

# WOMEN ENTREPRENEURSHIP IN INDIA: MOTIVATION, CAPABILITIES AND PERFORMANCE

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## ABSTRACT

*The nineties has been the decade of economic liberalization and globalization and post-2000 this process has only increased. Women are now seeking independence by earning their own bread, by getting employed or by employing themselves. Today they are free to choose according to their aptitudes and abilities their own means of livelihood. They are carving out their own niches. They are turning professionals par excellence doing exceptionally well in their respective fields. With this changed scenario it becomes imperative to study women entrepreneurs in their present form. Delhi being the capital of India it has always been in the forefront of any change, be it political, social or economic. Obviously no city in India reflects this trend better than the city of Delhi. Hence the focus of this study is primarily on the women entrepreneurs in the city of Delhi and its adjoining areas. Most of the studies undertaken so far on women entrepreneurs have focused on their characteristics, motivations, perceptions and problems. There is hardly any study on their capabilities and performances. Hence the studies done so far lack comprehensiveness as they highlight only a few aspects and issues related to women entrepreneurship. The present study is an exhaustive study on various aspects of women entrepreneurship. It looks into all important aspects of women entrepreneurs such as their traits, motivations, problems, perceptions, capabilities and performance. In this study a complete enumeration of women entrepreneurs has been given with special emphasis on their motivation, capabilities and performance.*

## INTRODUCTION

Entrepreneurship as an economic activity is largely dominated by men all over the world (Minniti et. al., 2004). There is a gender gap in entrepreneurship activity, that is, men are more likely to be involved in it than women. However, there is a strong positive correlation in the rate of growth of entrepreneurial ventures between men and women, that is, countries with a higher entrepreneurial rate among men are also likely to have higher percentage of women entrepreneurs as well (GEM-report, 2004).

While the characteristics of both men and women entrepreneurs are generally quite similar, in some respects women entrepreneurs seem to be different from their male counterparts. While men often take bank loans and personal loans in addition to personal funds as sources of start-up capital, women usually rely solely on personal savings. While men have experiences in manufacturing, finance and technical areas, women in contrast have experiences in service related

areas such as education, secretarial work and retail. While men are more likely to enter the business fields of manufacturing and construction, women are more likely to start businesses in areas of trade and service (Hisrich and Peters, 1995).

In recent years with changes in economic and social environment there has been a rapid growth of women entrepreneurs (Adler, 2004; CEEDR, 2000). The economic and social change has been the result of globalization, technological advancement, media exposure, and inflation. Due to these changes women have become more confident and are ready to take up roles which were earlier men's domain.

## **WOMEN ENTREPRENEURSHIP IN INDIA**

That women are more restrained in India is a well known fact. One of the reasons may be that they play multiple roles, that of a wife, a mother, a sister and a daughter. Playing these roles sometimes submerges a woman's self-role and her own real identity. They feel that their primary duty is to look after their family and to do all sorts of household jobs (Dang et. al., 2009; Deka and Baruah, 1992). However, with the advent of the information era, the transformation of the social fabric of India in terms of increased literacy rate among women and their varied aspirations for better status, has led a growing volume of women to contribute substantially to the family income for securing better livelihood. That is why women are moving out of tradition and are getting absorbed in employment or self-employment.

According to the Government of India a woman entrepreneur is a woman who runs an enterprise owned and controlled by her and has a minimum financial interest of up to 51% of the capital and gives at least 51% of the employment to women.

Women in India are found in various professions but the instances of women starting a business or continuing one are not too many (Dang et. al., 2009). At present women entrepreneurs are rarely found in the large scale industries and technology based businesses and their participation in the small scale and medium scale industries are also quite low. According to the 1991 census women are accounted only for 4.5% of the total self employed persons in the country, and as per the third all India census of the small scale industries conducted in 2001-2002 only 10.11% of the micro and small enterprises in India are owned by women and only 9.46% of the medium scale industries are managed by women. This shows that women entrepreneurship is deficient and there is a need to foster entrepreneurship amongst women in India.

## **BUSINESS CHARACTERISTICS**

- **Nature of Business**

The women entrepreneurs are found in conventional businesses such as hosiery industry, telephone booth, beauty care, flour mill, pickle making, tailoring and readymade garments (Vinze, 1987; Jyothi and Prasad, 1993; Ganesan, 2003). The most preferred choice for rural women

entrepreneurs is stitching followed by dairy keeping and home based cottage industry such as making of chalk, soap, agarbati (incense sticks) and basket (Singal & Srinivasan, 1989).

- **Size of the Business**

In a study conducted by Singh (2000) it is found that most of the women entrepreneurs have absentee status. Although the business is registered in their names, it is run by their husbands. It is also found that women entrepreneurs possess lower levels of aspirations as compared to men entrepreneurs. They do not seem to be interested in availing the services provided to them by the government. It was further found that low level of aspirations is correlated with the perception of expansion of the units. Hence women prefer to keep their businesses small and do not wish to expand it.

- **Labour**

Women entrepreneurs do not employ labour and in case they employ they do not increase the number of their employees (Ganesan, 2003). They generally take the help of their family members. In case they employ, the labourers employed are in the range of 1 to 5 (Vinze, 1987).

#### 4.1.8 FINDINGS

- There are fifteen different categories of businesses which the respondents are engaged in. The highest percentage (34%) is in the garment business. Out of these majority of them (58.8%) are in manufacturing and exporting of garments. The garment business is followed by beauty clinic and jewellery at 9% each, gift packaging at 8%, interior designing at 6%, catering at 5% and spectacles and furniture at 4% each. Information technology and travel agency are at 3% each. Shoe manufacturing, steel manufacturing, stationery and handicrafts are at 1% each and other services comprising of nine different types of businesses is at 11%.
- Majority (60%) of the respondents are seen to have entered modern fields of business such as information technology, stock market, garment manufacturing, shoe manufacturing, jewellery manufacturing and steel manufacturing. They are running publishing houses, entertainment firms, art restoration firms, travel agencies and spectacle shops. *Hence the hypothesis that women entrepreneurs are predominantly into conventional businesses does not hold true.*
- The Gift Packaging business, business of providing PG Accommodation and Catering business has emerged as a big industry.
- Majority of the respondents (54%) are found in the service sector, followed by manufacturing (31%) and trade (15%). Women in the manufacturing sector are increasing and in the retail and distribution (trade) sector are decreasing. *Hence the hypothesis that women entrepreneurs are underrepresented in the manufacturing sector does not hold true.*

- Out of the fifteen different categories of business, 46.6 % of them are multi nature businesses. These businesses cannot be classified exclusively under any one type. They simultaneously involve manufacturing and trade, trade and service, manufacturing and service or all the three together.
- Twenty five percent (25%) of the respondents are in the present business for more than 20 years, 25% are in the business for 5 to 10 years, 21% are in business for 10 to 15 years, 19% are in business for 15 to 20 years and 10% are in business for less than 5 years. Also majority of the women entrepreneurs (95%) are established entrepreneurs i.e. they are in the present business for more than forty two months (three and a half years) and only 5% of the entrepreneurs are early stage entrepreneurs i.e. they are in business for less than forty two months.
- Majority (92%) of the respondents have founded their own business and only 8% have inherited it. Three percent (3%) have inherited it from their father, 3% from their husband, one 1% from their mother and 1% from others.
- As far as ownership type is concerned majority (61%) are having sole proprietorship form of business, followed by partnership (with husband) (17%), partnership with others (10%), private limited company (10%), public limited company (1%) and family business (1%).
- Around 63% of the respondents who are founders are in sole proprietorship, around 17% are in partnership with husband, around 10% are in partnership with others, around 9% are in private limited company and not a single respondent is in public limited company. The chi square value 139.706 is statistically significant at five percent level of significance.
- It has been found that there is no set pattern of capital investment amongst the respondents there investment varies from 0 to Rs.500000 and more. However there is a relationship between nature of business and capital investment. Majority of the respondents in the manufacturing sector invest a larger amount of initial capital in their business than the respondents in the service and trade business. It is the respondents in the trade sector who invest very little capital at the initial stages of business. In fact most of the respondents in trade sector have started their business without any capital investment. The chi square value 44.383 is significant at five percent level of significance.
- A relationship has been found between type of ownership and capital investment. Respondents having sole proprietorship tend to start business with a lesser amount of initial capital compared to the respondents having company and partnership form of business. The chi square value 47.067 is statistically significant at five percent level of significance.
- There is a relationship between the nature of business and registration. Around 87% of the respondents in manufacturing have got their business registered, around 60% in trade have not

got their business registered and 54% in trade have got their business registered. The chi square value 12.947 is significant at five percent level of significance.

## SUMMARY AND CONCLUSIONS

The nineties has been the decade of economic liberalization and globalization and post-2000 this process has only increased. Hence the basic aim of this study has been to explore the relevant dimensions and aspects of Indian women entrepreneurs, particularly to study their motivations, perceptions, capabilities and performances in this changed scenario. Delhi being the capital of India it has always been in the forefront of any change, be it political, social or economic. Hence the focus of this study has been on the women entrepreneurs in the city of Delhi and its adjoining areas. Using random sampling method a total of hundred women entrepreneurs were selected and to have a more authentic and first hand reliable data each one of them was personally interviewed. For data analysis the filled up questionnaires were then coded and tabulated using the SPSS package. Analysis of the variables under study was done using the frequencies, percentages, figures, tables and the chi square test.

## BUSINESS PROFILE

- Women entrepreneurs are mostly found in the garment business and amongst women in the garment business majority are in manufacturing and exporting of garments. This is something new which has emerged as earlier women were primarily found in trading of garments or running of boutiques. *Hence the hypothesis that women entrepreneurs are underrepresented in the manufacturing sector is rejected.* Manufacturing has always been associated with men because it involves more capital and more labour compared to service and trade. Hence to be in manufacturing a person should be ready to invest more capital and be tough and daring in handling the labour. Women somehow have always been considered to be less daring, risk averse, making small investments and soft in handling the labour. This study shows that more and more women in Delhi and the NCR are taking up manufacturing of garments and thus are ready to take more risks, invest more capital and are competent enough to handle the labour.
- Women are nowadays found in multi nature businesses. These businesses cannot be classified under a single nature business be it manufacturing or trade or service. They have in them either the elements of manufacturing and trade, trade and service, manufacturing and service or all the three together. And it seems that in times to come the percentage of multi nature businesses are likely to increase and hence the likelihood of identifying women entrepreneurs with a single nature business is going to become even more difficult.
- A large number of women entrepreneurs are seen to have entered modern fields of business such as information technology, stock market, garment manufacturing, shoe manufacturing, jewellery manufacturing and steel manufacturing. They are running publishing houses, entertainment firms, art restoration firms, travel agencies and spectacle shops. *Hence the*

*hypothesis that women entrepreneurs are predominantly into conventional businesses is rejected.* This change in business orientation amongst women in Delhi may have been brought due to the change in the family upbringing. Most of the families today do not make any economic or social discrimination between their daughters and sons. They give equal opportunities to both of them. Hence women are more educated and confident to venture into businesses which were earlier run only by men.

- The Gift Packaging business, business of providing PG Accommodation and Catering business are the new emerging industries. The reason for this may be the emergence of MNC's and with that the emergence of Call Centres. The nineties has been the decade of liberalization in India and with that have come the MNC's, and so the advent of corporate culture. Today we have nuclear families in which both husband and wife are working and therefore do not get time for their daily chores like cooking and cleaning. This probably has given impetus to the catering industry. In addition, due to the emergence of call centres in Delhi and its adjoining areas, many young girls and boys from other states of India are coming here to work. There is a huge demand for rented accommodation from these boys and girls. As a result providing PG (Paying Guest) accommodations and supplying Tiffin (breakfast, lunch and dinner) to them have emerged as a lucrative business for women entrepreneurs especially in the NCR (National Capital Region). Many women who were earlier just homemakers have started catering business and running PG accommodations in their own houses. With corporate culture has emerged the concept of corporate gifts. Sending cards and gifts to bosses, friends and colleagues on their promotions, anniversaries, weddings and other occasions has made gift packaging a flourishing business.
- Majority of the women entrepreneurs are founders of their business and majority of them are running sole proprietorship form of business. Women as inheritors and women in company form of business are seldom found. The reason for this may be that women like to operate in small businesses therefore as founders they prefer sole proprietorship and not a company form of business. Companies are generally founded by men and it is found that women are predominantly first generation entrepreneurs therefore women who are inheritors have inherited businesses from their husbands and fathers. Hence they are the ones who are mostly found running company form of business.
- There is a strong likelihood that women entrepreneurs in the manufacturing business and company form of business invest a larger amount of initial capital. This is probably because manufacturing requires more money at the initial stages of business to meet the cost of production (cost of raw material and labour) compared to trade and service. Similarly it is mandatory for a company form of business to start its business with a minimum amount of capital. No such limit is imposed on sole proprietorship and partnership form of business.

- Most of the women entrepreneurs have got their businesses registered. This reflects the seriousness of women towards their businesses. It is also found that women in manufacturing are more forthcoming in getting their businesses registered than women in trade and service.

## DEMOGRAPHIC PROFILE

- There is an increase in the entrepreneurial venture as women approach the age group of 30-34 and there is a gradual decline in the entrepreneurial venture as they cross this age group. Hence the age group of 30-34 is the most suited for women taking up entrepreneurship as a career. This shows a shift in trend for women entering business from their twenties to their thirties. This change may be due to two reasons: increase in the education level and increase in the opportunity driven entrepreneurship. It has been found that majority of the women are opportunity driven entrepreneurs and are well educated. *Hence the two hypotheses that women entrepreneurs are predominantly necessity driven entrepreneurs and women who take up entrepreneurship are mostly less educated are both rejected.* It is generally women who are illiterate or have lower level of education who enter business early. Today most of the women entrepreneurs are graduates and few are post graduates. Hence they take time to educate themselves and only then enter the field of entrepreneurship. This probably is one of the reasons for delaying the entry of women in business. Also, earlier women entered entrepreneurship due to necessity and hence they entered business early. Today most of them who enter the field of entrepreneurship are opportunity driven. Hence they are more likely to wait for the right opportunity to come before venturing into business.
- Majority of the women entrepreneurs are already married at the start of their business venture. *Hence the hypothesis that women who take up entrepreneurship are mostly married is accepted.* Unmarried women still have a very small representation in the field of entrepreneurship. The reason for this is probably the same as it was earlier, that is, the fear of uncertainty which is associated with the place where these unmarried women would be settling after their marriage. Another reason could be the age factor. It is found that most of the women entrepreneurs start business in the age group 30-34. This is the age group by which most of the women in India are married.
- A relationship has been found between the marital status and the nature of business. It is found that women entrepreneurs who are married are mostly found in manufacturing business; women entrepreneurs who are unmarried and are divorcees are mostly found in service sector; and women entrepreneurs who are widows are only found in trade. The reason for this may be that women who are in manufacturing are there because of the support of their husbands. Manufacturing has always been considered to be a man's domain hence women who are venturing into manufacturing may be doing so by taking the help and support of their husbands.
- A relationship has been found between the capital investment and the marital status. It is mostly women entrepreneurs who are unmarried who make larger capital investment in business than married and divorced women entrepreneurs. Even though the percentage of

unmarried women entrepreneurs is quite low in the field of entrepreneurship it seems that the ones who have chosen entrepreneurship as their career are taking their business more seriously. They are ready to invest a larger amount of capital and they also seem to be financially more strong and independent than women who are married, divorced or widowed.

- Majority of the women entrepreneurs are Hindus and amongst them the highest number is that of Punjabis followed by that of Banias. Further, a relationship has been found between religion and the nature of business. The manufacturing sector is dominated by the Sikh community, trade by the Hindu-Sindhi community, and service by the Hindu-Punjabi community. Christian women entrepreneurs are found only in service and Jain and Muslim women entrepreneurs are found only in manufacturing. The huge representation of Hindu and Sikh communities amongst women entrepreneurs in Delhi and its NCR (National Capital Region) shows that these communities may have a modern outlook in comparison to Muslim and Jain communities who have conservative outlook in allowing their women to take up entrepreneurship as a career.
- Majority of the women entrepreneurs are from the arts stream. They are underrepresented in science and commerce stream. *Hence the hypothesis that women entrepreneurs are underrepresented in science stream of education is accepted.* It has also been found that it is mostly women with arts background up to school level who take up entrepreneurship. Women with graduate level education are represented in all the three streams (science, arts and commerce) and women with post graduate level in science stream are totally missing. This implies three things: firstly, women literacy has increased whereby more and more women are becoming graduates; secondly, women who are uneducated or who are educated up to school level are finding themselves incompetent to enter into the field of business; thirdly, women with post graduate level education especially in science do not find business as an attractive career. Hence, unless women are equally represented in all the three streams of education we cannot have a balanced entrepreneurial development.
- Majority of the women entrepreneurs come from business families, that is, whose fathers are also in business. It also shows that the likelihood of women entering into business is more for women whose husbands are also in business. Thus it suggests that we are still living in a patriarchal society where a woman is influenced more by her father's and her husband's profession than her mother's profession while choosing herself a career.
- It has been found that a woman's choice to enter into the field of entrepreneurship is not influenced by her family structure. Family structure today is neither a deterrent nor a facilitating factor for the woman entrepreneur. Delhi is a place where domestic labour can be found easily and at reasonable rates. Most of the working women today prefer to hire labour for domestic work. They keep full time or part time workers who not only do their daily chores but also look after their children. Emergence of crèches and play schools has also greatly reduced the responsibility of working women to look after their children. Hence with this changed scenario joint family system is gradually losing its relevance and women irrespective of family structure are venturing into entrepreneurship.

- Majority of the women entrepreneurs belong to the same place where their business is located. There is no difference between their native place and the place of business. However, it is found that in manufacturing business there is an equal representation of women entrepreneurs hailing from different places as well as those hailing from the place where the business is located. In trade it is found that women entrepreneurs are mostly from the same place. And in service they are mostly found hailing from different places. This may be because manufacturing and trade generally require more geographical mobility and more networking for the procurement, production, sale and distribution of the products. Women who are coming from different places are more likely to take up service as they do not know the place too well and their network might also be weak. Personal skill and knowledge are the two most essential requirements for women entrepreneurs in service. Probably that is the reason why women entrepreneurs from different places are found mostly in service.
- Majority of the women entrepreneurs enter into business without any training and without any prior experience. *Hence the two hypotheses that women who take up entrepreneurship have no prior training and women who take up entrepreneurship have no prior experience are both accepted.* The reason for this may be that women even today do not take entrepreneurship as a serious career option. They do not think that it is important for them to undergo entrepreneurship training or to undertake job / internship in the field in which they are planning to start their business ventures.
- Very few women entrepreneurs have taken membership of professional bodies. Majority have no affiliation of any kind. This shows that women entrepreneurs are still not very organized and lack professionalism. It is also found that women entrepreneurs who have membership of professional bodies are mostly found in company form of business. This shows that membership gives women the confidence to start a company form of organisation.
- Majority of the women entrepreneurs do not have any knowledge about any entrepreneurial scheme announced by any government or non government organizations. This shows that either women entrepreneurs are not interested in knowing about the schemes or they lack awareness about the schemes.

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