

## Women Entrepreneurship in India

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### ABSTRACT

This paper examines various types of women entrepreneurs existing in India. Besides, the study tries to find out the challenges faced by women entrepreneurs and suggests solution to overcome these challenges. The study is based on primary data collected from 74 women entrepreneurs belonging to Chandigarh, Panchkula, Mohali, Ludhiana and Jalandhar. The results of the study suggest that the major challenges faced by the women entrepreneurs are: Lack of a clear cut defined policy for women entrepreneurs; insufficiency of financial assistance; problem of security; discrimination with women entrepreneurs; lack of technical assistance. It was also been observed that in order to increase entrepreneurship among women, efforts should be made to impart prior knowledge on skills before starting any business or going to work anywhere. Women entrepreneurs should undertake feasibility by study and risk assessment before starting the enterprise; they should be encouraged for higher studies; they should form self-help groups as co-operatives in starting.

**Keywords:** Women Entrepreneurs, Challenges, Financial Assistance, Feasibility Study, Risk Assessment

### INTRODUCTION

The word 'entrepreneur' is defined by the Oxford Complete Wordfinder as a 'person who undertakes an enterprise or business with the chance of profit or loss, person in control of a commercial undertaking, a contractor acting as an intermediary' (Tulloch 1993). Other words that the wordfinder suggests as close approximations are 'adventurer', 'intermediary' and 'executive'. Although this definition of entrepreneurship seems straightforward and gender-neutral, and may be understood as such by some programme planners, in fact there is evidence from programme evaluations that the social context in which women and men live influences their ability to become entrepreneurs.

**Women Entrepreneurs:** A woman entrepreneur is defined as a woman who has alone or with one or more partners, started, bought or inherited a business, is assuming the related financial, administrative, and social risks and responsibilities, and is participating in the firm's day-to-day management. Such women are also known as women business owners or women entrepreneur or self-employed women. (Labor force survey 1996)

Women entrepreneur as defined by the Government of India is "an enterprise owned and controlled by a women having a minimum financial interest of 51 % of the capital and giving at least 51 % of the employment generated in the enterprise to women".

### REVIEW OF LITERATURE

Schumpeter, 1967 clarified entrepreneur as an innovator with potentialities of doing new things, as an economic leader, as a chief conducive function in the process of economic development. McClelland, 1965 views that the supply of entrepreneurship is highly depend upon the intensity of overachievement motivation called the need for achievement". Rahman(1997) said that entrepreneurship is the function that is specific to the entrepreneurs' ability to take the factors of production-land, labor and capital and use them to produce new goods or services. Entrepreneurship is defined as a kind of behavior of a person that includes perceiving economic opportunities, initiative taking, creativity and innovation, organizing social mechanism to turn resources and situation to practical account and is the acceptance of risk to failure.

Breen et. al (1995) examined financial and family issues by taking sample of 211 female entrepreneurs in Australia. The study highlighted that female business owners faced the problem of getting finance and started the business with a low initial capital. On the family front, women entrepreneur faced the problem of supervision and care of sick children.

Bilss and Garratt (2001) examined the working of organization for women in Poland. Their paper examines the various activities performed by these associations to promote women entrepreneurs. Data was collected from 12-support organization for women and this data highlights that the basic purpose of these organization was to provide inputs to women entrepreneur in professional ethics, protection of rights of women entrepreneurs and their companies, exchange of experience and other activities.

Elisabeth Sundin writes, "Gender segregation in entrepreneurship is not a new phenomenon. Historically (...) women are not allowed in many sectors. Because the labour market is sex-segregated, knowledge is also segregated and thus the potential to start a successful firm".

## **OBJECTIVES**

- 1) To study the various types of women entrepreneurs exist in India.
- 2) To find out the various inhibitions of women entrepreneurs.
- 3) To suggest the solutions to overcomes the problems faced by women entrepreneurs.

## **RESEARCH METHODOLOGY**

The scope of this study is confined to Chandigarh, Panchkula, Mohali, Ludhiana, Jalandhar. The study is based on primarily based the primary data. The data was collected from 74 women entrepreneurs. For obtaining the responses, a five-point Likert scale questionnaire has used. Moreover, in-depth interviews were conducted in order to elicit suggestions from them. SPSS 10 version has been used to analyze the obtained data. Factor analysis, mean and standard deviation has been applied and inferences have been drawn based on the results so obtained.

## **TYPES OF WOMEN ENTREPRENEURS**

- 1) "Motivated businesswomen" This category includes many highly educated women, who have a defined business idea they want to develop or who search self-fulfilment through their activity. Usually they have a past experience in business.
- 2) "Women co-entrepreneurs" is formed of women who are part of a family business. Sometimes they are registered as the business owners but are not necessarily the ones owning the business, but for an administrative reason or because their husbands have another job they bear the formal responsibility of the firm. Hence the statistical problems in defining the number of women creating enterprises.
- 3) The third category, "week-end entrepreneurs", refers to women who have a paid job and do run part-time a small business, usually a rural activity on the family plot, or a home activity, teaching etc. It is very difficult to establish a clear limit to this category, many of these activities are not registered as a business but there is a pool of activity to be exploited and developed. US statistics also show that 60% of the women-owned businesses were operated in the home when they were first established.
- 4) "One job - one entrepreneur" category which refers here - in order to differentiate this from the first category - mainly to women who created their own job in order to escape unemployment. Often less qualified or younger than the other entrepreneurs, and usually with less experience, or choosing a sector that wasn't the one of their profession. Often the occupations are in the so-called "feminine" sector: beauty and clothing.

## **ANALYSIS**

In order to know about the inhibitions faced by the women entrepreneurs, the responses obtained were put to factor analysis and the results so obtained were subjected to Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity tests. The null hypothesis is rejected by the Bartlett's test of Sphericity. The approximate chi-square is 537.573 with 190 degree of freedom, which is significant at the 0.00 level. The value of the KMO statistics (0.517) is also large (>0.5). Hence, all challenges are not equally important to women entrepreneurs (Table 1).

**Table 1: KMO and Bartlett's test**

|  |         |
|--|---------|
| Kaiser-Meyer-Olkin measure of sampling adequacy  | 0.517   |
| Bartlett's test of sphericity Approx. Chi-square | 537.573 |
| Df   | 190     |
| Sig.   | 0.000   |

**Table 2: Total variance explained**

| Components | Initial eigenvalues |               |              | Extraction sums of squared loadings |               |              | Rotation sums of squared loadings |               |              |
|------------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|            | Total               | % of variance | Cumulative % | Total                               | % of variance | Cumulative % | Total                             | % of variance | Cumulative % |
| 1          | 3.367               | 16.834        | 16.834       | 3.367                               | 16.834        | 16.834       | 2.374                             | 11.869        | 11.869       |
| 2          | 2.782               | 13.911        | 30.744       | 2.782                               | 13.911        | 30.744       | 2.278                             | 11.390        | 23.259       |
| 3          | 2.075               | 10.376        | 41.120       | 2.075                               | 10.376        | 41.120       | 2.170                             | 10.849        | 34.107       |
| 4          | 1.930               | 9.650         | 50.770       | 1.930                               | 9.650         | 50.770       | 2.025                             | 10.124        | 44.231       |
| 5          | 1.555               | 7.777         | 58.547       | 1.555                               | 7.777         | 58.547       | 1.772                             | 8.859         | 53.090       |
| 6          | 1.374               | 6.871         | 65.419       | 1.374                               | 6.871         | 65.419       | 1.752                             | 8.760         | 61.850       |
| 7          | 1.018               | 5.091         | 70.509       | 1.018                               | 5.091         | 70.509       | 1.732                             | 8.659         | 70.509       |
| 8          | 0.956               | 4.778         | 75.288       |                                     |               |              |                                   |               |              |
| 9          | 0.828               | 4.140         | 79.428       |                                     |               |              |                                   |               |              |
| 10         | 0.766               | 3.831         | 83.259       |                                     |               |              |                                   |               |              |
| 11         | 0.633               | 3.164         | 86.423       |                                     |               |              |                                   |               |              |
| 12         | 0.525               | 2.627         | 89.050       |                                     |               |              |                                   |               |              |
| 13         | 0.471               | 2.354         | 91.404       |                                     |               |              |                                   |               |              |
| 14         | 0.376               | 1.881         | 93.285       |                                     |               |              |                                   |               |              |
| 15         | 0.332               | 1.658         | 94.942       |                                     |               |              |                                   |               |              |
| 16         | 0.261               | 1.306         | 96.249       |                                     |               |              |                                   |               |              |
| 17         | 0.248               | 1.242         | 97.490       |                                     |               |              |                                   |               |              |
| 18         | 0.213               | 1.064         | 98.554       |                                     |               |              |                                   |               |              |
| 19         | 0.166               | 0.831         | 99.385       |                                     |               |              |                                   |               |              |
| 20         | 0.123               | 0.615         | 100.000      |                                     |               |              |                                   |               |              |

Extraction method: Principal component analysis

An eigen value represents the amount of variance associated with the factor. Hence, only factors with a variance greater than 1.0 are included. From Table 2, it is evident that the first seven variables represent the 70.509 % of variance. Therefore, only these seven factors with the variance greater than one have been retained and the other factors are not included in the model. Thus, from eigen values in Table 2, we extract only seven factors from the twenty variables.

Factor loadings are simple correlation between the variables and factors. The unrotated factor matrix indicates the relationship between the factors and individual variables; it seldom results in factors that can be interpreted, because the factors are correlated with many variables. The most commonly used method is the varimax rotation procedure. This is an orthogonal method of rotation that minimizes the number of variables with high loadings of a factor, hereby enhancing the interpretability of the factors. Orthogonal rotation results in factors results in factors that are uncorrelated (Table 3).

First two highest values are extracted from each component in order to reduce data (Table 4). Twelve factors have been selected which are as follows:

Component 1: Ignorance of laws or procedures; Insufficient of financial assistance.

Component 2: Non-cooperation of family members; Lack of technical knowledge.

Component 3: Availability of substitute goods.

Component 4: Discrimination with woman entrepreneurs; Lack of readily available information.

Component 5: Resistance from family at the time of starting enterprise; Lack of technical assistance.

Component 6: Indifferent attitude of society.

Component 7: Problems of security and margin money and no clear cut defined policy for women entrepreneur.

**Table 3: Component matrix**

| Statements  | Components |        |        |        |        |        |        |
|---|------------|--------|--------|--------|--------|--------|--------|
|   | 1          | 2      | 3      | 4      | 5      | 6      | 7      |
| Resistance from family at the time of starting enterprise | 0.352      | 0.309  |        | -0.369 | -0.690 |        |        |
| Dual duties   | 0.336      | 0.479  |        | -0.388 | -0.406 |        |        |
| Indifferent attitude of society                           |            | 0.469  |        |        |        | 0.595  | 0.295  |
| Non-cooperation of family members                         |            | 0.672  | 0.206  |        |        | 0.339  |        |
| Backbiting by others                                      | -0.441     | 0.616  | 0.278  |        |        |        |        |
| Preference for stability orientation                      |            | 0.586  |        | -0.266 | 0.275  | -0.384 | 0.220  |
| Lack of technical knowledge                               |            | 0.630  |        | -0.253 | 0.362  | -0.448 |        |
| lack of resources   | 0.258      | 0.445  | -0.549 | 0.430  |        |        |        |
| Lack of self-confidence                                   | 0.515      | 0.245  | -0.301 | 0.265  |        | -0.331 |        |
| Harassment in govt. departments                           | 0.523      |        | 0.532  | 0.226  |        |        |        |
| Discrimination with woman entrepreneurs                   | 0.203      |        | 0.255  | 0.676  |        |        |        |
| Ignorance of laws or procedures                           | 0.592      |        | 0.565  |        |        |        |        |
| Insufficient of financial assistance                      | 0.707      | -0.220 |        | -0.209 |        |        |        |
| Problem of security and margin money                      | 0.555      |        |        | -0.376 |        |        | -0.600 |
| Lack of technical assistance                              | 0.320      |        |        | -0.418 | 0.501  | 0.488  |        |
| Competition from cheaper goods                            | 0.393      | 0.243  | -0.488 |        | 0.461  | 0.255  |        |
| Availability of substitute goods                          | 0.551      |        | -0.557 |        |        |        |        |
| Absence of entrepreneurial culture                        | 0.255      |        | 0.502  | 0.236  | 0.243  |        |        |
| Lack of readily available information                     | 0.336      | 0.314  |        | 0.544  |        |        | -0.351 |
| No clear cut defined policy for woman entrepreneur        | 0.578      | -0.321 |        |        | 0.284  |        | 0.491  |

Extraction method: Principal component analysis

**Table 4: Rotated component matrix**

| Statements  | Component |        |        |       |        |        |        |
|---|-----------|--------|--------|-------|--------|--------|--------|
|   | 1         | 2      | 3      | 4     | 5      | 6      | 7      |
| Resistance from family at the time of starting enterprise |           |        |        | 0.886 |        |        |        |
| Dual duties   |           |        |        | 0.761 |        |        |        |
| Indifferent attitude of society                           |           |        |        |       |        | 0.831  |        |
| Non-cooperation of family members                         |           |        | 0.325  |       |        | 0.655  | 0.262  |
| Backbiting by others                                      | -0.219    | -0.261 | 0.653  |       |        | 0.332  |        |
| Preference for stability orientation                      |           |        | 0.808  |       |        |        |        |
| Lack of technical knowledge                               |           |        | 0.876  |       |        |        |        |
| Lack of resources   | -0.274    | 0.742  |        |       |        |        | 0.376  |
| Lack of self-confidence                                   |           | 0.710  |        |       |        |        |        |
| Harassment in govt. departments                           | 0.649     |        |        | 0.228 |        |        | 0.383  |
| Discrimination with woman entrepreneur                    | 0.273     |        |        |       | -0.208 |        | 0.625  |
| Ignorance of laws or procedures                           | 0.815     |        |        |       |        |        |        |
| Insufficient of financial assistance                      | 0.465     |        | -0.237 | 0.453 | 0.232  | -0.330 |        |
| Problem of security and margin money                      |           |        |        | 0.415 | 0.607  | -0.447 | 0.266  |
| Lack of technical assistance                              |           |        |        |       | 0.854  |        |        |
| Competition from cheaper goods                            |           | 0.552  |        |       | 0.636  |        |        |
| Availability of substitute goods                          |           | 0.764  |        | 0.247 |        |        |        |
| Absence of entrepreneurial culture                        | 0.539     |        |        |       |        |        | 0.303  |
| Lack of readily available information                     |           |        |        |       |        |        | 0.784  |
| No clear cut defined policy for woman entrepreneur        | 0.708     | 0.312  |        |       |        |        | -0.283 |

Under the varimax rotation procedure, the following seven components are extracted:

Component 1: No clear cut defined policy for woman entrepreneur; harassment in Government departments.

Component 2: Lack of resources; availability of substitute goods.

Component 3: Preference for stability orientation; Lack of technical knowledge.

Component 4: Resistance from family at the time of starting enterprise; Dual duties.

Component 5: Lack of technical assistance; Competition from cheaper goods.

Component 6: Indifferent attitude of society; Non-cooperation of family members.

Component 7: Discrimination with woman entrepreneur; Lack of readily available information.

Table 5 indicates that no clear cut defined policy for woman entrepreneur; insufficiency of financial assistance; problem of security money are the most vital inhibitions for the women entrepreneurs while the least important inhibitions for woman entrepreneurs are harassment in govt. department; indifferent attitude of society; ignorance of laws or procedure.

## MAJOR PROBLEMS OF WOMEN ENTREPRENEURS

By conducting the in-depth interview of the women entrepreneurs, the following major problems emerged in the study:

1. Women face intensive financial constraints as loans not easily available to them being females – a gender bias.
2. Women have over-dependence on intermediaries, intermediaries and brokers who exploit rather than helping them.
3. Women face the problem of scarcity of raw materials and depend upon suppliers and intermediaries who exploit those charging higher prices.
4. Cutthroat competition in entrepreneurship creates more hurdles to women entrepreneurs.
5. In the case of women entrepreneurs, the cost of production goes high as compared to industries run by their male counterparts. This creates problems of marketing due to high prices.
6. Women have low mobility as compared to male entrepreneurs because of social hurdles, family responsibilities and discrimination by family members.
7. Women give more priority to family ties and relationships than economic aspects. This prevents them from becoming successful in entrepreneurship.
8. India being a patriarchal society, female daughters don't have rights over the property of their father and hence discriminated by financial institutions.

**Table 5: Mean and standard deviations of the selected observation**

| Statements  | N  | Mean   | Standard deviation |
|---|----|--------|--------------------|
| No clear cut defined policy for woman entrepreneur        | 74 | 4.4730 | 0.8313             |
| Insufficient of financial assistance                      | 74 | 4.3514 | 0.9131             |
| Problem of security and margin money                      | 74 | 4.1622 | 0.8113             |
| Preference for stability orientation                      | 74 | 4.0946 | 0.8304             |
| Discrimination with woman entrepreneur                    | 74 | 4.0676 | 1.1974             |
| Lack of technical assistance                              | 74 | 4.0676 | 1.1267             |
| Competition from cheaper goods                            | 74 | 4.0000 | 1.1468             |
| Availability of substitute goods                          | 74 | 3.9730 | 1.1344             |
| Non-cooperation of family members                         | 74 | 3.9730 | 1.1933             |
| Lack of technical knowledge                               | 74 | 3.9189 | 0.8068             |
| Absence of entrepreneurial culture                        | 74 | 3.9189 | 1.0823             |
| Backbiting by others                                      | 74 | 3.8919 | 1.1770             |
| Dual duties   | 74 | 3.8514 | 0.8388             |
| Lack of readily available information                     | 74 | 3.8108 | 1.2351             |
| Lack of self-confidence                                   | 74 | 3.7973 | 0.8598             |
| Resistance from family at the time of starting enterprise | 74 | 3.7162 | 1.0536             |
| Lack of resources   | 74 | 3.7027 | 1.2133             |
| Ignorance of laws or procedures                           | 74 | 3.6757 | 1.1117             |
| Indifferent attitude of society                           | 74 | 3.5270 | 1.2188             |
| Harassment in govt. departments                           | 74 | 3.5135 | 1.2740             |

9. Female entrepreneurs cannot get sales tax number without a male partner, which causes a great problem for them. This male chauvinism is also in the beginning of the 21<sup>st</sup> century.
10. Because of lack of information, unscrupulous agents and brokers exploit networks, education and training, potential and existing female entrepreneurs.

Numerous other problems and challenges discourage women to undertake entrepreneurship and self-employment as a career option in India as well as many other developing countries of the world. The government must come-up with clear policies in favour of women entrepreneurs so that female entrepreneurship development can be promoted and further encouraged making them as equal partners in the society.

## SUGGESTIONS

1. Woman entrepreneurship need to” start simple but thinking Big.”
2. Once the initial hurdles are crossed they will be more confident to face challenges and take risks. Later it is possible to expand two horizon of their business.
3. Working women should prior knowledge on skill before starting any business or going to work anywhere.
4. Women entrepreneurship should undertake feasibility by study and risk-assessment before starting the enterprise.
5. They should use easily available resources, both (Physical and Human).
6. Women should encourage for higher education and develop skill-base knowledge.
7. Marketing of product can be given to specialized agencies. Collaborate with an already existing company is always better for a start-up.
8. Women can also form self- help groups, as co-operatives in starting an individual enterprise are not viable.

## CONCLUSION

The study revealed that women entrepreneur faced problem of security; low mobility; competition form cheaper goods have the maximum mean score. Many women despite have a good potential for proving good entrepreneurs have to give it up owing to some family pressures and even resistance. The problem of security of women entrepreneurs, in India, is also a very big issue, which has net been taken seriously. Hence, these problems emerge as the most prominent problems. It has been observed that ‘high thinking and simple living’; confidence; prior knowledge of skill, feasibility study etc. are certain measures, which would help women entrepreneurs to overcome the hurdles in their path. Another crucial issue, which hinders women entrepreneurship in India, is their over-dependence on intermediaries, intermediaries and brokers who exploit rather than helping them. Women entrepreneurs can help in a big way for the overall economic development of India. The family members of the women entrepreneurs do not generally extend their full co-operation and support to them.

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