this was not the case.

a. Technology-oriented Businesses

In the case of technology-oriented businesses, the business founder had accumulated relevant work experience or specialist expertise prior to founding the business. Ms. Chang, Chairperson of Chiu Ta Stationery, was born into a family that

had been in the stationery business for several generations, and had previously been involved in the stationery wholesaling business with her husband; this experience provided her with a solid foundation for the establishment of Chiu Ta Stationery. Similarly, the founder of O'Girl Trading Corp. leveraged her expertise in tailoring to set up the business.

b. Non-technology-oriented Businesses

Non-technology-oriented businesses are those where the entrepreneur did not possess relevant work experience or specialist expertise before founding the business. In the case of Ms. Liu, the founder of Taohuayuan Workshop, it was reading books about nutrition and health and realizing that there was growing demand for a simpler, back-to-nature lifestyle in Taiwan that inspired her to set up her own business enterprise. Ms. Li, the founder of Family-Life Co., tried drinking Mini Juice because she and her children all suffered from a weak constitution. Despite having no background in nutrition or food manufacturing, she was inspired to promote the consumption of health food in Taiwan, which in turn led her to establish Family-Life Co.

(3) Market and Product Positioning

Female entrepreneurs may decide to establish a business in a market that has been in existence for many years, or in an emerging market; they may also decide to focus on the production of existing products, or on the development of new products. There are thus four main combinations of market and product positioning: selling existing products in a traditional market; selling new products in a traditional market; selling existing products in a new market; selling new products in a

new market.

a. Selling Existing Products in a New Market

When Ms. Ho first established O'Girl Trading Corp., she initially produced a wide range of then current styles of men's, women's and children's clothing. Subsequently, as the Taiwanese textile and garment industry began to move production to mainland China, she began to focus on the women's clothing market, which had the highest unit prices.

Ms. Lu, the owner of Feeling Beauty & Hair, had worked as a hair stylist before taking a course designed to teach hair stylists how to set up on their own in business. In 1999 she became a shareholder in, and manager of, Feeling Beauty & Hair; one year later, she bought out the other shareholders using her savings and money raised by mortgaging her house.

b. Selling New Products in a Traditional Market

Ms. Hung, the founder of Tomato House, started out selling glutinous rice dumplings before establishing a fashionable restaurant where the main ingredient in the dishes is tomatoes. Constantly working to develop new tomato recipes, she has created her own unique niche in the restaurant business.

Shoutienpin Community Foods adheres to a management philosophy emphasizing environmental protection, health and natural ingredients. The cakes that the company makes are produced using only the purest natural raw materials, with no artificial color or flavoring. As a result, Shoutienpin was able to pass appraisal by the Products Division of the Housewives League, enabling its products to be sold through the League's

joint purchasing system. This enabled the company to keep its marketing expenses down in the early days, and was one of the key factors behind its success.

c. Selling Existing Products in a New Market

Ms. Huang noticed that Sunmore Healthtech Ltd. had no ISO9000 and GMP-certified agent in Taiwan. She therefore traveled to Canada, underwent an intensive training course at Sunmore Healthtech, and was appointed Sunmore Healthtech's Taiwan agent. The retail outlet which she established became Taiwan's first flagship store for Sunmore Healthtech products.

Ms. Li, the founder of Herbcare had 10 years clinical nursing experience. A strong interest in scented oils led her to experiment with different brands and products from different countries. Realized the potential of the scented oil market, she leveraged her expertise in nursing to establish a scented oil website through which to market scented oils.

d. Selling New Products in a New Market

Ms. Chang noticed that the number of people in Taiwan starting their own businesses was rising all the time, and realized that providing guidance to such people could be a profitable activity. She ceased publication of the magazine *SOHO* that she had been running and established SOHO International Service Inc. (Taiwan SOHO Association) as a specialist provider of guidance to entrepreneurs. Ms. Chang's new company has a wide range of courses, and provides a specialist consulting and networking platform for entrepreneurs. Having been involved in the planning for the National Youth Commission's Flying Swallow Program for four years in a row,

Ms. Chang had built up an extensive network of contacts and had established a high reputation through word of mouth. Effectively, her company has become an on-line incubator center.

(4) Funding Sources

In terms of funding, there are three main models for women's entrepreneurial activity: using one's own capital to start the business, establishing the business as a joint venture with friends or relatives, or investing in the business as a shareholder.

a. Using One's Own Capital

In 1990, Ms. Chiou was employed as head nurse in the outpatients department at Chang Gung Memorial Hospital. The despairing eyes of a child that she saw one day while doing her rounds inspired her to dedicate her life to children's emotional health; soon afterwards, she began work in this area. After returning to Taiwan in 1995, Ms. Chiou began an intensive study of the Montessori system; she then mortgaged her house to raise funds to set up the Montessori & Bilingual Children's Day Care Center. Today, whenever the Montessori Foundation arranges for overseas delegations to visit Taiwan, Ms. Chiou's day care center is always on the list of places to visit; it is also an examination center for the international Montessori license.

Ms. Huang had, more or less by chance, found herself working in the cardboard tube (packaging materials) industry. As a sales manager, her work brought her into contact with many people in the food and tea industries. Partly because she wanted to diversify her company's operations, but also because

she wanted to be able to combine work with her homemaking responsibilities, she used her own capital (around NT\$1–2 million) to establish the Ku Yi Tang Teahouse. Since then, Ms. Huang has provided guidance to 14 other women, helping them establish their own businesses.

b. Joint Ventures with Friends or Relatives

When she first started out, O'Girl Trading Corporation's President Ho used NT\$30,000 that she had saved by doing piecework at home to purchase fabric, and then outsourced the work of producing the clothes to other tailors. Her profit as a middleman was very small. Subsequently, she used NT\$50,000 that she had saved up, along with NT\$150,000 provided by friends and NT\$200,000 provided by her elder brother, to purchase eight sewing machines; she was then able to expand into contract manufacturing on a larger scale. This led to the establishment of the first O'Girl store in Chiayi as a joint venture with her brother.

Ms. Hsu was able to leverage the experience that she had built up while helping her husband to establish a trading company. Having already acquired an in-depth knowledge of trading company operations and of the overall business environment, she used NT\$100,000 provided by her father and another NT\$100,000 provided by her mother to set up her own trading company, Hua Ke International.

c. Shareholder Investment

Ms. Chien, the founder of L'orangerie International Art Consultant Co., Ltd., had many years of experience working in newspapers and other branches of the media and in private art

galleries. She also possessed a strong love of art and an extensive network of contacts in the art world. With financial support from a company and with contributions from friends, in 1999 she was able to establish L'orangerie International Art Consultant Co., Ltd., Taiwan's only formally registered art exhibition planning and consulting firm.

Similarly, in the case of Ms. Chang of SOHO International Service Inc. (Taiwan SOHO Association), her interest in starting up a business received support from an unprompted offer of seed capital by a friend. Ms. Chang originally managed the Chinese-language version of *Success* magazine, before founding *SOHO* magazine. However, she was unable to make a profit on these magazine operations, and therefore decided to establish SOHO International Service Inc. (Taiwan SOHO Association) as a specialist provider of guidance to women entrepreneurs.

(5) Brand Management

From the point of view of brand management, entrepreneurial activity by women can be broken down into three basic models: establishment of one's own brand, serving as agent for an existing brand, or becoming a franchisee.

a. Establishing One's Own Brand

O'Girl's President Ho started out as a contract manufacturer of clothing. She later began to develop her own designs, contracting out the manufacturing to others, and eventually she established her own "O'Girl" brand. O'Girl now has 40 retail outlets in Taiwan and 30 in mainland China. Ms. Hung positioned her Tomato House as a "tomato restaurant"; Tomato

House now has, by restaurant industry standards, a very strong brand.

Ms. Chen, who majored in Chinese literature in college, displayed impressive willpower and creativity in her entrepreneurial activity. She spent hours poring over books on bleaching, dyeing, decay prevention and desiccation prevention. Using this knowledge, she gradually built up Nature Flower Materials Co. over a 10-year period. Today, Ms. Chen's company has established an international reputation. On one occasion, a group of 20 Japanese designers paid their own expenses to come to Taiwan to study with her, and she has also received visits from representatives of foreign museums.

b. Obtaining Agency Rights

Ms. Huang's business serves as the agent for Canadian company Sunmore Healthtech Ltd.'s health food products; it was the first flagship store for Sunmore Healthtech products to be established in Taiwan. The store has also developed several new low-priced health food products that make use of Sunmore Healthtech products.

Ms. Kuo started out as the Taiwan agent for US company Bodycology's skincare products. After careful study of the Asian climate and Asian people's skin types and skincare preferences, she convinced Bodycology's US headquarters to launch a new series of products, entitled "Bodywave" that were specially designed to meet the needs of consumers in Asia. To market these Bodywave products, Ms. Kuo established a company of the same name.

c. Franchise Operations

As a result of the economic downturn that Taiwan has experienced in the last few years, franchise operations, where the amount of capital that an entrepreneur needs to raise is relatively limited, have become a popular choice for many middle-aged or retired people looking to start a new career, as well as for married couples who want to start a business together. Survey results show that franchisees in Taiwan are split roughly 50-50 between men and women. 45% are aged between 25 and 30, but there are another 33% aged between 36 and 50. The single group of franchisees are those who had already been working in the service sector, but who wanted to be their own boss. In the majority of cases, franchisees were able to open their store with capital of just NT\$500,000–1,000,000. Of the companies discussed in this chapter, O'Girl, Tomato House and Bodywave all have franchise stores.

(6) Sales Channels

The two main types of sales channel employed by female entrepreneurs are bricks-and-mortar stores and on-line marketing.

a. Bricks-and-mortar Stores

Marie International Co., Ltd. started out selling PIYO baby products; eventually, the company had a total of 18 direct-owned outlets and franchise stores. Marie International subsequently established its own Bugu brand, and set up retail outlets to sell more than 130 different Bugu and Kuboo products. The innovative layout of these stores won Marie International the Ministry of Economic Affairs SME Innovation Award.

Chiu Ta Stationery, the company established by Ms. Shang, was originally based in Kaohsiung. The idea was to create a stationery “supermarket” where consumers could satisfy all their stationery needs with one-stop shopping. In a spacious, comfortable environment, Chiu Ta sold a wide range of stationery products including office supplies, student supplies, optical drawing equipment, calligraphy equipment, art supplies, leisure goods, paper, pens, pencils, gifts, etc. Chiu Ta was subsequently transformed into the IN Stationery Concept Store in order to meet the special requirements of the Taiwan market.

b. On-line Sales

Otoro.com was established by Ms. Hsu and Ms. Cheng; the performance of this on-line business has been highly impressive. Otoro.com started out selling black tuna (very popular with gourmets in Taiwan) online. By maintaining high quality standards and reasonable prices, they were able to make a success of this business model. Ms. Li founded the “What the Doctor Can’t be Bothered to Tell You” e-paper, providing consumers with healthcare knowledge, with the help of her husband. She later established Herbcare and the Herbcare website, using the Internet to market high-quality perfumed oils.

Family Life International Co., Ltd., founded by another Ms. Li, initially focused on selling Mini Juice. It subsequently joined the SOHOMALL on-line shopping mall, and set up a health food website. By utilizing online sales, Family Life was able to keep advertising costs down and avoided the need to open bricks-and-mortar stores. When Ms. Huang established her store to sell Sunmore Healthtech products, she too joined

the SOHOMALL on-line shopping mall platform, while also making use of Sunmore Healthtech's own global on-line shopping network to market Sunmore Healthtech products and the derivative products that Ms. Huang had developed in Taiwan.

With PC and Internet penetration rates continuing to rise, and with on-line transaction mechanisms now having reached a high level of maturity, on-line marketing has become an attractive choice for companies looking to keep marketing costs down. However, on-line transaction platforms do still have their deficiencies compared to traditional bricks-and-mortar stores. For example, it is difficult to gain a clear picture of the exact number of people visiting the website or of their age structure, and there are still problems relating to on-line transaction security, etc. From the point of view of the entrepreneur, on-line marketing offers an effective way to build up brand recognition in the early stages of business development. However, if a company is to maintain its operations over the long term, it needs to switch over to a "clicks and mortar" strategy that combines on-line marketing with traditional store outlets.

2. Problems Encountered by Female Entrepreneurs

The problems that female entrepreneurs experience can be divided broadly into two groups – problems encountered starting up a business, and problems experienced once the business is already up and running. Starting up an enterprise, entrepreneurs may suffer due to inadequate knowledge of the market environment; they may find it difficult to access funding sources; they may be unclear about the procedures for obtaining loans; they may not be aware of all the potential

sources of assistance (such as free consulting services). Access to information can also be a problem.

The main problems encountered after a business has been established can be summarized as follows:

(1) Under-capitalization

The most commonly-observed problem for women entrepreneurs is under-capitalization. This puts business owners in a situation where they do not have sufficient funds to purchase land for factories, and where the speed at which they can improve quality and expand their business is reduced. In some cases, female entrepreneurs who possess technology that could easily be patented end up selling the technology to others because they do not have sufficient capital to commercialize it themselves.

(2) Lack of Managerial Expertise

In some cases, female entrepreneurs find that all their time is taken up with securing financing, marketing, product promotion, etc. They do not have enough time to direct the operations of their employees in person, but they find it difficult to recruit capable managers. This can result in a situation where sales are growing rapidly, but internal management is not keeping up with the growth, causing profit margins to be depressed and restricting further expansion. Female entrepreneurs are often unfamiliar with computerized management systems, which makes it difficult to achieve significant improvements in the efficiency of inventory management, delivery and sales. Production processes are too slow, there is insufficient flexibility in production scheduling,

and store display planning suffers.

(3) Poor Marketing Skills and Insufficient Brand Recognition

Some female entrepreneurs experience difficulties when trying to establish sales channels; they find that they are unable to promote their products effectively, and fail to strengthen the brand image, which in turn prevents them from attracting enough customers. Given that women entrepreneurs usually suffer from a shortage of capital in the early stages, they usually do not have sufficient funds to pay to have their products sold through department stores or mass merchandisers, or to have a website designed for them by an expert. As a result, they often find it difficult to break even. Many female-owned start-ups experience this problem of insufficient brand recognition leading to unsatisfactory operational performance in the early stages.

(4) Difficulty in Recruiting Enough Employees

Some service industries are characterized by abnormally long working hours, and in others the work is physically very demanding. Young people today are usually less interested in how much a job pays than in how long the working hours are; as a result, businesses in some of the industries that have high concentrations of female entrepreneurs (such as hairdressing and the restaurant business) are finding it more and more difficult to recruit suitable employees.

It can be seen from this overview of the problems experience by female entrepreneurs that most of the common problems can occur in any type of business model. When

planning measures to help women entrepreneurs, therefore, the government should restrict its efforts to particular business models; rather, it should think in terms of providing solutions for the problems that are common to many or all business models.

IV Government Policy with Regard to Women's Entrepreneurial Activity

The government in Taiwan currently provides various forms of assistance for entrepreneurial activity. These include the provision of consulting services, guidance and training programs (covering both general entrepreneurial skills and specialist skills), the establishment of incubator centers, the provision of funding, etc. However, with the exception of the low-interest loans available to women under the *Statute on Assisting the Families of Women in Difficult Circumstances*, the Flying Swallow Plan and the Flying Phoenix Plan, all of which do specifically target women, the other forms of government assistance are not gender-specific. This discussion of government assistance for women entrepreneurs therefore covers all forms of assistance from which women can benefit, not just those specifically targeting women.

1. Training Courses and Consulting Services for Entrepreneurs

(1) Female Entrepreneur Cultivation Activities Under the Flying Swallow Program

In order to help meet the needs of female entrepreneurs, in 2000 the National Youth Commission began planning new

measures to provide guidance to such entrepreneurs, focusing particularly on those women who were interested in starting their own businesses but who lacked some of the skills needed to do so. A series of training courses have gradually been introduced, covering the preparations that need to be made prior to establishing a new business, market surveys and evaluations, administrative procedures, and the practical business of running an enterprise. These courses include visits to existing companies, so as to integrate theory with practice.

The National Youth Commission has also organized the Taiwan Region Female Entrepreneur Forum, which holds consultative meetings and organizes on-line study groups. Female Entrepreneur Guidance Activities are held in northern, central, southern and eastern Taiwan; these activities include conferences to exchange views and experience, advanced training courses in the practical aspects of business management, conferences on franchise opportunities for women, and opportunities to visit enterprises that have demonstrated first-class operational management. The Forum also provides information on important emerging industries, so that young female entrepreneurs can keep up to date with the latest industry developments and make informed investment decisions rather than rushing blindly into the market.

(2) The SME Entrepreneurship and Innovation College

The Small and Medium Enterprise Administration of the Ministry of Economic Affairs has been promoting the "Making Entrepreneurial Dreams Come True Project." The aim of this project is to provide consulting services that meet new enterprises' needs during the three stages of preparation, establishment and growth, while also setting up an SME

Entrepreneurship and Innovation College and establishing entrepreneurship workshops. The consulting services plan is based around the appointment of “entrepreneurship mentors” who will help entrepreneurs to solve their problems (e.g., problems relating to funding, marketing, drawing up business plans, etc.) over the phone, on-line or through face-to-face meetings. The availability of these mentors should help would-be entrepreneurs to develop their ideas in more concrete form.

The SME Entrepreneurship and Innovation College provides practical training courses for the cultivation of entrepreneurs. The areas covered include: how to draw up a business plan; financial planning; marketing; discussion of case-studies, etc. Beginning in 2004, 200 new businesses will be selected each year and given the opportunity to locate themselves in an “entrepreneurship workshop,” where follow-up guidance can be provided. In this way, entrepreneurs will be able to receive practical, meaningful assistance during the period in which they are getting their business off the ground.

(3) The Bureau of Employment and Vocational Training, Council of Labor Affairs, Executive Yuan

The Bureau of Employment and Vocational Training of the Council of Labor Affairs has also initiated various services to assist entrepreneurs. Besides consulting and guidance services, these also include entrepreneurship training courses to give members of the public who are interested in setting up their own businesses a better understanding of the legal framework for entrepreneurial activity, marketing, store establishment, human resources management and training, etc., and to teach

them how to write their own business plan.

A series of special women's entrepreneurship training courses have been planned for women who are interested in setting up their own business and who possess expertise in a particular area (including women who have previously participated in training programs organized or commissioned by the government, or who hold professional certification in a relevant area). These courses cover market analysis, marketing channels, operational management, government incentive programs and other available resources such as customer development; the aim is to give the women participating the skills they need to start their own businesses.

2. Specialist Training

The Council of Labor Affairs has designed a comprehensive range of training courses in entrepreneurship and specialist skills for female would-be entrepreneurs, and the content of these courses is adjusted as necessary according to women's actual needs. In order to increase the percentage of women who make a success of their entrepreneurial efforts, starting in the third quarter of 2003 the council began implementation of an "On-the-job Entrepreneurship Training" activity for women. This activity is available to those women who have submitted an application for entrepreneurship consulting services and who it is felt would benefit from the training. The women are assigned to a collaborating enterprise in an industry related to the field in which they hope to set up their own business (there are approximately 10 collaborating enterprises, in the leisure and travel industry, the restaurant business, the medical instruments industry, the design industry, the Internet sector, the clothing accessories and jewelry industry, etc.) for

on-the-job training (without pay) for a period of seven working days, so that they can gain a clearer understanding of how companies in that industry actually operate and of the form taken by interpersonal relationships in the workplace. This program gives women access to useful market information, thereby increasing the likelihood that their own entrepreneurial venture will be a success.

In order to meet the needs of female entrepreneurs living in rural areas, the Council of Agriculture has organized “Ancillary Occupation Classes for Women in Farming Communities,” with the aim of creating new opportunities for ancillary or sideline occupations including homemaking, care services, agricultural work, bed and breakfast operation, agricultural products processing, local handicrafts, etc. for women in rural areas. This scheme could be a model, for other programs that aim to provide guidance to female entrepreneurs.

3. Incubator Centers

In order to encourage the growth of more healthy, competitive SMEs, and to help those SMEs that have already got on their feet to upgrade and transform themselves, in 1996 the Small and Medium Enterprise Administration of the Ministry of Economic Affairs began to establish SME incubator centers to serve as hothouses for new businesses, new products and new technology, and to help enterprises to upgrade and transform themselves. These incubator centers provide space and facilities, as well as consulting services and support in the areas of technology, funding, management and general business knowledge. The aim is to reduce the level of risk (and cost) that enterprises have to bear when starting out, and to increase the percentage of new businesses that survive and grow.

So far, the Ministry of Economic Affairs has provided guidance for the establishment of 61 incubator centers. For those female entrepreneurs who need R&D guidance over an extended period and who also have special needs with regard to technology innovation, incubator centers can provide space, facilities, and guidance with regard to technology, human resources, information and operations. By locating themselves in an incubator center, entrepreneurs can reduce the level of risk and uncertainty that they have to deal with in the early stages of new business establishment.

4. Funding Assistance – Loans for Business Start-up

Currently, the types of preferential loans that the government provides for new business establishment include Young Entrepreneur Loans, Worker Entrepreneur Loans, Loans for Women in Difficult Circumstances, Loans for Micro-enterprise Entrepreneurs, Loans for Young Entrepreneurs in Rural Areas, Loans for Young Aboriginal Entrepreneurs, and Loans for Physically and Mentally Handicapped Entrepreneurs. With the exception of the Loans for Women in Difficult Circumstances, which are available only to women, all of the other types of loan are available to entrepreneurs of both sexes.

Applications for Loans for Women in Difficult Circumstances can be made by all women aged 20–65 whose total household income is no more than 2.5 times the poverty line. Women who conform to these requirements can submit their loan application to the Council of Labor Affairs; the ceiling on individual loans is set at NT\$1 million.

V Major Developments in the Government's Strategy for the Provision of Guidance to Female Entrepreneurs

Today, more and more women in Taiwan are starting their own businesses. In the future, government policy regarding the promotion of entrepreneurial activity by women will need to emphasize the exchange and sharing of experience, and on strengthening entrepreneurs' knowledge in the areas of operational management, financial planning, technology and other specialized fields. The government will need to focus on building a suitable environment for entrepreneurial activity, the establishment of female entrepreneurial activity funds, and enhancing the visibility of female-owned businesses.

1. Establishment of a Knowledge-sharing Platform for Female Entrepreneurs

There are many examples of successful female entrepreneurs in Taiwan. However, there has in the past been a lack of suitable channels whereby their valuable experience and the secrets of their success can be shared with other female entrepreneurs or would-be entrepreneurs. If ways were found whereby successful female entrepreneurs could serve as models for others, this would reduce the amount of time that new entrepreneurs spend feeling their way or reinventing the wheel; it would also reduce the percentage of new businesses that fail. With the raising of women's average educational level and the rapid development of information technology, there has been a dramatic increase in the opportunities for women to establish new businesses in knowledge-intensive industries. What this means is that the main emphasis in the government's planning

of its promotional efforts needs to be on helping to create opportunities for would-be entrepreneurs to interact with others. If, in the future, the government is able to establish clubs and societies related to female entrepreneurial activity and female entrepreneur associations, and if it can build a platform that female entrepreneurs can utilize to share knowledge with one another (so that it serves as a medium for the exchange of information and the sharing of experience), this should help to encourage cross-industry collaboration between female entrepreneurs.

2. Continuing to Try to Meet the Full Range of Female Entrepreneurs' Needs

Since 2001, the National Youth Commission has organized Female Entrepreneur Guidance System Activities on an annual basis. These activities have been warmly received by the participants; in fact, the number of people applying to take part has grown so quickly that the Commission has often had to lay on extra classes to meet demand. There is thus a high level of interest in entrepreneurial activity among women in Taiwan. Currently, the National Youth Commission's activities are held in rotation in Northern, Central, Southern and Eastern Taiwan. If it were possible to hold these activities on a more regular basis in all of these locations, it would be possible to help an even larger number of female would-be entrepreneurs.

Shortage of funds is another key factor making it difficult to provide effective assistance to female entrepreneurs. In the future, the government should try to allocate a sufficiently large budget appropriation to provide guidance for women's entrepreneurial activity, so that the various activities (including training courses and seminars) can be held on a regular basis. It

will then be possible to provide women business owners with the training courses and support they need in the areas of operational management, financial planning and specialist skills, thereby increasing the percentage of female-owned start-ups that are successful, and minimizing the negative impact on society resulting from failed businesses.

3. Establishing Incubator Centers for Female Entrepreneurs throughout the Country

All over the world, entrepreneurial activity by women tends to be concentrated in the service sector, and Taiwan is no exception. However, there are currently very few incubator centers in Taiwan that are designed to meet the needs of the service sector, and there are no incubator centers whatsoever specifically designed to meet the needs of female entrepreneurs. In order to encourage more women to start their own businesses, there is a real need to set up incubator centers for women throughout Taiwan. Not only would incubator centers of this kind be able to provide female entrepreneurs with the latest business knowledge and effective training programs, they would also constitute a comprehensive guidance mechanism that could assist women with the evaluation of market opportunities before they set up their business and with operational management once the business is up and running. Incubator centers could also show female entrepreneurs how to secure funding, provide them with management guidance, arrange for collaboration between female-owned businesses and academic institutions, provide guidance in how to go about applying for preferential loans, offer courses in the computerization of operational processes, and undertake follow-up regarding the achievements of female-owned

businesses. Given the difficulty in establishing large numbers of new incubator centers, some could take the form of “virtual incubators,” with assistance being provided over the Internet. This would help to eliminate restrictions in terms of space and time on the provision of guidance, and would enhance the level of practical support that incubator centers could provide to women business owners.

4. Establishment of Special Funds to Promote Female Entrepreneurial Activity, and Easing of the Repayment Terms Applying to Loans to Female Entrepreneurs

When their business is just getting off the ground, many women entrepreneurs experience problems with under-capitalization. The establishment of special venture capital funds or loan guarantee funds would help to ensure that female entrepreneurs can secure the funds they need. Another problem that affects many female entrepreneurs is excessively tight repayment schedules; if these could be relaxed, it would make life significantly easier for them.

5. Helping to Raise the Visibility of Female Entrepreneurs

Women-owned businesses often suffer from weak marketing capability and a lack of visibility. The government might want to consider making more effort to publicize the achievements of the various guidance programs for female entrepreneurs over the Internet, or holding more exhibitions and presentations (including international exhibitions) of the products of the more successful female-owned businesses, focusing particularly on products that have the potential to be highly competitive in international markets. The government should also seek to leverage female entrepreneur organizations and

knowledge-sharing platforms, encourage academic research into entrepreneurial activity by women, and promote contacts and exchange between relevant organizations in Taiwan and overseas, so as to stimulate an across-the-board, comprehensive promotion of female entrepreneurial activity and strengthen the visibility of female-owned Taiwanese businesses throughout the world.