

## 5. Priority Procurement to Create Further Momentum

ONISHI Sachiyo

It is challenging for anyone, let alone a woman, to launch a start-up and manage the business profitably. But things can be more exciting and interesting precisely because they are challenging. Female entrepreneurs who give priority to the business needs of local citizens and do business by leveraging their will to work, local products and other available resources are key drivers of the local community and economy. In many parts of the world, the public and private sectors are actively working to accelerate both business expansion and women's empowerment through contracting and procurement.

In 2000, the US federal government introduced a preferential public procurement scheme to prioritise small business entities headed by a woman in awarding 5% of its contracts by value. As the scheme had limited effectiveness, it was upgraded to a Women-Owned Federal Contracting Program in 2011. Any micro-enterprise meeting the criteria can be a candidate contractor through online registration. Proactive efforts by government agencies with the close support of local chambers of commerce and women's groups resulted in 4.68% of federal contracts (US\$179 million) being awarded under this programme. Efforts are continuing to reach the 5% target.<sup>1</sup>

Procurement by private businesses is known as 'supply chain management'. One of the world's leading beverage makers based in the US launched in 2011 a programme for dealing with 5 million female entrepreneurs around the world by 2020 to help develop their businesses. The programme is very small in scale but highly practical, outsourcing the operation of the company's small-scale distribution centres to highly-motivated female entrepreneurs. As a result, the revenue of participants in South Africa rose 44% on average, with an average increase in annual personal income of 23%. The company highlights this case as an investment project that has substantially contributed to the

advancement of women and the development of local communities.<sup>2</sup>

Through a training programme for female entrepreneurs, the largest apparel maker in Turkey<sup>3</sup> has succeeded in developing and securing quality suppliers for long-term business relationships. The programme also led the company to realise that female entrepreneurs represent a large pool of business partners with the potential to create new products and innovations of a different dimension. This investment project to explore new suppliers has also increased the company's profitability.

Other firms are aggressively leveraging supply chain management to gain an advantage in the competition for government contracts. The largest retailer in the US spent US\$20 billion between 2011 and 2016 to provide skills to 200,000 low-income women and develop them into suppliers for its retail business.<sup>4</sup> This large-scale investment project is based on the assumption that government procurement represents a unique business opportunity to develop the company's market. The project is a model case of combining supply chain management and government procurement as it is also effectively promoting gender equality in local communities by helping local female business owners develop their career.

Businesses throughout the world are engaging in investment and procurement activities, aware that the leadership development of female business owners actually creates a 'value chain' with positive impact on new business and innovative development projects through the creation of a better market. Governments are also developing relationships with such women entrepreneurs. Such business decisions are expected to create further momentum to accelerate the economic empowerment of women at the local, national and global levels.

<sup>1</sup> David N. Beede, Robert N. Rubinovitz. *Utilization of Women-Owned Businesses in Federal Prime Contracting*, 2015.

<sup>2</sup> Ipsos South Africa Study FAQs, 5by20 Milestone Announcement, 2016.

<sup>3</sup> <http://supply-chain.unglobalcompact.org/site/article/181>

<sup>4</sup> Wal-Mart Stores, Inc., 2016 Global Responsibility Report, 2016.