

# Women Entrepreneurs Making Leap Forward



Author Mariko Tamura

By Mariko TAMURA

## Women's Business Startups Increasing

Women entrepreneurs are attracting attention as important players reinvigorating the Japanese economy. This is probably because female participation in society has made progress as an increasing number of women are reaching managerial posts in businesses, laying the groundwork for them to start businesses on their own. As women explore diverse paths of life, they seem to be attracted by the idea of starting their own businesses as one of the choices in their career planning.

In fact, women's viewpoints have come to be viewed as quite important, penetrating the business world very rapidly. The Study Group on Gender Equality of the Ministry of Economy, Trade and Industry said in a 2003 report, titled "Women's Activities and Corporate Earnings Performance," that businesses having a corporate culture in which women can fully use their talents have high profit margins (*Chart 1*).

According to the government-funded Japan Finance Corporation, the number of its loans extended to women entrepreneurs for their business startups marked an extremely high growth rate, increasing fourfold in 10 years – from 1,315 cases in fiscal 1999 to 5,308 in fiscal 2008 (*Chart 2*). In June 2008, businesses run by women numbered 65,452, showing a 5.8-fold surge in 25 years since this sort of data was first collected, according to a survey of women company presidents by Teikoku Databank Ltd. If the number of one-woman business operators (sole proprietors) is added to this figure, a much greater number of women are likely to be running businesses, indicating a growing trend of business startups by women.

This is consistent with a global trend. In 2009, a "European Network of Female Entrepreneur Ambassadors" was launched in

Stockholm to help boost the number of women entrepreneurs in Europe. Female entrepreneurs are also an emerging force in Asia. It is particularly conspicuous in China, where 23% of all business startups are said to be by women, and female entrepreneurs continue to increase in number, according to a Chinese survey of business startups taken in February 2006. The rise in the number of women entrepreneurs seems to be a global trend.

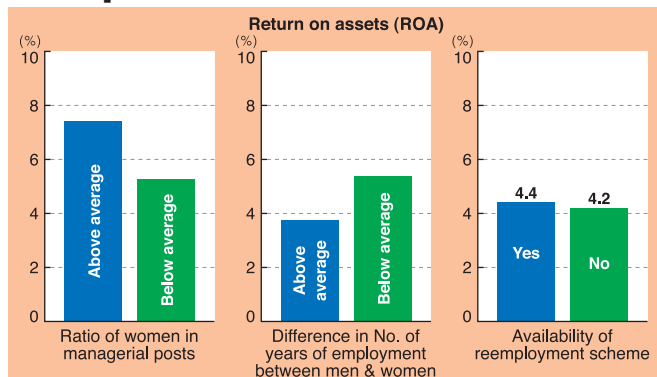
## Tailwind from New Company Law

The key in fighting economic stagnation that will result from the declining population of Japan is assumed to lie in women starting their own businesses. Behind this assumption is the fact that the first crop of the postwar baby boom generation (born in the second half of the 1940s) began to reach the mandatory retirement age of 60 en masse in 2007, causing a super-gray society to loom as a reality. This has made it necessary for the entire nation to shift from a government-dependent society to an independent, autonomous one. Institutional infrastructure has been laid down to promote this shift, such as the authorization to establish nonprofit organizations (NPOs) in 1998, and limited liability companies (LLCs) and limited liability partnerships (LLPs) in 2006. These new business formats have been added to the conventional ones, including sole proprietorship, mom-and-pop businesses, very small firms and joint-stock companies. The new Corporation Law enacted in 2005 authorizes the establishment of a joint-stock company with paid-in capital of 1 yen.

Against this backdrop, it has become easier for women to start businesses designed to make social contributions or to make themselves financially independent. The availability of diverse organizational for-

CHART 1

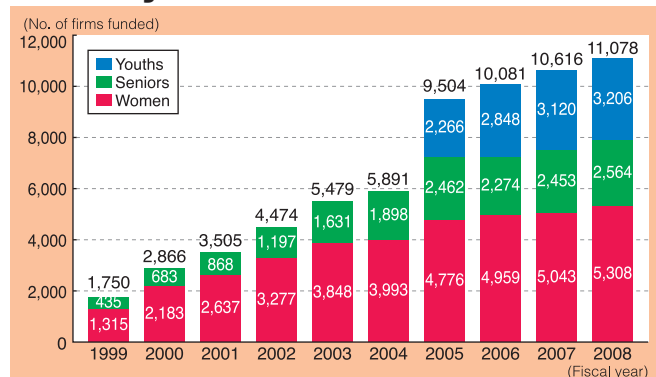
### Firms harnessing women's talents more profitable



Source: Compiled from "Women's Activities and Corporate Earnings Performance" (2003), Study Group on Gender Equality, Ministry of Economy, Trade & Industry

CHART 2

### Trends in startup funding for women/youths/seniors



Note: "Business Startup Funds for Women, Youths & Seniors," a financing program designed to support women and men (the latter aged either less than 30 years or 55 years or older) who are about to start a business or started one within the past five years or so. Youths (younger than 30 years) were added to the program in April 2005.

Source: Japan Finance Corp.

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mats and the implementation of the new Corporation Law, which in effect has abolished capital requirement, have proven a boon for women who find it difficult to raise initial funds for business startups and who seldom have gone as far as to take out loans for that purpose.

### Ready to Share Social Contributions

The availability of various organizational options will have a large impact on women starting businesses linked to social contributions.

For example, Nanako Ishido, vice president of an NPO known as CANVAS, promotes workshops and events for children using the NPO format and in tandem with partners who share her objectives such as creators (professionals in creative expressions), businesses oriented to R&D on technology, schools, government offices and other NPOs.

Ishido says, "How communities make full use of information and communication technology (ICT) and nurture the next generation of human resources are important themes in considering local communities in the 21st century." She is a social entrepreneur who promotes activities to nurture children's power of creation and expression through her "Secret Bases for Play and Study" in partnership with business, government and academic quarters.

Ishido majored in robotics at the University of Tokyo, and while she was in the university's graduate school, she did research at the MIT Media Lab in Cambridge, Massachusetts, as a visiting researcher. She founded the NPO in 2002 when she was 23 years old. She has outstanding scholars and intellectuals on the board of directors of her NPO. Ishido, who says she was into astronomy as a child, chose robotics for her study. Her fate was decided when by chance she saw a Media Lab video in her junior year at the university. "When I saw how the Media Lab was doing research on the ICT and the education of children, I was convinced that was what I wanted to study," she says.

Personal computers and cellular phones were in the lives of Ishido and her generation ever since they can remember. "Since there is excellent ICT, I want to use it more to teach Japanese children the joys of creation and expression," Ishido says, eyes twinkling. She has a packed schedule of projects, including the world's first exhibition of workshops for children slated for this year in which an Italian theatrical troupe will participate for the first time.

Other women social entrepreneurs include Kumi Imamura, president of another NPO, KATARIBA, which conducts career education for senior high school students. Women tend to start businesses on a mission to address various social issues, such as the graying of the population and increasingly fewer children, the environment, etc.

### Changing Employment Environment

In analyzing factors for the surging wave of female entrepreneurs, we find that behind it is women's increasingly active social participation. Japan enacted the Equal Employment Opportunity Law in 1986, which increased the number of women on corporate career paths. However, faced with corporate culture that reflects male-dominated Japanese society, these women on career tracks began to start their own businesses to "find a place where they can fully display their capabilities."

At the same time, many stay-at-home housewives began to work outside, starting to see society through their own eyes. Today, more than half of Japanese women hold jobs. The time has come for women with rich life experience gained from being full-time house-



(Top left) Nanako Ishido, vice president, NPO CANVAS; (top right) a collection of workshop products; (bottom) a scene from a workshop exhibition event for children

wives to play the leading role in starting up businesses. As more women work outside, there have appeared personal services for families. These services are becoming increasingly segmented, offering opportunities for more women to start businesses.

Without doubt, in the 24 years since the Equal Employment Opportunity Law was enacted, the employment environment surrounding women has improved dramatically. Although still low by world standards, the ratio of working women at the level of department managers increased to 4.1% by 2008, according to the "Basic Survey on Wage Structure" by the Ministry of Health, Labor and Welfare.

Although most women have little job experience in managing budgets and other key matters, the number of women who have had managerial experience has increased. As a result, it has become noticeable since the turn of the century for female entrepreneurs to have their businesses go public. Among these women attracting attention in particular are Yoshimi Ogawa, chairman of Index Corp. (listed in 2001), Tomomi Ishihara, president of Dr. Ci:Labo Co. (2003), Tomoko Namba, CEO of DeNA Co. (2005), and Fujiyo Ishiguro, president and CEO of Netyear Group Corp. (2008).

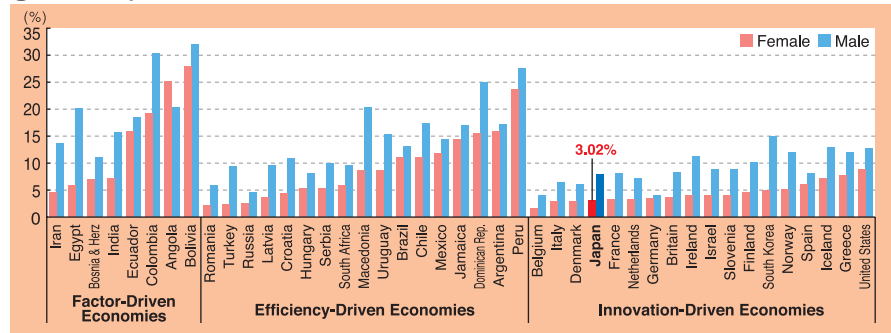
### Internet & Innovative Business Models

Further advance in Internet technology is creating an environment conducive to launching businesses by women. For example, Asuka Watanabe, president & CEO of Luke 19 Co., is running a unique department store on the Internet. In 2005, she opened a shopping mall site, "Sample Department Store," which specializes in distributing free-of-charge product samples offered by businesses.

She has adopted various devices to enjoy a sense of shopping on the site, such as the introduction of a shopping mall format in which consumers can shop with virtual money called "Sampler" or earn points on their purchases. Another attraction of her site is that it offers a place where consumers can convey comments to businesses. These measures have made it possible for her to engage in innovative, finely tuned marketing unseen before.

CHART 3

## Early-stage entrepreneurial activity rates by gender, 2008



Notes: Percentage of female (male) population between 18-64 years

Countries are ordered along phase of economic development and female early-stage entrepreneurial activity rates

Source: "Adult Population Survey," Global Entrepreneurship Monitor (GEM)

In 2003, Risa Aihara, president of Ai-Land Co., opened a portal site, "Otori-yose Net" (an Internet order system), for selling merchandise carefully chosen on the basis of word-of-mouth reputation. She is also engaged in the planning of Internet promotion for goods and services targeted at women. In this manner, the number of women who launch businesses to sell goods, offer information, provide services in advertising or education, and undertake other ventures via the Internet has continued to increase. What characterizes them is that consumers form a social network, create a climate for marketing and thus link individual consumers to businesses for better communication.

### Growing Chain of Aid for Women Entrepreneurs

In fact, activities to nurture women entrepreneurs on the part of local governments and businesses have picked up since the beginning of the 1990s.

In 2007, Japan's first facility to support women's business startups through collaboration of the administration and the private sector was established. Microsoft Corp. and the government of Yokohama City jointly launched this facility, known as "Josei Kigyo UP Room" (Women's Business Launch UP Room), and all 10 of the first group of enrollees under the program have started their own businesses. UP stands for "Unlimited Potential," Microsoft's slogan.

Eriko Yamaguchi, CEO of Motherhouse Co., launched her business of selling bags in 2006. With 3 million yen she received as a prize for winning the "Women Entrepreneurs' Business Plan Contest" held that year under the sponsorship of Fujisankei Communications Group, she opened her first shop in the downtown area of Iriya, Taito-ku, Tokyo, and now has seven stores. With the aim of launching a world-class brand from developing countries, she develops and markets bags and other original products made primarily of jute in Bangladesh, one of the poorest nations in the world.

Michiko Hirono, president of 21LADY Co., which supports lifestyle-related businesses, was the first recipient of investment from a 1 billion yen fund created by cosmetics giant Shiseido Co. to support women managers.

These examples show that various support systems to nurture women entrepreneurs have been launched by local governments and businesses, including entrepreneurship education and business plan contests. These activities are accelerating the establishment of businesses by women.

Recently, an increasing number – though still small – of female entrepreneurs are helping other women start businesses. Behind the growing networking of businesswomen is the fact that they have gained enough power to organize networks of their own.

"Without assistance from other businesswomen, it would have been difficult for me to manage both work and home," says Mutsumi Okuyama, president of Will Co., which helps set up websites and Net advertisements. She thus emphasizes the importance of other businesswomen acting as mentors. In fact, Okuyama founded an LLC, e-Tes Co., in which she and four other women entrepreneurs made investment to undertake jobs commissioned by other companies, among other things. "From now on, I would like to put myself into

nurturing the next generation of women entrepreneurs," she says, and this has led to her third company, Career Support Center, an LLC set up in 2006.

Meanwhile, the Ministry of Health, Labor and Welfare in 2006 launched across the country a service to match novice women entrepreneurs with mentors to assist them. In this manner, the chain of support for female entrepreneurs is getting stronger thanks to women who nurture junior startup operators following in their footsteps with profit made from initial public offerings (IPOs), money prizes won in contests, or commendation systems they sponsor.

### Perseverance to Overcome "Barriers" & New Value Creation

According to the findings of a survey of new startups taken in 2006 by a Japan Finance Corp. research unit, the ratio of business shutdowns by women (18.8%) is slightly higher than that for men (14.6%). The report says this is due to differences in the amount of own funding and the duration of business experience (which is shorter among women). Besides the higher business shutdown ratio among women, the duration of their businesses is shorter.

"It is easy to start a business, but very difficult to keep it going." This is something shared by many women entrepreneurs. Unless one can keep it going, there is no sense in starting a business. In this regard, women should aim at developing their power to continue their businesses, or the power to persevere.

Women's lifestyle has a whole scope of "barriers," ranging from finding a job, marriage, child birth/care and job transfers of husbands to caring for their aged parents or in-laws. Therefore, it is important for women to use their head to gain knowledge, personal contacts, funding, collaborators, time and business models to overcome these barriers.

According to a 2008 survey by Global Entrepreneurship Monitor (GEM), the ratio of Japanese women involved in corporate activities is fairly low at 3.02%, which is 37th among the 43 countries covered (Chart 3). As the number of women entrepreneurs is still small in Japan, it is urgently needed to create an environment and places in which women can exchange views with businesswomen who can help them as role models or mentors. It is hoped that a further increase in women entrepreneurs will bring diversity to business viewpoints, helping create new industrial culture and market value that take full advantage of women's potential intellectual capabilities. **J.S**

Mariko Tamura is secretary general, Japan Academic Association for Ventures and Entrepreneurs (JASVE).