



## A Comparative Study of Opportunities, Growth and Problems of Women Entrepreneurs

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### ABSTRACT

*A Study has been carried out to understand the opportunities, growth and problems of women in business in the states of Punjab, Haryana, Himachal Pradesh and Union Territory of Chandigarh. Besides, an attempt has been made to identify the basic problems faced by them in dealing with family and the society. Chi-square test has been used for analysis of the economic performance of women entrepreneurs. The parameters of the study include the amount of financial leverage taken, rate of growth, their market share and the various sources of finance. Similarly, the financial support provided by the banks & other financial agencies has also been analysed in order to get an idea about their financing needs & fulfillment of the same.*

**KEYWORDS :** Entrepreneurship, Women Entrepreneurs, Economic Development, Service Sector

### Introduction

Entrepreneurship has long been recognized as the key to economic growth. The role of entrepreneurs, especially the small scale entrepreneurs who successfully exploit the industrial and commercial opportunities on a small scale can not be under estimated. Small scale enterprises help in enhancing economic growth because they have better chance to carry out innovations, new means of production, new markets, new materials, new forms of organizations that lead to increased productivity. In his studies relating to entrepreneurship Matlay (2006) posited that conceptual and contextual convergence is of paramount importance to the ongoing debate of whether entrepreneurs are born or made and to issues surrounding entrepreneurship education and its impact on entrepreneurial activities. Schutte (1995) suggested that the male entrepreneurs have been extensively studied and the focus has now shifted to the study of female entrepreneurs. Hisrich and Brush (1984) mentioned that most of what is known about entrepreneurs, their background, motivation for starting a business and business problems faced by them are based on studies of male entrepreneurs. It is important to differentiate entrepreneurs on the basis of gender if women entrepreneurship is to be promoted (John, 2004).

Women entrepreneurship has come a long way in India. In urban areas, more and more women are successfully running day care centres, placement services, floriculture, beauty parlours and fashion boutiques. Even in rural areas, self-help groups are empowering women to start their own micro business. In her study Anju (1994) emphasized on value orientation among women entrepreneurs. She argued that women entrepreneurs had a preference for values like achievement, independence, leadership effectiveness and conformity to social obligations, which change the scale of success in favour of entrepreneurs. Problems, however, are plenty for a female business enthusiast who wishes to start her own unit. In general, whatever problems men might face in setting up a small-scale unit are accentuated in the case of women. In certain businesses that are traditionally male dominated, women are looked at with suspicion on their seriousness of managing the business with a long-term perspective. Rinkal et al., (2004) suggested that women of today are in several ways different from the women of past years. During the present times, they seek social and economic independence and are prepared to take risk for the same. Mitchell (2004) found that women entrepreneurs tend to be motivated by the need to provide security to their families and by their family circumstances. Women entrepreneurs are motivated by the need to be independent, economically and otherwise. Entrepreneurship allows women to combine caring for their family with bringing in the money needed for day-to-day survival. This trend has also been visible in several Asian countries including Indonesia and Singapore. In the opinion of Watson (2003) there are quite a number of potential systematic differences between male and female owners, that might explain why female-owned businesses appear to under

perform than male-owned businesses. The prominent factors are age of female owned business, family commitments, lesser access to capital, different education levels, prior experience of business and attitude towards risk. According to Jesselyn (2004) developing countries should also tap the potential of women entrepreneurs. Women are generally more serious entrepreneurs in developing countries, even though their businesses are small. They repay loans more reliably than men, and use their earnings for the benefit of families and for reinvestment.

The available literature on women entrepreneurship does not provide sufficient insights and in-depth analysis of the various facets of women in business and problems faced by them. This research paper is planned to explore and analyse in detail the unknown facets of women entrepreneurs in the states of Punjab, Haryana, Himachal Pradesh & Union Territory of Chandigarh in India. The paper aims at finding out the opportunities, growth and problems of women entrepreneurs as well as their performances, obstructions and the future scenario for women in business in this part of the country. The specific objectives of the study can be summarized as:

- (i) To study the opportunities available to women in business that help in the development of women entrepreneurship.
- (ii) To study/ explore areas where women entrepreneurship has made substantial contribution and study potential areas where women entrepreneurship can excel specially in the service sector including emerging areas like BPO/IPO/KPO etc.
- (iii) To study problematic areas and potential hurdles in the development of women entrepreneurship.

### Research Methodology

In this study, a convenience sample of 225 women entrepreneurs was used to collect primary data. The population consisted of women entrepreneurs from the four states of Punjab, Haryana, HP & Union Territory of Chandigarh. Total area of the study comprised of 10 districts. It was decided to choose the top three districts in terms of overall industrial development. Regarding Chandigarh, since there is only one district, there was no need to apply any criteria for selection of district. After identification of districts, addresses of women entrepreneurs were collected from a number of sources viz. State Financial Corporations (PFC, HFC and HPFC), various commercial banks and District Industrial Centres. Finally, a total of 225 questionnaires were collected with 75 each from Punjab & Haryana, 50 from HP & 25 from Chandigarh. Analysis of data was done with the help of Chi-Square test for independence of attributes. One set of variables represent states/UT to which the respondent belongs while the other set of variables comprise of perceived and factual factors like weak areas, opportunities provided, contribution of different financial agencies, etc.

## Data Analysis and Interpretation

Table 1 shows the perceptually weak areas for women entrepreneurs in different states. The hypothesis to be tested is:

There is no significant difference in the perceptually weak areas across different states. It is clear from the table that the calculated value of Chi Square is greater than the tabulated value; hence, the null hypothesis is hereby rejected. There is a significant difference in the perceptually weak areas regarding the ventures established by them. While the women in Chandigarh and Himachal Pradesh perceive controlling as a weak link in the management structure, the women in Haryana suffer because of weak planning.

The data related to opportunities provided by service sector has been summarized in Table 2. Except for Haryana, where manufacturing sector has a major share in the overall industrial development, in all other states, more than 90% respondents are quite optimistic about the growing service sector and especially education. Infact, they want to be a part of this and believe that women can be more successful in this sector, as, it requires minimum investment and involves fewer hassles. The contribution of different financial agencies has been shown in Table 3. The hypothesis framed is:

There is no significant difference in the contributions of different financing agencies. Calculated chi square statistic is much higher than the tabulated value; hence, null hypothesis may be rejected. The result clearly shows that there is a significant difference in the contributions of different financing agencies across different states. While in Punjab & Chandigarh, it is a tie between public and private sector banks. In a state like HP, it is the government loan, which is most popular among women entrepreneurs. In Haryana, private banks have contributed the maximum in financing ventures of women run business enterprises. The observations are pretty contradictory to the general perception that public banks are more liberal and contributory.

It is clear from the results that the government agencies have not been able to approach the women entrepreneurs for providing them with soft loans. In HP and Chandigarh, more than 50% women entrepreneurs have been able to get loan facility from these agencies. However, in Punjab and Haryana, the two states to which most of the respondents belong have little access to such facilities. The data related to interest rates charged has been summarized in Table 5 and the hypothesis framed is:

There is no significant difference in the interest rates being charged by various financial agencies to women entrepreneurs across different states

The chi square calculated value is much higher than the tabulated value, hence, null hypothesis may be rejected. The result clearly shows that there is a significant difference in the interest rates being charged by different banks and financial agencies across different states. While in Punjab and Haryana, banks and state agencies provide most of the finance at rates ranging between 5-10%. In Chandigarh, rates are comparatively higher as the range is between 10-15%. In HP, it is the public sector banks and financial institutions which are providing maximum finance to women entrepreneurs at subsidized rates.

The enterprise growth according to the profit has been shown in Table 6 and the hypothesis framed is:

There is no significant difference in the growth rates according to profit across different states

The chi square calculated value is much lower than the tabulated value; hence, null hypothesis may be accepted. The result clearly shows that there is no significant difference in growth of women entrepreneurs across different states. In almost all the states, majority of units have a growth in profits ranging between 5-10%. Some have been really successful in achieving a growth rate of 10-15%. While in Punjab & Haryana, banks and state agencies provide most of the finance for a period of 3-5 years. In Chandigarh, this period extends to 5-10 years. The striking feature is that low period finance is not preferred in Chandigarh while more than 25 % women entrepreneurs prefer it in rest of the states.

The opinion regarding the suitability of different sectors has been tabulated in Table 7 and the hypothesis framed is:

There is no significant difference in the opinions regarding suitability of different sectors across different states

The chi square calculated value is much lower than the tabulated value; hence, null hypothesis may be accepted. The result clearly shows that there is no significant difference in the opinions of women entrepreneurs across different states. While a radical shift in the Indian economy occurred recently where service sector has left all others behind, the women entrepreneurs also want to join this bandwagon. That is clear from the table as in all the states, more than 60% respondents have shown their preference for service sector. The striking feature is that in HP almost 85% respondents have shown preference for service sector.

The growth rate of women entrepreneurs in service sector has been shown in Table 8 and the hypothesis framed is:

There is no significant difference in the opinions regarding expected growth rate of women entrepreneurs in service sector across different states

The chi square calculated value is lower than the tabulated value; hence, null hypothesis may be accepted. The result clearly shows that there is no significant difference in the opinions regarding growth rate of women entrepreneurs in service sector across different states. Most of them believe to have astronomical jump in their business, while majority expects a growth rate of 25-50% on the whole. Next to it, a good percentage of respondents expect a growth rate of more than 50% in the coming years in service sector. However, the women in Chandigarh are little conservative in estimating growth targets.

ITES has been the major sunrise industry for development of Indian economy. Majority of women consider it as their next business venture because they want to earn substantial earnings from this growing industry. ITES not only earn profits but also automates the existing industrial setup and is thus very important for growing economy. The Table 9 shows the ITES as next explorable sector for women and a comparison between the traditional sector and ITES has been shown in Table 10. The service sector boom in Indian Economy has brought new areas for industrial development. The women in business also want to join this bandwagon. Shifting from traditional areas into new, progressive and growth oriented service sector they will prefer to enter in times to come. Hence they are ready to take a risk and face new challenges. It is clear from the figures shown in Table 11 that women entrepreneurs are equally enthusiastic about joining new sectors like BPO. They have clearly expressed their willingness to shift into these new areas so as to get maximum benefit from their entrepreneurial skills. This is the view of majority of respondents across all states. The modern Indian society is considered to be liberal and is encouraging women entrepreneurs. However except for Punjab, respondents in all the states, have considered society, parents and culture as major hindrances in entry to new ventures. These are some of the factors which act as hindrances but get neutralized in later stages.

## Conclusion

Indian economy is growing rapidly due to growth in service sector. This is one potential area, which is going to be targeted by women entrepreneurs. Information Technology Enabled Services, BPO/KPO's are the potential growth oriented areas, where women will strive to excel. On the financial front all the public and private sector banks have played a major role by sanctioning sufficient financial aid. However in Himachal Pradesh the role of government in granting liberal loans is creditable. Women entrepreneurs enjoy sufficient credit availability for meeting their monetary needs. However the procedure to get these loans sanctioned is difficult and cumbersome. In fact lack of awareness about availability of such facilities is the cause behind non-availability. In spite of the fact that majority of respondents have acknowledged profit making as the major objective of their enterprise, women upliftment and empowerment are the by products. Financial independence and independent decisionmaking are the hallmark of free and liberal women in a society.

One distinguishing and noticeable feature of the growth of women

enterprises is their increasing inclination towards service sector. Agriculture and manufacturing are taking a back seat. Possible reasons may be requirements of high capital investment and hardships involved in running an enterprise in these sectors. Along with that the sunrise industries of Indian economy, i.e. Information Technology Enabled Services, pharmacy, BPO/Education have much higher growth potential.

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