

## 14. Country Report of Peru<sup>1</sup>

### 14.2 Current Status of Women Entrepreneurs of Peru

#### History

In the 90s, when Peru endured a hyperinflation and lived in chaos because of terrorism, people from its different provinces moved to the capital in pursuit of safety and opportunities to improve their social and economic situation, but things didn't happen like that, so Peruvian creativity begun to make a living.

Bronny Loayza Alvarado, Manager of Peru Global Projects - an independent brand providing services of new business development and consultancy on business management, states that the term "entrepreneurship" appeared in Peru motivated by poverty and the lack of job opportunities in this decade. According to Loayza, "entrepreneurship out of necessity" is just the implementation of a business idea in haste, without knowing if there is or not a market potential to generate incomes. That way, that necessity led many people to look for their own job and create their own business; but most of them were involved in the trade and service industries.

Likewise, he noted that these entrepreneurs weren't supported by the Government, which led them to create Industrial and Business Clusters in areas of Lima Metropolitana, such as Villa El Salvador, Los Olivos and the commercial emporium of Gamarra, places in which today's successful entrepreneurs, who are good examples for other entrepreneurs, were born.

Similarly, Patricia Jimenez, former Director of Business development LATAM - Opinio for Latin America, remarked that not all businesses imply a high first investment, due to many enterprises started with little capital and became in successful businesses. In her opinion, good ideas, effort and dedication define entrepreneurship's success.

Jimenez also remarked that there are many profiles of social entrepreneurs who try to give a solution for the greatest problems of Peruvian society, interacting in fields related with Education, Transport, Hygiene and Health.

Over the years and developments in legislation, there has been an improvement in the environment for the rising of new entrepreneurs in Peru who, currently, have established big companies with a national and international recognition and prestige. (*Gestion*, August 30, 2015)

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### Female Labor Force in Peru

In May 2016, the National Institute of Statistics and Informatics (INEI by its acronyms in Spanish) reported that the Peruvian female population was 15,716,000 people, representing a 50.0 percentage of the total population, a 74.8 percentage of which were in a legal age (11,752,000 people). From this population, 7,209,000 women belonged to the economically active population (EAP) of Peru that is from every 100 people, aged 14 or over belonging to the EAP, 44 were women.

According to the results obtained from the “INEI’s National Household Survey”, the percentage of employed women increased by 23.2 percentage in the last ten years; by 2016, there were 6,947,000 employed women. The greater incorporation of women into economic activity followed the decrease of fertility rates and access to education, which allowed a major time available to access to a paid activity.

Therefore, INEI reported that women’s insertion in small enterprises defined their participation in the labor market; this way, a 69.2 percentage of them worked in an enterprise with a range of 1-5 employees, a 5.5 percentage in enterprises with 6 to 10 employees, a 6.4 percentage in enterprises with 11 to 50 employees and only an 18.9 percentage in enterprises with 51 employees and over.

According to the economic activity branches in which women interact, it was noted that a 40.5 percentage of these women worked in services, a 25.6 percentage in trade activities, a 22.3 percentage in agriculture, an 8.6 percentage in manufacturing and a 1.9 percentage in transport and communications. (INEI, 2016)

### Women Entrepreneurship in Peru

The Ministry of Women and Vulnerable Population (MIMP) has as one of its strategic institutional aims the enhancement of women and vulnerable populations’ physical, politic and economic autonomy over their lives and promote the insertion of women into the labor market, perhaps through agreements with public and private entities and, also the promotion of entrepreneurship’s ideas.

Regarding this last, the former MIMP’s head, Marcela Huaita, in an interview performed by Gestion newspaper in May 2015, recognized that many women started a business because of “their needs”, they are household heads with children whom they need to feed; so, this is not a result of their opportunities, as in businesses started by men, this is a result of their needs.

She also remarked that the “good” coming onto the market and the “service” performed by enterprising women do not have a market research, making a 26.0 percentage of those businesses

doomed to failure. Another factor she remarked was their lack of training, making that such businesses have a high failure rate later. For that reason, the MIMP was committed to take measures in order to enhance the women's economic business skills which allow them to generate incomes and prevent their children from working in the streets.

The ex- minister emphasized that women entrepreneurship faces various challenges. The first one is to improve the conditions in which these initiatives rise. Then, face situations of violence which they are victims and provide that entrepreneur with the appropriate health care because, the more time for her recovery, the less profits into the business and possibilities to subsist, making the women entrepreneurship's failure and mortality rate really high.

Finally, she noted that the three specific aims to achieve are: improve enterprising women's self-esteem, increase their knowledge on business plans and generate skills on a particular product. (Gestion, May 11, 2015)

In November 2010, Claudia Piras, a specialist in the fields of gender, labor marked and business development in Latin America of the Inter-American Development Bank - IDB and co-author of the book "Women Entrepreneurs: Barriers and Opportunities and Barriers in the Formal Private Sector in Latin America and the Caribbean", confirmed what the former minister Huaita said: Peruvian women have a higher entrepreneurship rate than men, in contrast to most of the countries of this region. Peruvian women have a greater presence as entrepreneur in SME's (small and medium-sized enterprises) than men.

Among the findings of the study, it was noted that in almost all the countries of the region, businesses owned by women are smaller in terms of sales, dimension and value of the assets due to the lower levels on women education in terms of "business management and financial literacy". Similarly, due to their obligations in caring for their children and household, these entrepreneurs were looking for opportunities in their businesses, which meant a "cost in the number of hours dedicated to business activity". (Pymex, November 22, 2010)

Several years later, in March 2017, Peru was considered one of the leading countries with women in the world, according to the first index of MasterCard's Women Entrepreneurs. The International Markets President of MasterCard, Ann Cairns, pointed out that countries in Latin American region at the top of the list are: Costa Rica, Peru, Colombia and Chile followed by Brazil, Uruguay, Argentina, Ecuador and Mexico.

The report presented by MasterCard confirmed that women's entrepreneurship is due to the "need and determination". But some significant conditions of support are required, such as opportunities

of professional development, access to financial services and facility to start business in order to insure its business property as it occurs in developed markets of New Zealand, Canada, United States of America among others, where the existing conditions endorse the business property for women, with significant communities of small and medium - sized businesses as well as a high quality governance and facilities to start business.

In addition, it was indicated that there are some of the best enterprising women in Peru, but the entrepreneurship in the future is limited by the fear of business failure, restrictive governmental policies, lack of financial support, education and the suitable business training. In this way, the report points out that enterprising women tend to become successful in social surroundings where the female gender bias is lower in terms of opportunities to access to financial services, education where market factors for SME's are favorable.

For this reason, the Report recommended that public and private sector work together for dealing with cultural and organizational issues in order to empower the leading women since, to the extent that more spaces are opened where they can strengthen their relations with peers, women will be in a better position to recognize their full potential as well as accelerating a more inclusive growth. (RPP News, March 7, 2017)

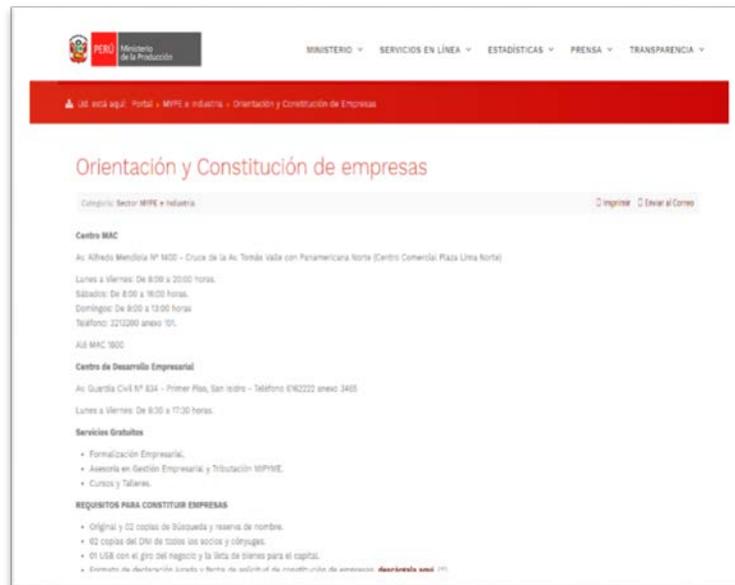
In the context of the International Women's Day, on March 8, 2017, then the Ministry of Production minister (PRODUCE, in its Spanish acronym), Bruno Giuffra, claimed that the number of enterprising women in Peru would reach a 1.2 million for this year. This, because of the administrative simplification applied and the digitalization strategies introduced in his sector.

*“These actions promote the emergence and formalization of businesses. Only this year, more than 26 000 micro and small companies headed by enterprising women would be created”,* he said. (Ministry of Production, s.f.).

The former head of Production explained that there is a great heterogeneity regarding the geographic distribution of the number of enterprising women. A 19.0 percentage of them is in Lima (217 553), 10.0 percentage in Puno, 7.0 percentage in Cusco and La Libertad respectively, and 6,0percentage in Piura where important cases of women entrepreneurship are also observed.

Likewise, he indicated that the average age of women entrepreneurs is 45, being lower in two years to the men entrepreneurs average (aged 47). At a sectoral level, the activities with greater presence of women entrepreneurs are trade (41.6 percentage), services (26.2 percentage), agriculture and livestock (25.3 percentage) and manufacturing (6.7 percentage). (*La Republica*, March 8 2017)

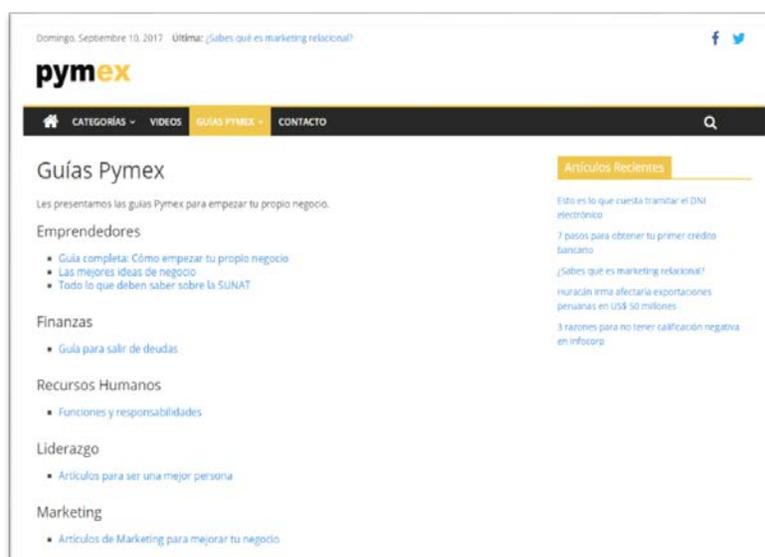
Figure 1. MSE Sector and Industry



Source: Ministry of Production (s.f.). Companies Orientation and Constitution. Category: MSE Sector and Industry. Recovered from: <http://www.produce.gob.pe/index.php/mype-industria/orientacion-y-constitucion-de-empresas>

Similarly, in March 2017, two months later, PYMEX, a portal oriented to enterprising entrepreneurs and exporters providing useful information and training on finance, leadership and technology issues to be applicable to business, reported on the situation of Peruvian women entrepreneurs, through its “Pymex Guide”.

Figure 2. Pymex



Source: PYMEX. Business Portal, Business Ideas, Success Stories (September 10 2017). “Pymex Guide”. Recovered from: <https://pymex.pe/guias-para-empezar-tu-propio-negocio>

This guide presented the results of the “Boletín de Demografía Empresarial” (Bulletin of Business Demography) – INEI (National Institute of Statistics and Informatics) which allows to know the creation and disappearance of companies at quarterly, on the basis of the information obtained from the Central Companies and Establishments Directory which has the National Register of Taxpayers from the National Customs and Tax Administration Superintendent (SUNAT, in its Spanish acronym), that registers functioning companies as well as those which were written off.

**Figure 3.** Independent Entrepreneurs



According to INEI data, by the 4<sup>th</sup> quarter of 2016, 42,104 businesses managed by natural persons were established, of which 23,468 (55.7 percentage) were managed by women and 18,636 (44.3 percentage) by men, showing a greater insertion of women as formal independent entrepreneurs within the business community, with more opportunities than men to succeed in their businesses. In this sense, INEI found that the behavior of businesses that entered and left the business market, revealed a greater participation of women.

Regarding the businesses created by natural persons closed or written off within a similar period, 12,705 were managed by men, representing a 55.3 percentage of the total and 10,266 (44.7 percentage) by women. More women than men started a business as natural person within the service sector. It is remarkable that a 63.9 percentage of new business units (10,532) were managed by women versus a 36.1 percentage (5,943) of businesses managed by men within the retail trade.

Similarly, a greater participation of women in new businesses, in accommodation activities and food service (3,537 units) was reported, representing a 63.7 percentage of businesses created by natural persons versus the 5,552 units in total recorded within the trimester under development. According to type of business, beauty salons were included, of which 8 from every 10 salons opened by natural persons were registered by women.

Within the developed period 2016, INEI reported that, in all of the country's departments, except from Loreto, the percentage of women entrepreneurs was higher than men's, that is, it overreached the 50,0 percentage, among which outstands Tumbes (64.3 percentage), Tacna and Ica (63.0

percentage for each one), Moquegua (61.3 percentage), Madre de Dios (61.0 percentage) and Cusco (60.7 percentage). (*Pymex*, May 10, 2017)

The following year, the Bulletin “Business Demography in Peru” corresponding to the second quarter of 2017 recorded 43,735 operating businesses created as natural person, of which 22,759 were managed by women representing a 52.0 percentage of the total, which means and states again that there is a greater participation of women in the management of businesses. While the number of businesses managed by men amounts to 20,976 (48.0 percentage).

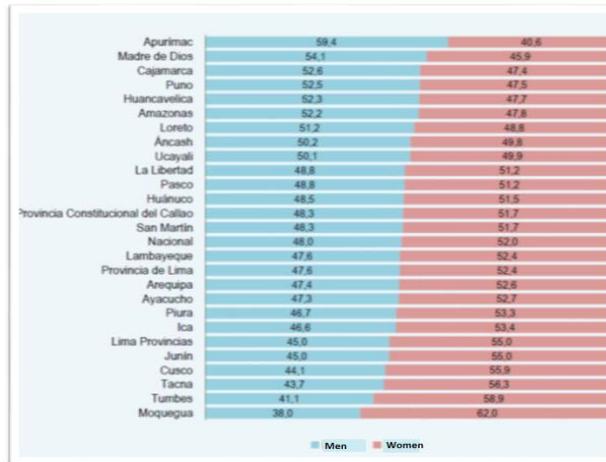
Making a gender and region-based analysis of the businesses created as natural person, it was noted that women had participation greater than 50.0 percentage in almost all of the country’s regions, except from Amazonas, Ancash, Apurímac, Cajamarca, Huancavelica, Loreto, Madre de Dios, Puno and Ucayali. Women’s greater participation was recorded in regions such as Moquegua (62.0 percentage), Tumbes (58.9 percentage), Tacna (56.3 percentage), Cusco (55.9 percentage), Junín and Lima Provinces (55.0 percentage for each one) among the most representative.

According to the economic activity performed by businesses created as a natural person, INEI reported that 5,690 businesses performed activities of food and beverage service, of which a 64.3 percentage were managed by women and a 35.7 percentage by men. Businesses managed by women, too, such as retail (61.8 percentage) and wholesale trade (55.4 percentage), were found among the most important.

On the other hand, men had a greater participation in the management of businesses dedicated to construction (85.5 percentage), mining and quarrying (79.3 percentage), transport and storage (76.5 percentage), sale and repair of vehicles (68.2 percentage) and agriculture, livestock, forestry and fishing (67.1 percentage) within the trimester under development.

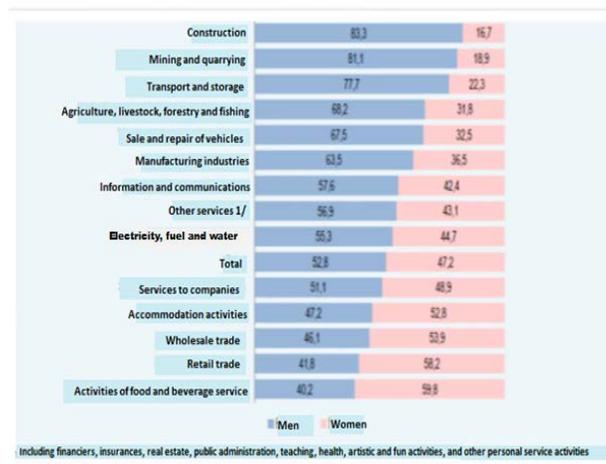
In the second quarter of 2017, Peru had 21,997 businesses written off, registered as natural persons, 11,604 (52.8 percentage) were managed by men and 10,393 (47.2 percentage) by women.

**Figure 4.** Operating Natural Persons by the Managers Gender, According to the Region, Second Trimester 2017



Source: Instituto Nacional de Estadística e Informática - Directorio Central de Empresas y Establecimientos

**Figure 5.** Operating Natural Persons by the Manager’s Gender, According to the Economic Activity Second Trimester 2017



Source: Statistics and Informatics National Institute - Central Directory Companies and Establishments

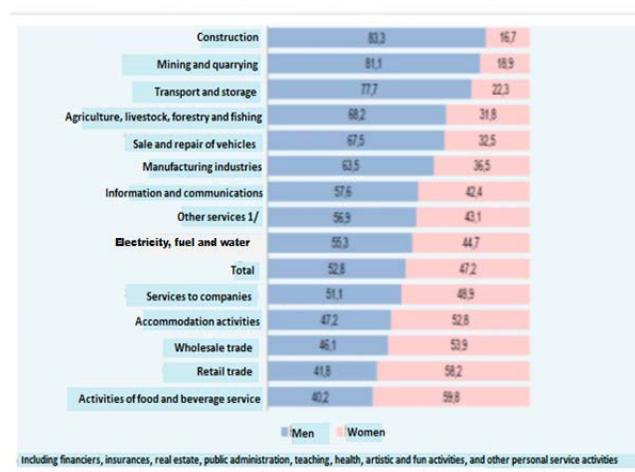
Regions where women had more participation in the management of retired companies as a natural person were Tacna (58.3 percentage), Moquegua (57.9 percentage), Cusco (56.6 percentage), Pasco (55.1 percentage), Lambayeque (52.9 percentage), Piura (52.6 percentage) and Tumbes (51.9 percentage). Meanwhile, there were different regions where men had more participation in the management of retired companies and they were Amazonas (58.3 percentage), the Constitutional Province of Callao (58.0 percentage), Madre de Dios (57.3 percentage) and San Martín (56.6 percentage) and others.

According to the activity carried out by the retired companies constituted as natural persons, where women had greater participation, one thousand 505 companies were engaged in food and beverage

service activities: 59.8 percentage were of women and 40.2 percentage were of men. Retail trade activities followed (58.2 percentage) wholesale trade (53.9 percentage) and accommodation activities (52.8 percentage)

On the other hand, the activities in which the man had a greater participation in the management of retired companies registered as natural persons were: construction (83.3 percentage) mining and quarrying (81.1 percentage) transport and storage (77.7 percentage) and agriculture, livestock, forestry and fisheries (68.2 percentage).

**Figure 6.** Natural Person Written off by the Manager’s Gender, According to the Economy Activity



Source: Statistics and Informatics National Institute, 2017, p.40)

Terms used by the INEI:

- Natural person: Is a human person, of visible existence, endowed with all the rights and obligations that the legislation needs.
- Company startups: Includes companies that are created or reactivated; likewise, those who start to carry out economic activities.
- Discontinuation: Includes companies that cease to operate due to permanent closure or termination of their activities, temporary suspension, death in the case of natural persons, and merger by division in the case of legal entities.

To this day, September 2017, the consultant Themma specialized in entrepreneurship, through Francisco Marcelo, its founder and General Manager announced the results of a national survey on entrepreneurship in Peru, with the objective to review the Panorama of the sector and to know the perceptions of the different actors of the local entrepreneurial ecosystem. Among its main results is that:

- 54.2 percentage have confidence in their product and/or services; have motivations that allow them to focus their work to achieve success, even though, there exists many aspects to improve the entrepreneurship.
- 26.4 percentage undertake because they want to be their own boss, although, it is known that the entrepreneur has to be accountable for more people.
- 9.7 percentage trust in the profitability of their idea, however Marcelo indicates that it is not possible to be undertaken unless a route of income generation is defined.
- 8.3 percentage were aware that the “union means strength” by what it undertakes with strategic allies and/or clients established at the beginning of the entrepreneurship.

The survey made by Themma also found that 29.2 percentage of respondents sought commercial strategies, 25.0 percentage used innovation as a tactic to remain in the market, 22.2 percentage sought to specialize in their sector to know their own market, 12.5 percentage required external support and 11.1 percentage sought other channels of communication, such as investment for dissemination in social networks and the media.

Finally, 54.2 percentage of the entrepreneurs surveyed aimed to increase their client base and hoped to boost their business strategy, 11.1 percentage wanted to expand their knowledge by participating in events and 22.2 percentage planned to increase turnover with their current customers.

What is certain is that, the entrepreneurship needs the success, resilience, conviction and the development of the entrepreneur’s abilities as a guide in this way, according to Francisco Marcelo. (*Gestion*, September 6, 2017)

#### How Is the Peruvian Woman Characterized as an Entrepreneur?

Respond to this question Claudio Leno, Director of the NGO Embark Woman Peru and former director of WEConnect in Peru, an international organization that unites Peruvian women with international corporations such as Pfizer, Coca Cola or Microsoft. She states that, among the main characteristics of women’s leadership style, women tend to hire more women, they are more responsible for the payment of loans that they acquire because they have to build a credit history; in her research, she found that 60.0 percentage of loans to microenterprises in Peru are delivered to woman and that is a consequence of the fact that they have shown that they are good payers. In addition, she said that women entrepreneurs are more flexible and considerate about their workers permits because they believe in the capacity of responsibility of their collaborators in terms of the objectives that must be met. (Cadenillas, 2015)

Also, she pointed out that Peruvian women are not afraid of starting a business; they are so entrepreneurial, despite many of them not having access to education, resources and credits, unlike other entrepreneurs in different parts of the world. The 70.0 percentage of Peruvian women want to have their own business, because they consider that to make a business is a challenge, but is not impossible, there is a need to balance the personal life with work life, she said Leno. (Cadenillas, 2015)

The ACP Group, a non-profit civil corporation that seeks to achieve a social impact in Peru through investments in companies or self-sustaining programs, to support micro-entrepreneurs and young people with limited resources, has presented some reflections on the qualities of the enterprising women in Peru.

The company indicates that, according to the IDB (Inter-American Development Bank), a large part of micro-enterprises in Peru are led by women, many of whom have to support their families and, thanks to a business idea, have succeeded in running a business that today allows them to support their home. Among the characteristics that every enterprising woman has, the following ones stand out:

- Entrepreneurial spirit  
Women have seen entrepreneurship as their economic independence and the way towards their personal and family development. They do not ask anything from anybody and - even if they have everything against them- they continue by themselves.
- Fighter  
Due to an identified idea or opportunity in the market, women have assumed the challenge of being their own source of income to provide for their families.
- Positive  
Enterprising women are specialists in "always seeing the glass half full", which means that despite "very good" or "bad" situations they are always ready to find the bright side of the situation.
- Leader  
Enterprising women are leaders and at the same time workers. Enterprising women know how to manage their houses and also their business. They know how to guide their children and their workers, as well as their community and other women like them.
- Persevering  
They are aware that they may not get good results when setting up a business; but they know they need to keep going until they achieve their goal. Entrepreneurial women do not give up and see failure as an opportunity for learning. (Peru21, March 4, 2016)

The leadership, effort, dedication, perseverance and responsibility shown by Peruvian enterprising women to manage their businesses and promote their growth are recognized by public and private organizations as well as by society in general. The aim is their inclusion in the development of the country and therefore it also aimed to provide them with tools and competences, so they will be able to manage their businesses successfully, assume leadership and achieve management responsibilities within organizations.

Thus, the Network of Women Entrepreneurs of Peru (REDMEP), established in Peru and the United States of America, works to strengthen and empower businesswoman and entrepreneurs nationwide and in those States of North American territory where Peruvian women live.

The REDMEP brings together "Entrepreneurial Women", "SME Women", "Successful Enterprising Women" and "Professional Women" who fulfill their own and diverse roles, but are integrated with the same purpose, to achieve growth and personal and professional development, gain access to constant training, have equal opportunities for the support of their businesses, goals that will guarantee an economic growth, environmental care and social welfare. (RedMep, s.f.)

Last year, 2016, Dalila Rosario Gamarra, legal representative of REDMEP, in agreement with Alfonso Velasquez, president of Sierra Exportadora, implementing public agency that aims to promote and develop the exportable quality supply in order to introduce the Peruvian Sierra to the national and international markets through the promotion of local enterprises and innovation of productive processes, signed an agreement for inter institutional cooperation framework to take forward the "National Enterprising Woman Award" and other activities and services that contribute to emphasize the relevance and importance of the role of enterprising women in society.



In the first edition of the 2016 prize, a total of 91 women entrepreneurs from the small business, whose income did not exceed the 1,700 ITU Tax Units (sales per S/ 6.7 million soles per year) and of the microenterprise whose non-income exceeded 150 ITU (sales per S/ 592,500 soles per year), from 19 regions of the country.

The regions with the largest number of participants were Lima (18), Cusco (10), Amazonas, Cajamarca and Arequipa (7 each one), Apurímac (6) and La Libertad, Huancavelica and Huánuco (5 each one). Other regions that participated were Ancash, Junín, Puno, Tacna, Ayacucho, Callao, Moquegua, Lambayeque, Piura and San Martín. The candidates came from the sub-sectors agroindustry, handicrafts, trade, gastronomy, jewelry, clothing and textiles, and tourism, among others.

The indicators that were evaluated were: innovation, sales, business contribution to the promotion of gender equality and number of working position created for women. The results were awarded to the entrepreneur Adriana Valcarcel Manga, from the Cusco region, owner of "Cusco Mara", in the Micro Enterprise category, dedicated to the research, production and marketing of products made from kiwicha, quinoa, cañihua, corn and beans, in different presentations.

Likewise, in the Small Business category, Maria Guzman Mariño, from Arequipa, won for her outstanding management and contribution to the tourism sector through her company "Santa Catalina Tours", founded in 1986; she is one of the pioneers in promoting the Colca route and opening new tourist destinations in the south of Peru. (*Gestion*, March 29, 2016)



The 2017 edition of the "National Enterprising Woman Award" will evaluate the start-up of the company that is directly managed by the entrepreneur, it is agro industrial, textile, livestock, tourism, handicrafts or others, as well as the results and contribution of the business to the promotion of equal opportunities, and the number of working positions created especially for women.

This year award 2017 also includes four honor mentions: online business, career record, family and youth entrepreneurship; the award ceremony will be held in October.

In the Micro Enterprise and Small Business categories, as well as in the honorable mentions, prizes will be given, such as international and national internships, so the winners of the contest can exchange experiences that enrich their business development. Internships will be granted by the Trade and Investment Unit IDB / ConnectAmericas.

Likewise, they will receive scholarships granted by the ESAN University and the Pontifical Catholic University of Peru (PUCP) to gain access to courses in business management with the goal of strengthen their performance in their area of work. (*Gestion*, March 10, 2017)