

Challenges Faced by Women Entrepreneurs in Rural Sector for Establishing Business

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Abstract: This research is intended to provide a deep insight into the entrepreneurial challenges among the women in the rural India. It intends to study the Key Variables responsible for the emergence of entrepreneurship among women in rural India, the various problems faced by women entrepreneurs in establishing a Startup and consequently running it. It further suggests measures to overcome these challenges and also provides implications for future research.

Introduction

It is estimated that presently women entrepreneurs comprise about 10% of the total entrepreneurs in India. It is also clear that this percentage is growing every year. If prevailing trends continue, it is not unlikely that in another five years, women will comprise 20% of the entrepreneurial force in India. It is perhaps for these reasons that government bodies, NGO's, Social Scientists, Researchers & International agencies have started showing interest in the issues related to entrepreneurship among women in India. Indian Women have come a long way with changing time. Interestingly issues related to Women in India, like female infanticide, bride burning (for reasons of dowry) and 'sati' (widow burning) are a passé in Modern India. Each of these acts is a criminal act and an extremely rare occurrence is now being reported.

Following Are Some Interesting Facts On Status Of Women In Modern India

- India has the world's largest number of professionally qualified women.
- India has more female doctors, surgeons, scientists and professors than the United States.
- India has more workingwomen than any other country in the world. This includes female workers at all levels of skill – from the surgeon and the airline pilot to bus conductors and menial laborers.

Ironically even with such advancements made by Women of Modern India, on an average woman in India are socially, politically and economically weaker than men. But moves are underway to empower women. The most news-making development was the introduction of the Women's Bill in Parliament in late 1998: The Bill seeks to reserve a certain percentage of seats in Parliament for women. The passing of this bill has lead the women to be a part of law making body and hence has given them a chance to protect their interest. Moreover, there is a National Human Rights Commission for Women that handle all human rights violations against women, there is National Council for Women that advocates policy for Women, there is an entire ministry for women that formulates and implements policy for them. Hence the efforts are on to raise the status of Women in Modern India.

The call of the present time is that Women become financially independent. But the problem with financial independence of women is that the availability of jobs (in general for both Women & Men) is very less and hence some new method has to be sought out by women to gain financial independence. Entrepreneurship among Women can be eyed as a tool for Employment & Income Generation. The concern to develop more women entrepreneurs emerges from the fact that women represent 50 per cent of world population, but receive only 10 per cent of the world income and less than 1 per cent of the world's assets. Efforts have been made by various governmental and non-governmental agencies all over the world to promote women entrepreneurs. The results are somewhat encouraging. There is growth in the number of women opting for entrepreneurship as their career option. There is also a perceptible shift in the nature of businesses being set up by women in India. The myth that women are fit only for papad and pickle making is shattered completely. Women entrepreneurs are making a mark in the garment and service industries, as also in the computer, chemicals and construction material industries. The development of women entrepreneurs is in line with the overall entrepreneurship development in the country. 'The Women Entrepreneurship' in Modern India is there to stay.

The above advancements made by women have stimulated the researchers to find out the challenges faced by Women Entrepreneurs in Modern India.

Review of Literature

Wells (1998) simply defines female entrepreneurs as 'women who establish new businesses.' Brush (1990) further develops the concept of "businesses" by the inclusion of 'unincorporated self-employed, incorporated self-employed, independent self-employed, employers, new entrepreneurship and female-owned sole proprietorships...[including] small businesses.' The foundation of this study is based on the Basic Female Entrepreneurial Environment Model (Djivire, 1998); The entrepreneur is at the center (female symbol). She is comprised of internal factors (Who, Why). Who represents the individual personality traits, demographics and managerial skills. Why represents motivational factors that stimulated them to start business enterprise. The next ring comprised of support and network. These are external factors upon which the individual has a fair control through choices. The

stronger the who/why and support/ network rings are the better chance the entrepreneurs breaks the barriers, which represents external factors over which the individual has minimal control (Finance, society and gender). If adequate positive internal and external factors are at work, the entrepreneur will be able to break through to what she perceives to be fulfillment, such as enriched relationship, increased money or enhanced self-concept. These facts enable one to see the relationship between the entrepreneur, the environment and the obstacles she faces.

Now we present a detailed review of literature on each of these factors:

Motives to start business:

Researchers have cited various reasons for which individuals start a business. Singh (1992) in her study found that entrepreneur's need for power, self-actualization and achievement motivation are significantly higher in women entrepreneurs compared to economic and affiliation motivation. Hornaday and Abound (1971) reported that the need for achievement, support, independence and leadership are the most significant entrepreneurial characteristics. Cox and Jennings argued that money is rarely the primary driving force for women entrepreneurs from the upper income group. Another important motive for starting women amongst business has been reported is security to family, Cole, (1959). Holmquist and Sundin (1990) reported that women are motivated to start business for the desire to have flexibility in their work and family. A study by Azad (1982) revealed that the motives stated by women for starting business were economic compulsion, the presence of knowledge and skills, need for achievement, inspiration gathered from the success of others and frustration in the present occupation. Recent researches have revealed that entrepreneurial motivation for men and women are strikingly similar (Moore and Butner 1997). Women and men became entrepreneur for similar reasons, such as wanting to be their own boss, having greater independence and controlling their own destiny. There are however, other reasons unique to women that play a major role in their decision to become entrepreneurs (Brush 1992; Moore and Butner, 1997). While the factors contributing to the unprecedented growth of female entrepreneurship around the world may vary, they can be broadly characterized as "push" and "pull" elements (Turner 1993). Unemployment, underemployment and unsatisfactory work conditions and prospects have pushed a growing number of women into their own businesses. Many factors have pulled women into their own businesses including the desire to be one's own boss, self-actualization, financial benefits and the desire to achieve a more comfortable balance between family and work responsibilities (Turner 1993), to use and maintain high level of skill, unlike working for a corporation (Alvarez and Meyer 1998). Layoff's, ability to make one own decisions and the need for more flexible working hours to accommodate family demands as reasons for starting their own business. Boden (1996) and Carr (1996) also found that having young children was a strong positive influence on women's self selection into entrepreneurship. The increase in the number of women entrepreneurs is at least in part attributable to the glass ceiling phenomena which prevents women from rising above a certain organizational level (Daily, Certo, and Dalton 1999). Thus most recent findings suggest that women start business for flexibility, overcoming the glass ceiling effect, unemployment, increase earnings and independence. Dooley Thomas Patrick and Rahman Md. Mizanur (1997), Role of Female Entrepreneurs in Urban Development: Case of Khulna City corporation, Bangladesh, South Asian Journal of Management, July-December, 1997. The study reveals the motive cited by women entrepreneurs for starting business ranged from shortage of job, absence of social security, supplement family income and economic independence. The reason for final choice of business ranged from economic related variables such as not being able to afford rented business premises, limited space available at home, whether or not the house was rented and the cost of traveling. The need to look after young children and manage household, the nature of existing skills, previous experience and ensuring personal safety were also prime motives for final choice.

Start-up Issue and entrepreneurial challenges:

Access to capital is a critical issue for small businesses. Without sufficient capital, small firms are unable to develop new products and services or grow to meet the demands. Insufficient liquidity is a frequently cited cause for small business failure. Unlike larger publicly held firms, small firms typically cannot access the stock and bond markets (Ang, 1991); Weinberg, (1994). Alternatively, they are heavily dependent bank loans, trade credit and informal sources of financing such as personal savings, credit cards, home equity loans and loans from family and friends (Ang, 1992), Ang, Lin & Tyler; Berger & Udell, 1995; Binks & Ennew, 1996; Cole & Wolken, 1996; Petersen & Rajan, 1994). Studies by Coleman & Carsky (1996 a, 1996b, 1997) indicate that women-owned businesses are particularly reliant on informal sources of financing like personal savings, credit cards, home equity loans and family loans. Women are significantly less likely to use banks as a source of financing and a relatively high percentage cite difficulties in working with their financial institutions (Coleman S, 1998). Access to Capital has been a key business concern of women entrepreneurs during the last decade (NFWBO 1999) and subsequently became a significant focus of research

There are a variety of constraints on women and the ability of women to upgrade their production continuously. These include poor access to market information, technology and finance, poor linkages with the support services and an unfavorable policy and regulatory environment. These constraints are further compounded by the need to compete in an aggressive business environment with rapid technological and the globalization of production, trade and financial flows (UNIDO 2001). Although many constraints are shared by both female and male entrepreneurs, women entrepreneurs face additional obstacles; this is due to deeply rooted discriminatory socio-cultural values and traditions, embedded particularly in the policy and legal environment, and in institutional support mechanisms. In many instances women are unable to benefit from services and must struggle to overcome or circumvent discriminations in business circles (UNIDO, 2001).

Dennis (2000) conducted a study on 4,004 small business owner-managers in the United States, 10 main problems that were identified: cost of health insurance, federal taxes on business income, locating qualified employees, unreasonable government regulations, social security taxes, state taxes on business income, workers compensation costs, federal paperwork, cash flow and cost of natural gas, gasoline and fuel oil.

Gaskill, Van Auken et al. (1993) divided the difficulties leading to small business failure into four groups: strategic management, marketing, competitive environment and growth.

Taylor and Banks (1992) used factor analysis to identify eight group of problems: human resources, competitiveness, and productivity, costs generated by legal constraints, financial needs, tax policies, international competition and the consumption of illegal substances. Respondent's entrepreneurs said that the main problems were the costs generated by legal constraints, financial needs and tax policies.

Tepstra and Olson (1993) produced one of the most interesting studies on the subject. The authors drew a distinction between start-up problems and growth problems. They developed a comprehensive grid that covered nine categories of problems: obtaining outside funding, internal financial management, marketing. At the growth stage, the dominant problems were related to marketing and sales, financial management, human resource management, the economic environment and the legal environment. The dominant problems at the start-up phase were related, in decreasing order of importance, to marketing, obtaining outside funding and internal financial management. A study by Huang and Brown involving 973 SMEs confirmed, confirmed the findings of Tepstra and Brown (1999).

Rationale for this study

Since little research has been conducted on this subject on women entrepreneurs in rural India, much was not known about the type of issues and challenges that women entrepreneurs face in establishing and running a business. Hence an exploratory research design was used to understand the motives for starting the business, start-up issues, key enabling and disabling factors in running a business and awareness & training of women entrepreneurs.

Research Methodology

The study has used both primary & secondary data to address the issues taken up for research. Internet, journals, books, reports and other published materials were utilized to collect the secondary data. Primary data pertaining to demographic profile of women entrepreneurs, their businesses and key challenges faced by women entrepreneurs was collected through a qualitative interview with 30 women entrepreneurs.

Research Design: Exploratory Research Design

Universe: Women Entrepreneurs in Rural Area of Eastern Uttar Pradesh.

Sources of Information

Primary: Questionnaire & Personal Discussion

Secondary: Scanning Magazines, Reports, Internet, Journals, Corporate offices of various Entrepreneurship & Women Organizations

The criteria for selection of women entrepreneurs in this research is as follows:

- a) Started her own business
- b) Being established in her business for at least two years
- c) Owning at least 50% of her business
- d) Having a major managerial role at the time of study
- e) The total capital employed is more than Rs. 20,000/-

Primary data was collected with the help of Qualitative in-depth interview of thirty women entrepreneurs to get a deep insight into the problems and issues of women entrepreneurs in rural India. A well-trained research fellow administered the semi-structured questionnaire for data collection.

Research Findings

Demography: Of the 30 respondents four were post graduates, nine were graduates, seven were senior secondary pass and ten were high school pass; five of them had a business running in their family; 26 were married and all the married women had 2 or more children. The response to the question "what was your motive for starting business" ranged from seeking financial support for family, flexibility, becoming financially independent, there were responses like "my spouse encouraged me"; "I had the desire to achieve something"; "I wanted recognition from others"; two of them said that they were encouraged by their parents, three of them said that the motive to start business was to be like their mother who were running business and were their role models. One of them even said, "the children of our village had to walk 30 Km to go to school, so when I came back to village after my MA, Bed. The grampanchayat supported me to start a school".

The two critical issues at the time of start-up are obtaining loans and networking. When women entrepreneurs were asked that "is obtaining loan at the start-up difficult for women entrepreneurs", a clear critical issue was identified, all of them without exception agreed to the fact that obtaining loan for business was the most critical challenge faced by them, one of the respondents said, "I was asked to submit my application with my husband", there was another who said that "though loan was granted it needed collateral from their husband, in one extreme case a women reported 'I was refused for a loan but when I reapplied with my husband as the applicant the loan was granted.'"

"Did you apply for loan, was it granted and the proportionate of the grant was"

Twenty-three women had applied for loan and barely 12 were granted loan and even of those who had been granted loan only 2 were granted the absolute amount.

"Is balancing work-life a problem", nearly all (28) women entrepreneurs said that balancing work-life was a critical problem faced by them, when they were probed to give reasons for the same the responses ranged from "business demanded lot of time", further probing by do you hire anyone for domestic help and childrearing activity, the answers like "not at all", "Oh! That is what women are supposed to do", "it is my first priority, business comes next", answers went to the extreme "I would lose my relevance in my

family if I do that”, when probed do they get time for personal interest and socializing, The respondents gave a mixed reaction which ranged from ‘for me business and socializing are same’ to “I don’t get time to meet relatives and friends or personal activities”.

When they were asked “Did you get support from your husband when you started your business”, nearly all the married women in the sample said yes but there were two respondents who said that “my husband initially did not support but when I started making profits and my business was successful I got full support from my spouse.”

When probed about their family members support they said, “there were several doubts on my capabilities”, “I was also questioned on who will take care of household activities as well as childcare”, “it would bring bad name to the family”, “what would others say” and even ‘how can you think of working with men.’ But despite these oppositions their self-determination and spouse’s support helped them in starting their business. They were then asked about the five enabling and five disabling factors in running the business enterprise while setting up the venture, in day-to-day operation and while approaching community.

The various enabling factors that women entrepreneurs described included: “my husband gave me complete support”, “my daughters encouraged me”, “my mothers success as an entrepreneur gave me strength”, “the grampanchayat supported me to start a school”, “the ladies in my village were extremely talented and had skills”, “my business required little capital, “I wanted to earn for my family”, “I always wanted to achieve something in life”, “I wanted to do something different in my life”. The various enabling factors could be summarized as support from spouse, availability of manpower, emerging opportunities, low cost of start-up, desire to achieve & earn.

The various disabling factors that women entrepreneurs described included: “obtaining loan was like winning a battle”, “the bankers were gender biased”, “I had to suffer lot of hardships in obtaining loan”, “there were doubts on my capabilities raised my family and friends”, “I had no contacts with the suppliers”, “there was no one to guide me”, ‘I always felt the need to have someone for experienced advice’, ‘it is still a man’s world’, ‘society still looks down on those women who work or do business’, “I don’t get enough earnings from my business”, “market is very limited”, “I am not able to reach bigger markets”, “I find difficulty in maintaining accounts”, “payment system is very slow” and “the middlemen offer very low margins.” The various disabling factors could be summarized as: problems in obtaining loan, lack of proper network, need for competent advice, gender discrimination, insufficient profits, finding markets to sell, inefficient payment system and maintaining accounts.

When they were asked, ‘are you aware of the various programmes and policies of government formulated for women entrepreneurs’, 21 women entrepreneurs were aware of at least one of the programme, 11 were aware of at least two programmes and only two of them were aware of more than three programmes, when they were asked did you avail the benefits of any of these programme, only two women entrepreneurs had availed the benefits of the programme, to know their willingness to undergo a training in managing business, it was heartening to know that all of them showed their keenness to undergo training in running a business, the types of training that they desired to have ranged from: finance and accounts, marketing, general management,

Conclusions from the above research

The above research has provided an insight into the life of women entrepreneurs in rural India. The various motives for starting business ranged from providing financial support to family, to achievement, opportunity, flexibility and recognition. The various challenges faced by women entrepreneurs in running the business ranged from obtaining loans, to seeking support from family members, work-life balance and several problems in operating business. Despite all these problems, modern women entrepreneurs are ready to move forward and are willing to learn and undergo trainings to run business. Policy makers need to popularize and facilitate the benefits of various programmes and policies for women entrepreneurs, they also need to address the key issues in relation to market accessibility, obtaining loans from banks and various funding agencies to further facilitate the growth of women entrepreneurs in rural India.

Implications for future research

The findings have implications for developmental practices in terms of formulating policies, facilitating the ease of granting loans and providing benefits under various policies formulated for women entrepreneurs. Further research needs to be conducted to get a deeper insight into the issues and challenges that have been identified in this research

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