

Status Of Women Entrepreneurs - A Study

***Dr. T. Sezhian**

Abstract

In India Women in business is recent common phenomenon. By and large they had confide themselves to small business and tiny cottage industries. Mostly, women entrepreneurs engaged in business due to push and pull factors. Which encourage women to have an independent occupation and stands on their own legs. The motivational factor is behind in their sense towards independent decision-making on their life and career. This paper deals with status of women entrepreneurs and identification of women entrepreneurs and also identified the problems faced by Indian women entrepreneurs. This paper gives some policy measures to improve the status of women entrepreneurs.

Key words: *Tiny cottage industries, motivational factor, independent occupation, decision-making.*

*** Dr. T. Sezhian**, Ph.D., Associate Professor, Department of Economics, Dharmapuram Gnanambigai Government Arts College for Women, Mayiladuthurai

Email: sezhian.yokesh@gmail.com, M: 9443183636

Introduction

The two main reasons need for the study of the women's entrepreneurship to be separately. The first reason is that women's entrepreneurship has been recognised during the last decade as an important untapped source of economic growth. Women entrepreneurs are create new jobs for themselves, others surroundings peoples by being different and also provide society with different management solutions for the organisation and business problems as well as to the exploitation of entrepreneurial opportunities. However, still they represent as minority of all entrepreneurs. Thus, there exists a market failure discriminating against women's possibility to become entrepreneurs and their possibility to become successful entrepreneurs. This market failure needs to be addressed by policy makers so that the economic potential of this group can be fully utilised.

The second reason is that, the areas of women in entrepreneurship has been largely neglected both in society in general and in the social sciences (Brush & Hisrich,

1999; Holmquist & Sundin, 2002). Not only have women lower participation rate in entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do (Duchenaud, 1997; Franco & Winqvist, 2002; Reynolds & White, 1997). The industries such as retail, cottage, small scale and other service industries chosen by women are often or have until recently been perceived as being less important to economic development and growth than high-technology manufacturing industries. Furthermore, mainstream research, policies and programmes tend to be “men streamer” and too often do not take into account the specific needs of women entrepreneurs and would-be women entrepreneurs. As a consequence, equal opportunity between men and women from the perspective of entrepreneurship is still not a reality. To facilitate progress, more work needs to be done in order to such as:

- It could be noted that women entrepreneurs play a non-trivial role in the economy, that they face challenges and obstacles different from those faced by men and that they will act differently. The larger the difference is between men and women in a society, the larger we can expect the difference to be between men and women entrepreneurs and the more different we can expect their relative contribution to economic development to be.
- In developing countries the combination of poverty, low levels of formal education the women having a very low social status creates special challenges for women engaging in entrepreneurship. In developed economies women have access to the same education and jobs as men, but important differences still exist and they seem to be shrinking at a very slow pace.
- Independent of the scenario, in order to really understand what drives women’s entrepreneurship and what are the consequences for the economy, one must study both levels to gain a better understanding.

There are several issues worth to discussing:

- ❖ What sex-disaggregated information should be gathered? (Discussing what is needed without considering country specific limitations to data collection.)
- ❖ What methods should be used to gather data?
- ❖ How can data from different countries be compared?

The first question is related to what we know about the involvement in self-employment of women compared when to other career alternatives and what we need to

know about the small business segments when it comes to the sex of the entrepreneur. First, there is the question of understanding why self-employment is or is not a career option for women. Second, there is the question of establishing the economic importance of this group of entrepreneurs. Third, if this is seen as an important group either for economic reasons or for societal reasons, how can policy makers best support or encourage women to enter into self-employment assuming that they will respond differently both quantitatively and qualitatively from men? Fourth, how can policy makers' give best support or encourage existing women entrepreneurs, assuming that they will respond differently both quantitatively and qualitatively from men entrepreneurs?

Individual level

It is important to be able to track the participation of women and men in the labour force in order to determine the absolute and relative involvement of the two sexes in self-employment. Self-employment functions at this level of analysis as an indicator of entrepreneurship, because it can be considered as a prerequisite to entrepreneurship. In other words, if there is no self-employment at all, there will be no entrepreneurship. These individual level data have to take into account both the level of education and the industry affiliation of the individuals beside basic variables such as age and income level. This is important because labour force participation represents an important base rate for involvement in entrepreneurship.

Education and industry affiliation or job experience are important because they represent the kind of knowledge a person has access to the kind of opportunities available to her. Research has quite strongly shown that most people start firms in industries where they have worked previously (Bruderl, Preisendorfer & Ziegler, 1992; Phillips, 2002; Romanelli, 1989). That is, the higher the number of women participated in the labour force the higher the probability, which they will also engage in self-employment. Also where in the economy they are employed is important. Women are in general underrepresented in science and technology related fields and overrepresented in the humanities. This means that women will be less present in industries where a formal education in science and technology is required and overrepresented in other fields. Thus one would expect fewer women engaging in entrepreneurship based on technological innovations.

If the labour market is segregated, then entrepreneurship will also be segregated. Women and men will only engage in entrepreneurial activities where they have some previous experience and knowledge. Thus very much of what is observed when studying the firm and industry level can be traced back to the function of the labour market. This has to be considered when trying to explain differences between women's and men's entrepreneurship. An unanswered question is to what extent is the difference between men's and women's probability to engage in entrepreneurial activities related to the fact that access to information and knowledge and to opportunities are segregated because of differences in industry and educational affiliation.

Such information allows us to understand how long people on average stay self-employed, how many spells of self-employment they have in their career and whether or not self-employment leads to a better life situation or not in terms of important social and financial benefits. These are important questions to address because they are closely related to the opportunities that are exploited and how, as well as the status entrepreneurship has in society in terms of financial and social benefits derived from entrepreneurship. Such research enables the researcher to answer questions on whether or not people tend to repeat their behaviour. If entrepreneurship is perceived by the general population as something positive, then we can expect more people with different backgrounds to engage in entrepreneurship, not only once but several times. Thus entrepreneurial experience becomes a prevalent feature of society. If on the other hand entrepreneurship is perceived as something negative then we can expect fewer people to engage in entrepreneurship, and generally restricted to specific backgrounds that is, coming from a social group where entrepreneurship is highly regarded and perhaps only try it once because the entrepreneurial experience does not lead to any significant social and financial benefits.

In short, differences at the individual level must also be considered by policy makers interested in understanding and encouraging women's entrepreneurship. In general, we lack information about how base rate effects in the labour force really affect engagement in entrepreneurship. It could be noted that it is not enough to only consider levels of self-employment, but there is also a need to consider whether not individuals engage in several spells of self-employment, the duration of those spells and the benefits

related to self-employment. The choice to become self-employed is related to knowledge and experience related to the labour market coupled with available opportunities.

Firm level

There is a need for data on women's small business ownership to be gathered on a regular basis. With the exception of Germany and the United States, it is still not known what the actual economic impact of women's entrepreneurship is in most OECD member countries. However, it is known that they create jobs, substantial sales and that self-employment represents an important career alternative for many women. There is a need to gather data on ownership by sex in the small business sector, sales achieved employment. These data are central in order to be able to assess the size employment and sales distribution of women owned firms versus firms owned by men.

Women are most likely to start in the service sector, especially in industries like retail, healthcare and education. The characteristics in terms of average firm size and age and innovativeness are dependent on industry, thus a careful analysis of women's entrepreneurship must also control for industry differences. Industry affiliation is therefore central to be able to assess how women's entrepreneurship affects the economy and if there are any differences between the two groups. However, these data can only partly address the issues discovered in the research literature related to women's entrepreneurship.

Based on current knowledge, particularly concerning developed economies, women represent a rapidly growing group in the small business sector (Brush *et al.*, 1999). One reason that women's entrepreneurship is rapidly growing is that it has started from a relatively small base rate. Moreover, there is a reason to believe that women owned firms differ in their performance from the performance of men owned firms. The differences in the probability of survival, probability for firm growth and probability in achieving financial returns are expected, firms owned by men (Franco *et al.*, 2002).

This means that there is a need of information about when firms are created, that is their entry in the industry. The problem is related to the mode of entry of the new firm into the industry. In a register a firm may appear as new, but that may not necessarily reflect what has happened in reality. There are different modes of entries and they have different effects on survival chances. If women entrepreneurs differ from men

entrepreneurs, they will also probably differ in how they choose to terminate their firm and exit from the industry.

In order to more carefully assess the role of women entrepreneurs relative to men entrepreneurs, sex-disaggregated data on business ownership must at least contain the following variables: legal form, industry, firm age, firm size employment and size, mode of entry and mode of exit.

This brings us to our second question: What kind of methods should be used to assemble data? There are two main forms of data: census or register data and sample data. These kinds of data can be further divided in longitudinal data in terms of repeated measures over time across a number of variables and cross-sectional data in terms of single measurement across a number of variables). These data can be collected specifically to answer a question or for a general purpose. The source of these data can either be the firm themselves or come from different registers. All combinations are possible and lead to different pros and cons in terms of cost effectiveness and data quality. Unfortunately the two are often in opposition to each other.

To start with conducting large country-specific cross sectional surveys in order to establish the economic role of women entrepreneurs. Cross sectional national surveys are important, because they enable the description of the women business owner population viz., characteristics and impact and the identification of important challenges and barriers to growth- especially how they may differ for women and men. Only after this has been done, is it worth trying to design more advanced studies. Simple random sampling is still one of the most cost effective and accurate ways of examining a phenomenon.

Considering the discussion above, sample size becomes a crucial question as the needed breakdowns by sex, industry; firm age and firm size rapidly lead to statistical power problems when estimating different relationships due to small sub-samples. Basically, with smaller sample sizes, estimates become more difficult to evaluate as the probability of error increases.

When it comes to existing register data, we tend to encounter a number of particular problems. In many countries, for example it is legally impossible to gather data on the individual level for example data on owners' sex, which makes it impossible to have sex disaggregated data. Other countries cannot gather data for the smallest firm

sizes. This gives a biased estimate of women entrepreneurs' involvement in the economy, as we can expect them to be more present in the smallest size categories.

Considering both cost effectiveness and data quality, using register data while trying to correct for known problems seems to be the best current alternative. Correcting for known problems we mean more specifically to try to collect better data taking into consideration the present discussion. The use of carefully collected register data, where it is possible to track a firm from one year to the next, from its entry until its exit, enables us to use longitudinal research designs (Wooldridge, 2002). The use of longitudinal designs allows us to follow the life of the single firm in relation to the population of firms. Thereby we can gain insight into when in their existence and why certain types of firm (such as women owned firms) are most probable to encounter problems and what kind of problems they encounter. This is the only way to satisfactorily answer many of the difficult issues related to women's entrepreneurship, among other subjects.

There is a need to compare the data from different countries. It is the issue of defining what is meant by women's entrepreneurship. A woman-owned firm is often defined as firm where a woman owns more than 50% of ownership. This is a clear-cut definition, but hides two major problems: first the special case of the family business and secondly, mixed sex owners. Family business represents one of the largest groups of firms. In most family businesses, the husband and wife manage the firm together, but equity might not be divided equally. Often for reason of external legitimacy, the husband has the majority ownership, but the couple considers the firm as their joint asset and both often work to an equal extent in the firm. Not taking into consideration the number of family managed firms will therefore undermine the estimate of how many women are active as entrepreneurs. The same problem is encountered when we think about mixed-sex owners. Many firms today start as a team effort. Same sex teams tend to dominate but mixed-sex teams are frequent (Ruef, Aldrich & Carter, 2003). Depending on the distribution of ownership the woman will either be a majority owner or minority owner, but the firm is still led by a team that shares responsibility for management. Adding the question of public vs. private held firms complicates matters even more. In a public held firm a person can still have a minority ownership and still retain the power over the firm. Hence, definitional issues are problematic as they can severely bias our estimates and

they often tend to underestimate the actual rate of women engaged in entrepreneurial activities.

Problems of Women Entrepreneurs in India

Women in India are faced many problems to get ahead their life in business. A few problems can be detailed as;

1. The greatest restriction to women entrepreneurs is that they are women. A kind of patriarchal – male dominant social order is the building block to them in their way towards business success. Male members think it a big risk financing the ventures run by women.
2. The financial institutions are skeptical about the entrepreneurial abilities of women. The bankers consider women loonies as higher risk than men loonies. The bankers put unrealistic and unreasonable securities to get loan to women entrepreneurs. According to a report by the United Nations Industrial Development Organization (UNIDO), "despite evidence that woman's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit," often due to discriminatory attitudes of banks and informal lending groups (UNIDO, 1995).
3. Entrepreneurs usually require financial assistance of some kind to launch their ventures - be it a formal bank loan or money from a savings account. Women in developing nations have little access to funds, due to the fact that they are concentrated in poor rural communities with few opportunities to borrow money (Starcher, 1996; UNIDO, 1995). The women entrepreneurs are suffering from inadequate financial resources and working capital. The women entrepreneurs lack access to external funds due to their inability to provide tangible security. Very few women have the tangible property in hand.
4. Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing countries. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business" (Starcher, 1996). The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again. The result is that they are forced to rely on their own savings, and loan from relatives and family friends.

5. Indian women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and home. More over the business success is depends on the support the family members extended to women in the business process and management. The interest of the family members is a determinant factor in the realization of women folk business aspirations.
6. Another argument is that women entrepreneurs have low-level management skills. They have to depend on office staffs and intermediaries, to get things done, especially, the marketing and sales side of business. Here there is more probability for business fallacies like the intermediaries take major part of the surplus or profit. Marketing means mobility and confidence in dealing with the external world, both of which women have been discouraged from developing by social conditioning. Even when they are otherwise in control of an enterprise, they often depend on males of the family in this area.
7. The male - female competition is another factor, which develop hurdles to women entrepreneurs in the business management process. Despite the fact that women entrepreneurs are good in keeping their service prompt and delivery in time, due to lack of organizational skills compared to male entrepreneurs women have to face constraints from competition. The confidence to travel across day and night and even different regions and states are less found in women compared to male entrepreneurs. This shows the low level freedom of expression and freedom of mobility of the women entrepreneurs.
8. Knowledge of alternative source of raw materials availability and high negotiation skills are the basic requirement to run a business. Getting the raw materials from different souse with discount prices is the factor that determines the profit margin. Lack of knowledge of availability of the raw materials and low-level negotiation and bargaining skills are the factors, which affect women entrepreneur's business adventures.
9. Knowledge of latest technological changes, knowhow and education level of the person are significant factor that affect business. The literacy rate of women in India is found at low level compared to male population. Many women in developing nations lack the education needed to spur successful entrepreneurship. They are ignorant of new technologies or unskilled in their use and often unable to do research

and gain the necessary training (UNIDO, 1995). Although great advances are being made in technology, many women's illiteracy, structural difficulties, and lack of access to technical training prevent the technology from being beneficial or even available to females ("Women Entrepreneurs in Poorest Countries," 2001). According to The Economist, this lack of knowledge and the continuing treatment of women as second-class citizens keep them in a pervasive cycle of poverty ("The Female Poverty Trap," 2001). The studies indicate that uneducated women do not have the knowledge of measurement and basic accounting.

10. Low-level risk taking attitude is another factor affecting women folk decision to get into business. Low-level education provides low-level self-confidence and self-reliance to the women folk to engage in business, which is continuous risk taking and strategic session making profession. Investing money, maintaining the operations and ploughing back money for surplus generation requires high risk taking attitude, courage and confidence. Even though the risk tolerance ability of the women folk in day-to-day life is high when compared to male members, while in business it is found opposite to that.
11. Achievement motivation of the women folk found less compared to male members. The low level of education and confidence leads to low level achievement and advancement motivation among women folk to engage in business operations and running a business concern.
12. Finally high production cost of some business operations adversely affects the development of women entrepreneurs. The installation of new machineries during expansion of the productive capacity and like similar factors dissuades the women entrepreneurs from venturing into new areas.

CONCLUSION

Independence brought promise of equality of opportunity in all sphere to the Indian women and laws guaranteeing for their equal rights of participation in political process and equal opportunities and rights in education and employment were enacted. But unfortunately, the government sponsored development activities have benefited only a small section of women. The large majority of them are still unaffected by change and development activities have benefited only a small section of women i.e. the urban

middle class women. The large majority of them are still unaffected by change and development. The reasons are well sighted in the discussion part of this article. It is hoped that the suggestions forwarded in the article will help the entrepreneurs in particular and policy-planners in general to look into this problem and develop better schemes, developmental programmes and opportunities to the women folk to enter into more entrepreneurial ventures.

SUGGESTION

How to Develop Women Entrepreneurs?

Right efforts on from all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities. Following efforts can be taken into account for effective development of women entrepreneurs.

1. Consider women as specific target group for all developmental programmes.
2. Better educational facilities and schemes should be extended to women folk from government part.
3. Adequate training programme on management skills to be provided to women community.
4. Encourage women's participation in decision-making.
5. Vocational training to be extended to women community that enables them to understand the production process and production management.
6. Skill development to be done in women's polytechnics and industrial training institutes. Skills are put to work in training-cum-production workshops.
7. Training on professional competence and leadership skill to be extended to women entrepreneurs.
8. Training and counselling on a large scale of existing women entrepreneurs to remove psychological causes like lack of self-confidence and fear of success.
9. Counselling through the aid of committed NGOs, psychologists, managerial experts and technical personnel should be provided to existing and emerging women entrepreneurs.
10. Continuous monitoring and improvement of training programmes.
11. Activities in which women are trained should focus on their marketability and profitability.
12. Making provision of marketing and sales assistance from government part.

13. To encourage more passive women entrepreneurs the Women training programme should be organised that taught to recognize her own psychological needs and express them.
14. State finance corporations and financing institutions should permit by statute to extend purely trade related finance to women entrepreneurs.
15. Women's development corporations have to gain access to open-ended financing.
16. The financial institutions should provide more working capital assistance both for small scale venture and large scale ventures.
17. Making provision of micro credit system and enterprise credit system to the women entrepreneurs at local level.
18. Repeated gender sensitisation programmes should be held to train financiers to treat women with dignity and respect as persons in their own right.
19. Infrastructure, in the form of industrial plots and sheds, to set up industries is to be provided by state run agencies.
20. Industrial estates could also provide marketing outlets for the display and sale of products made by women.
21. A Women Entrepreneur's Guidance Cell set up to handle the various problems of women entrepreneurs all over the state.
22. District Industries Centres and Single Window Agencies should make use of assisting women in their trade and business guidance.
23. Programmes for encouraging entrepreneurship among women are to be extended at local level.
24. Training in entrepreneurial attitudes should start at the high school level through well-designed courses, which build confidence through behavioral games.
25. More governmental schemes to motivate women entrepreneurs to engage in small scale and large-scale business ventures.
26. Involvement of Non Governmental Organisations in women entrepreneurial training programmes and counselling.

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