

Women entrepreneurship in india management essay



2. INTRODUCTION

According to Mishra (2000) women entrepreneurship in India is increasing at a significant rate. Today, women constitute of 10% of the total entrepreneurs and are also making significant efforts to achieve economic growth in the country. However, women in the transitional economy are still facing issues like unavailability of resources, no support from family, gender discrimination, financial barriers etc (Singh, 2008).

On the other hand, many Indian women are still undertaking entrepreneurship due to factors such as increased level of education, family support, help from various government and non-government organisations (Kitching and Woldie, 2004).

Therefore, the current literature available has been studied intensively to identify the current status of women entrepreneurs in India, the major impediments faced by them while setting up their business and while managing their enterprise afterwards, the role played by government and various other institutions to support women entrepreneurs and to find out and analyse the factors motivating them to enter the business world.

2. 1 WOMEN ENTREPRENURS AND SWOT ANALYSIS

Davidson and Fielden (2006) defines Indian women entrepreneurs as women who are capable of establishing and running an endeavour of her own with confidence by balancing between her personal and professional life.

According to Rani (1996) quality of entrepreneurship is one of the important assets to promote entrepreneurship among women in India. Therefore, a SWOT analysis helps to understand better the strengths, weaknesses, <https://assignbuster.com/women-entrepreneurship-in-india-management-essay/>

opportunities and threats faced by Indian women entrepreneurs. The SWOT analysis of women entrepreneurs is depicted with the help of Table 1

	OPPORTUNITIES
STRENGTHS	
Better access to education	Financial aid from various institutions
Family support	Many policies for the benefit of women entrepreneurs
Willingness to work hard	
WEAKNESSES	
	THREATS
Lack of confidence	Well-established, large organisations
Lower technical knowledge	Work -home conflicts faced
Gender-related issues	

Table 1: Swot Analysis of Women Entrepreneurs Source: Original

Strengths

Rao (2005) highlights that from the past many years the social status of the women is increasing, so they have better access to education than they used to have in the past period. Thus, it helps the women to establish their own business as they are aware about their rights and are confident enough to manage their own place in the male- dominated society. Also, women are supported by their family and they can take decisions on their own. In addition to this, it has been observed that the employment level of women in unorganized sector has subsequently increased.

Likewise, the strength of the women entrepreneur lies in the loyalty and devotion toward their undertaking, support from family members and the planned approach used by them to run their business systematically. Also, it has been observed that the willingness of women to work hard is one of the most important entrepreneurial qualities possessed by them (Soundarapandian, 2002).

Weaknesses

Sharma (2007) stated that women entrepreneurs in India lack the ability to calculate the amount of risk involved in the venture. Further, it has been analysed that women entrepreneurs in India lack the requisite knowledge to utilise the available resources and information in favour of their business venture as they do not have self-reliance. Due to lack of confidence, they are unable to interact with people, which further results in poor marketing of their products and services. It has also been examined that women devote more time and attention towards their family and business management is a secondary phenomenon for them. This affects the growth of their enterprise as they are not able to concentrate on running their enterprise efficiently.

On the other hand, it has been observed that the growth of female entrepreneurs is hampered due to the existence of gender related issues in our economy. They experience difficulties in obtaining loans, finding suppliers for their products and services. Also, many women do not get the financial and moral support from their families; they are confined to the household chores and are not allowed to work. Lack of education required for running the business is also the main weakness encountered by women entrepreneurs (Rao, 2005). Furthermore, It has been illustrated that women
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employees face a lot of criticism of their work from the other members of the society which affects their attitude towards work and they lose confidence (Rani, 1996).

Opportunities

Soundariapan (2002) shed the light on the increasing opportunity for the Indian women in the field of business. It has been observed that the issue of gender equality has been taken into consideration by the society and various institutions are coming forward to prevent the gender discrimination. Also, government is taking required steps to empower the Indian women entrepreneurs by developing various policies like Equal Wages Act, increasing literacy level among females etc which proves to be extremely beneficial for the female in the society.

Furthermore, Indian government is helping the female section of the society by providing them with equal opportunity to work. The Indian constitution has made a law to prohibit the discrimination based on gender and also formulated law for equal remuneration for both men and women. Also, government of India has developed a National Policy for empowerment of women (2001) and is taking crucial steps to raise the literacy level among female section of the society (League of Nations, 2007).

Threats

As per Rani (1996), threats are faced by every entrepreneur, be it men or women. However, women face major threats from the competitors and bigger enterprises as they are comparatively new players in the market. Another threat faced by women is the unavailability of funds to invest in the

business, as women do not have capital of their own required to run the enterprise successfully. They also face the threat by the family members to leave the business and the work-home conflicts also affect their growth. In addition to this, lack of incentive on the part of government and society also poses as potential threat for women entrepreneurs as they are not able to utilise these policies and rights or their benefits which may result in failure of their business enterprise (Rao, 2005).

PRESENT SCENARIO OF WOMEN ENTREPRENEURS

According to Jalbert (2000) women entrepreneurs have completely changed the face of business internationally. It has been observed that one-third of the businesses in the world are managed by women. Women entrepreneurs hold a dignified position in many countries like USA, Holland, Sweden etc. However, in India women comprised of only 16.5% of total work force which is considered to be too low according to the census.

Furthermore, in India the concept of females evolving as entrepreneurs is relatively a recent phenomenon. In 1995-96 only 2,95,680 women worked as entrepreneurs, which constitute only 11.2% of the total population of 2.64 million entrepreneurs. This is represented with the help of Fig. 1 (Sharma and Parashar, 2008).

Therefore, the above diagram represents that there were only 2,95,860 women entrepreneurs in the country. Although, 2.64 million people were engaged in the act of self-employment.

However, Benson and Yukongdi (2006) highlights that the number of women entrepreneurs is steadily increasing in the Indian economy. However, the <https://assignbuster.com/women-entrepreneurship-in-india-management-essay/>

presence of women in management is only 3-5 % in India compared to around 10% globally. The presence of women can be seen mainly in service sector, HR related jobs and IT Industry. On the contrary, their participation in hard-core jobs such as marketing or production is considerably less. Only 2.3% of women hold the posts of legislators, senior managers and officials in the companies. Women in the age group of 29-59 years comprise of 54.9% of the total population but still they constitute only 17.8% of the total employees in the organized sector. Therefore, it clearly indicates that women are not given the same priority in work as their male- counterparts (The Financial Express, 2006).

On the other hand, Tiwari and Tiwari (2007) highlighted that according to the census of 2001, the number of women workers is 22.73% of the total working population (in formal as well as informal sector). He further indicates that women are now entering different fields of entrepreneurship, apart from the traditional areas of business (like jam making, papad rolling etc.), which is a good progress for the development of women entrepreneurs in the country. The role of women in the business world has come into foreplay after the Tenth plan (2002-2007) of the government which planned on empowering the Indian women as the agents of socio-economic change and development. Today, women are entering in many industries like fabrics, engineering, plastics, garment industry etc. Due to emergence of women in the field of entrepreneurship, there has been a considerable growth of the Indian economy. The look of Indian economy has been changed by the women entrepreneurs, as the amount of employment and revenue has

increased to a great extent. Also, the number of enterprises run by women is increasing at a faster pace (Singh, 2008).

Types of Women Entrepreneurs in India

The article categorises the women entrepreneurs into four categories. This information will be helpful for the researcher to attain the requisite knowledge about the women entrepreneurs in the country; helping further to conduct the research appropriately:

Young-Achiever Entrepreneurs

These are the women who start their career at the early stage that is straight after their college. This helps the women entrepreneurs as by the time they have reached the age of 45, they have considerable experience regarding the business and are able to handle their business more efficiently. This boosts the confidence level of the women entrepreneurs in the long run (Mitra, 2002).

On the other hand, this type of women entrepreneurs may be categorised as “Chance Entrepreneurs”. These are the women who pursue their hobby as a business and had a chance to do so due to the availability of time and resources (Das, 2000).

Block-Factor Entrepreneurs

These are the women in the age group of 35-40. Women in this group are the individuals who prefer spending more time at home than at the work place, so, they choose to keep their business at a considerably lower scale. They tend to concentrate more on personal and family related goals. These

entrepreneurs face the shortage of resources to commence their business at the initial stage (Mitra, 2002).

In comparison, Kumar (2008) highlights that women who had either left their jobs due to dissatisfaction (related to glass ceiling factors), women who could not get the jobs matching the skills possessed by them fall into the category of block-factor entrepreneurs. They often face problems in acquiring funds for starting their career as entrepreneurs and hence, generally opt for low-investment endeavours. Such type of entrepreneurs can also be classified as “Pulled entrepreneurs” as they enter the field of self-employment either due to dissatisfaction at their work place or some other valid reasons.

Family-Driven Entrepreneurs

These are the women who inherit the family business. However, the business is given the second priority and the family is considered as the first priority for these women. The business is considered as a hobby of self-fulfilment (Mitra, 2002).

However, Kumar (2008) emphasise that these are the entrepreneurs whose business decisions and work is highly influenced by the family members. They fall in the age group of 35-40 and the business is generally home-based with lower levels of commitment towards the endeavour, as they start the enterprise as a mere hobby.

Additional Income-Driven Entrepreneurs

Mitra (2002) highlights that this group primarily consists of women for whom additional income is a necessity rather than just a hobby or interest. Women

in this category are generally resource poor as they had suffered problems like personal trauma, death, divorce etc. which affects their financial status. These entrepreneurs try to keep their firm running and are ready to take any risks so that they are able to run the enterprise successfully. These women entrepreneurs are ready to face any kind of risk to run their enterprise smoothly because of their financial needs. They usually opt for small enterprises rather than working on a large scale (Kumar, 2008).

According to Das (2000), these types of entrepreneurs can be referred to as “ Forced Entrepreneurs” as they work as entrepreneurs to satisfy the financial needs of their business. They are forced to enter the field of entrepreneurship and do not have any other choice.

Therefore, this classification of the Indian women entrepreneurs is helpful for the researcher as it provides the foundation for studying the women entrepreneurs in depth. Moreover, it will make it easier for the researcher to identify the prime motive of women entering into entrepreneurship by segregating them in these four categories. Furthermore, the classification of women entrepreneurs assists the researcher to explore the reasons for self-employment among Indian women.

BARRIERS FACED BY WOMEN ENTREPRENEURS

Women Entrepreneurs encounter a large number of problems and constraints which hampers their growth in the Indian economy. Aga (2006) highlights that females constitutes for about 48% of the total Indian population out of which only 8% receives the opportunities to get educated.

Women are deprived of education and jobs in large organisations (only 4% of women employees).

In addition to this, women face number of problems due to many social and cultural reasons. They often encounter problems relating to gender discrimination and further face obstacles due to lower level of education, work-family conflicts, and socio-cultural impediments and so on.

In a study conducted on a sample of 175 women entrepreneurs in India, socio-cultural barriers were depicted as the main issue faced by Indian women entrepreneurs (81. 7%). The other barriers comprised of marketing and finance problems, family issues, lack of government support etc. This is highlighted with the help of Fig 2

Types Of Problems Faced	Total No. Of Respondents
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1. Socio-Cultural Barriers	143(81. 7%)
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2. Marketing Barriers	119(68%)
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3. Occupational Mobility	95 (54. 3%)
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4. Government Support	87 (49. 6%)
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5. Financial	80 (44. 7%)
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Barriers

6. Production

45 (25. 8%)

Barriers

Therefore, it is important for the researcher to have in-depth knowledge about the constraints faced by women entrepreneurs. This will help the researcher to understand the major impediments coming in the way of female entrepreneurs. Also, it will help the researcher to focus the research in indentifying the main barriers and finding the steps to resolve them, so that women in the society should be able to work with confidence and without any hurdles in their entrepreneurial career.

Financial Barriers

According to Parikh and Kollan (2005) finance is the most important aspect for any business. However, women face many difficulties in acquiring long-term finance because they do not have enough credibility in the market as they are either dependent on their father or husband for their finances. Also, they face gender -related issues while procuring finance from various institutions as they do not have the same connections as men. Moreover, women face problems in obtaining long-term finance and also stumble upon problems relating to the need of working capital. Also, the financial institutions take more time to provide them with the financial aid due to long procedures involved (Vyas et al, 2007).

Similar problem was faced by Kiran Mazumdar Shaw (now the richest women entrepreneur in India). When she started her business, the bankers refused to impart her credit of \$10, 000 as the financial institutions were not sure of

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her project because she was new in the industry and being women was the major obstacle (Egan, 2004).

Furthermore, a study conducted in India (1992) highlighted that only 10% of the total women entrepreneurs received financial aid from government institutions and banks. However, rest of the women either started their business on their own savings or acquired credit from friends and family (Trade and Investment Decision, 2005).

This has been highlighted with the help of the pie chart:

Pie Chart: Source of Credit for Women entrepreneurs (1992) Source: Original

Therefore, this implies that women do not get the required help from the government bodies and financial institutions. According to the chart, more than 50% of women entrepreneurs finance their projects with their personal savings. This acts as a barrier for them in the field of business.

Correspondingly, in a study conducted on women entrepreneurs in Southern India, it was also observed that more than 50% of women used their own funds for their business endeavour. However, this study argues that 43% women procured finance from banks and other institution (Das, 2001).

Therefore, this implies that although the number of women relying on self-finance and family for the credit needs are the same. However, the number of women getting finance from financial institutions has increased, which is represented with the help of Fig 2

Pie Chart 2: Source of credit for women entrepreneurs (2001) Source: Original

Hence, it is analysed that financial barriers do exist for Indian women entrepreneurs. They face many issues while getting financial help like long-processing time, no help due to gender discrimination etc. However, the financial help provided by various financial institutions has shown a considerable increase as depicted in the Pie Chart 1 and 2.

SOCIO-CULTURAL BARRIERS

Narendran(2005) highlights that despite of being in the 21st century modern era, Indian people still have firm believes in social and cultural factors which effects the entrepreneurial activities, particularly the ones pursued by women.

Carter et al (2001) illustrates that women entrepreneurs experience many obstacles, which include traditional cultural barriers. They are treated differently and the level of their education, ethnicity and position given to them also varies largely than men. Women in India are confined to household activities and their involvement at workplace is also limited. In our society, the male child is given more priority; hence, there is lack of schooling and proper training of females.

In the same way, it is evident from the study conducted on the Indian women that they have to face traditional cultural barriers, which restricts them to performance of house-hold duties and social norms like restricted talking to male members outside the society. Furthermore, they do not get access to many resources such as transportation, education and literacy, technology

and financial resources for carrying on their entrepreneurial activities (Craib et al, 2007).

Following are the main socio-cultural factors hampering women's growth in the entrepreneurial world:

Education

It has been highlighted by Tiwari and Tiwari (2007) that the literacy rate of women in India is the lowest in the world, which is certainly affecting the entrepreneurial activities of women in India. According to the statistics (2003-05), the literacy level among women was only 77% as compared to 87% in men. Although, it has been increasing at a considerable rate but still women do not get the opportunity to get the technical training for starting their own venture (unicef, 2010).

However, according to the study conducted by Mahbub ul Haq Human Development Centre, Human development in South Asia (2003), the literacy rate of women in India is only 67% compared to the percentage of male literacy. Further, the study states that less than 15% women get access to secondary vocational training required in setting up their business and gaining an insight into the working of the entrepreneurial world (Trade and Investment Decision, 2005).

It has been evident from the literature that women do not possess knowledge about the latest technology and education regarding the new skills and techniques which hamper the growth of their business endeavour.

Moreover, women entrepreneurs do not have education skills relating to basic accounting and analysing risk factors in the business. Furthermore, <https://assignbuster.com/women-entrepreneurship-in-india-management-essay/>

they do not possess the information regarding the various sources for acquiring raw-materials and negotiating prices with them which further leads to lower margins of profit (M., 2006).

Social Problems

It is evident that there has been a social change in the Indian society and women are now entering the entrepreneurial world. This change has been drastic. However, certain problems still persist relating to the role of women in society.

According to Tiwari and Tiwari (2007), the traditional role of Indian women in the society is considered to be that of wife, daughter, mother etc. However, there is a limited acceptance of female in the world of entrepreneurs. This hinders their growth in the business as they are seldom allowed to venture in the projects outside the home.

The literature also claims that the role of women in large-family businesses is limited in India. It is analysed that the Indian family business is based on the social system wherein the father is the head of the family and men have complete authority over the women. Thus, the participation of women in the business is not encouraged. The daughters are not allowed to take part in managing the family business. They are allowed to indulge in the small endeavours (doing interiors of their home, starting boutique). However, their earnings are not considered as the part of family earnings rather it is taken merely as a part of indulgence and the male members are usually arrogant towards them (Mitra, 2002).

Therefore, this poses as one of the main problems for women entrepreneurs as they are not openly accepted by the society. This results in lower confidence level as they do not get the required support from family and friend which hamper their growth in the corporate world (Crable et al, 2007).

Contrary to this, it has been examined that the role of women in family business is started to be taken into consideration and is highly appreciated by the family. Many famous companies in India such as Modi (Revlon), chain of Apollo hospitals, Kinetic Industries etc. are being successfully managed and owned by the women of their families (Anand, 2004).

Gender Issues

According to Kumar (2008) there is a wide discrimination between males and females in the Indian society. Women are not given equal treatment regarding many aspects.

The literature further claims that the main problem of women entrepreneurs is that they are “ women”. They have to deal with numerous problems relating to their gender. Although, they perform their work efficiently and at time but still their work is compared and contrasted with male counterparts (who are considered to be more productive and aware of new technology and skills) (M., 2006).

According to Koshal et al (1998), the main barrier faced by women entrepreneurs is male-stereotyping, excluding the women from various communication networks, due to which they are not able to develop contacts with other individuals and organisations which affects their business projects.

Also, family responsibilities bestowed upon and lack of experience in the <https://assignbuster.com/women-entrepreneurship-in-india-management-essay/>

particular field hampers the growth of female entrepreneurs. The figure below highlights the reasons affecting women entrepreneurs which hinder their entrepreneurial development.

(Source: Heuer et al, 2006)

Work-Family Conflicts

According to Pattanaik (2007), work -family conflict is one of the major barriers affecting Indian women. They are responsible for taking care of their family and children and then look after their business. Women experience difficulty in maintaining a balance between dual responsibilities. Moreover, due to lack of family support sometimes they fail in taking care of both the responsibilities, which results in closure of their business venture.

Also, it has been observed (from the study conducted to measure the impact of work-family conflict) that self-employed women experience a wide range of problems due to the dual roles and responsibilities of family and work at the same time (Simmers and Parasuraman, 2001).

As per Dhameeja (2004), a study conducted on women entrepreneurs' claims that around 13.7% of the total women entrepreneurs faced opposition from their family members and husbands due to their responsibility to manage house hold work and to take care of children. Moreover, it has been analysed that around 52% of women (total number of respondents 88%) faced the problems due to the dual responsibilities of home and business. It has also been illustrated that due to the pressure of family roles women are not able to pay attention on their business related activities, which results in the lesser growth in the rate of profits and business enterprise respectively.

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Marketing Barriers

According to Davidson et al (2006), many women entrepreneurs are not taken seriously by the suppliers, wholesalers and business clients. This leads to difficulty for the women entrepreneurs as they are not able to market their products and services properly. Attaining acceptance from all these people becomes a highly difficult task for women as they judge the female entrepreneurs on the basis of their prior experience rather than the skills and knowledge possessed by them.

Furthermore, it was established in the study conducted in India (Himachal Pradesh) that women find it difficult to market their products as they face tough competition from established large organizations. Also, lack of good transportation facility and poor location of their shops affects their business immensely (Vyas et al, 2007).

Similarly, a study conducted on a sample of 175 women entrepreneurs supports the observations of the study discussed above. It has been analysed that women entrepreneurs face a plethora of problems while marketing their products. The main barrier in marketing is the cut-throat competition from already established large enterprises. Secondly, gender discrimination plays a considerable role in developing the marketing barrier for women as they have to undergo difficulties in selling their goods due to indifferent attitude of customers. In addition to this, some women also come across the problems of poor marketing of their product as they do not possess enough financial resources (Dhameeja, 2004). The results of this study are depicted with the help of the diagram:

In the same way, case of Minal Arora managing her own firm of real-estate business is an example of marketing barriers faced by women entrepreneurs. According to her, it was not easy to talk to marketing people, generally males who demanded for either under the table bribes or some other benefits for accepting her alliance. She had to undergo lots of stress and face plenty of problems before finding a suitable company for handling the marketing of her services. This shows that women encounter marketing problems in the Indian entrepreneurial world. Furthermore, the literature claims that women have to depend on the male members of their family for the marketing related activities as it requires more time. It is often believed that women lack required confidence to deal with the marketing issues which hampers their entrepreneurial growth (Mitra, 2008).

Occupational Mobility

Dhameja (2005) defines occupational mobility as a phenomenon of shifting from one product line in business to another. It is often considered disadvantageous for women to make a shift as they have to face majority of problems. Firstly, it is difficult for a women entrepreneur to arrange finance for the venture once again. Secondly, they do not get adequate support from their family while considering to shift as they have to deal with the various risks involved like failure of project, financial loss etc. (Trade in Decision, 2005).

Furthermore, lack of self-confidence, resources and the dual responsibilities of work and family is also regarded as a barrier while planning a shift.

Women also suffer from personal problems such as lack of self-confidence and self-belief and they get frightened by their failures. This further results in <https://assignbuster.com/women-entrepreneurship-in-india-management-essay/>

lack of occupational mobility as they do not like to venture out for a new product line, due higher risk involvement (Kumar, 2008).

Thus, it is clear from the above literature that there is a considerable lack of occupational mobility among women. Women find it difficult to manage finance and resources for their new venture. Also, they lack risk bearing ability, which sometimes result in loss for their business endeavour.

Production Barriers

Production barriers refer to any problems faced by entrepreneurs while manufacturing of their products or services. It has been stated that although certain issues can be dealt by the women entrepreneur, however, certain issues cannot be dealt with, as they are out of the control of the enterprise (Sridevi et al, 2006).

Furthermore, it has been highlighted that women has to deal with high production costs due to problems faced in acquiring raw-material at time, delay in production due to shortage of labour or unavailability of labour and so on (Kumar, 2008).

Similar problems were faced by Kiran Mazumdar Shaw when she started her own business. According to her, she was not able to get the staff for her company, as people refused to