

# Economic Issues and Problems of Women Entrepreneurs in Micro, Small and Medium Enterprises in India

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## Abstract

The picture of women as home makers who has little to do with economy or commerce is changing in modern India. More and more women are taking up entrepreneurial activity especially in micro, small and medium scale enterprises but the transition from homemaker to sophisticated business woman is not that easy. Though the entrepreneurial process is the same for men and women, there are however, in practice, many problems faced by women, which are of different dimensions and magnitudes that prevent them from realizing their full potential as entrepreneurs. The primary objective of this research article is to portray the socio economic issues, motivating factors, problems and challenges faced by women entrepreneurs in various MSMEs which contribute to a country's development, help reduce poverty and promote self-reliance among people. This research paper has four sections. First section deals with the introduction, second section deals with the historical perspectives, reasons, categories, and needs of women entrepreneurship, third section explores gender variations and economic issues and problems of women entrepreneurs and section four contain conclusion drawn from the study.

**Keywords:** Micro; Small and Medium Enterprises; Women Entrepreneurs; Economic Development; Challenges Economic Issues and Problems.

## 1. INTRODUCTION

In India, MSMEs are the second largest source of employment after agriculture. They account for almost 40 per cent of industrial production, 95 per cent of the industrial units, 34 percent of the exports and manufacture over 6000 products (Ravi, 2009). This sector produces a mélange of industrial products such as food products, beverage, tobacco and goods produced from it, cotton textiles and wool, silk, synthetic products, jute and jute products, wood and wood products, furniture and fixtures, paper and goods produced from it. Other services also include machinery, apparatus, appliances and electrical machinery.

### 1.1 Women entrepreneurs in Indian society

Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. An enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women come under the purview of women entrepreneurs (Government of India). Telecom, IT, financial and other industries are seen as headed and guided by women pioneers. There is a transition in the modern society where the women are creating new paradigms of being a daughter taking

responsibility of her parents, a wife wishing to create a home and a family, a mother taking charge of the children to make them the best and an entrepreneur who builds an enterprise and discovers her relevance and meaning of life in herself. Simultaneously with all the dreams of togetherness she searches for mutuality, dignity and respect. She is also open to a life without marriage and a parenting without a father. Women generally choose to start and manage firms in different industries than men and also have lower participation rates in entrepreneurship than men. Furthermore, mainstream research, policies and programmes tend to be “men streamed” and too often do not take into account the specific needs of women entrepreneurs and would-be women entrepreneurs. As a consequence, equal entrepreneurship opportunity between men and women is still not realized. Women entrepreneur has many functions like exploring the prospects of starting new enterprise; undertaking risks, introduction of new innovations, coordination administration and control of business and providing effective leadership in all aspects of business. Women in modern society are playing a pivotal role in alleviating poverty through productive work that they are engaged in outside their home. Although increasing women’s participation in micro, small and medium scale enterprise is among the developmental goals and targets to reduce poverty, improved family health and empower women’s economic status. Women’s entrepreneurship deals with both the situation of women in society and the role of entrepreneurship in that same society. As women constitute around half of the total world population they are regarded as the better half of the society. In modern society they have come out of the four walls to participate in all sorts of activities and is also enjoying the fruit of globalization marking an influence on the domestic and international sphere.

## **2. INDIAN WOMEN ENTREPRENEURSHIP DEVELOPMENT**

In most of the developing countries like India women were considered only as a house wife and they were not free to move and thus the education of women was also effected a lot and hence it created a lot of communication gap among them. It is only from the Fifth Five Year Plan (1974-78) onwards that their role has been explicitly recognized with a marked shift in the approach from women welfare to women development and empowerment. The development of women entrepreneurship has become an important aspect of our plan priorities. Several policies and programmes are being implemented for the development of women entrepreneurship in India. In modern societies women have stepped out of the house and participated in all sorts of activities (Singh and Raina 2013). Since mid-1991 the Indian economy is witnessing a drastic change, with new policies of economic liberalization, globalization and privatization initiated by the Indian Government. This change has put forward a great entrepreneurial potential in our country. Evidence has unequivocally established that entrepreneurial spirit is not a male prerogative but ours was a male-dominated society and women were not treated equally and were confined to four walls of the house, their potential and entrepreneurial ability in India seems to be not properly tapped reason being their lower status in the society. There was and still there is a need for changing the mindset towards women so as to give equal rights as enshrined in our constitution. The progress towards gender equality was slow due to the failure to attach money to policy commitments. It was during the last three decades that women entrepreneurship has gained momentum with the increase in the number of women enterprises and their substantive contribution to economic growth. Now women are fully acquainted with the facilities provided by the state and central government as in eight five year plan in 1992. At present, women involvement in economic activities is marked by a low work participation rate, excessive concentration in the unorganized sector and employment in less skilled jobs. The industrial performance of Asia-Pacific region propelled by Foreign Direct Investment, technological

innovations and manufactured exports has brought a wide range of economic and social opportunities to women entrepreneurs.

### 2.1 Reasons and categories of women entrepreneurs

Category	Main reason/Motivation
Chance/Natural entrepreneurs	-To keep busy, Was hobby, Family/spouse had business, start business by an appropriate and systematic planning
Force entrepreneurs	-Financial/ needed the money
Created or pulled entrepreneurs	-Controlled over time/flexibility, Challenge by something one's own/-Show others I could it, To be independent/Self-satisfaction, Example to children, Employment to other/do something worthwhile

Source Das (2000)

According to the study of Das (2000) the most common reason were either financial reason or to keep busy.

### 2.2 Needs of women's economic activities and entrepreneurship

Women entrepreneurs have been provided with inadequate recognition and strategic assistance from the national government in terms of access to finance and skills required for operating small businesses and enterprises profitably and efficiently. As the MSME sector in India provides livelihood to 49% of all employed women, there is a requirement for support to MSMEs in terms of policy, respect for the basic rights and needs of women, the availability of resources such as finance, good infrastructure, skills, and appropriate technology and an enabling macro-economic environment for attracting international investors. Women depend on MSMEs as a source of livelihood essentially because national government fails to meet their requirements for survival and entrepreneurial aspiration. Women entrepreneur in India institute new business and enterprises at a rate twice as fast as men and they find it harder at the outset of grow their business to the next higher level.

## 3. SOCIO-ECONOMIC ISSUES AND PROBLEMS

The greatest deterrent to women entrepreneurs is that they are women. A male dominant social order is the building block to them in their way towards business success. Women entrepreneurs are reported to be bounded by certain social customs and strong religious barriers (Sultana, 2012) which again increases difficulty in their entrepreneurial operations. Compared to their male counterparts, women received marginally more borrowings from family and friends, and slightly less investments from other family businesses. Overall, the general trends among self-financed entrepreneurs do not show significant variation according to gender (Palaniappan, Ramanigopal and Mani, 2012). Besides male domination other specific problems of women entrepreneurs are:

#### 1. Finance

The financial institutions are skeptical about the entrepreneurial abilities of women. The bankers put unrealistic and unreasonable securities to get loan to women entrepreneurs. Despite evidence that women's loan repayment rates are higher than men's, women still face more difficulties in obtaining

credit," often due to discriminatory attitudes of banks and informal lending groups. The women entrepreneurs lack access to external funds due to their inability to provide tangible security. Very few women have the tangible property in hand (Singh and Raina (2014); kushalaksi (2013); Sanyang and Huang (2008).

## 2. Family Ties

Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business". The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again (Singh and Raina, 2013). The result is that they are forced to rely on their own savings, and loan from relatives and family friends. More over the business success depends on the support the family members extended to women in the business process and management.

## 3. Managerial skills

Another argument is that women entrepreneurs have low-level management skills. They have to depend on office staffs and intermediaries, to get things done, especially, the marketing and sales side of business. Kebede, 2002 stated dexterous management handling as decisive difference between men and women entrepreneurial managerial skills.

## 4. Competition

The male - female competition is another factor, which develop hurdles to women entrepreneurs in the business management process. Despite the fact that women entrepreneurs are good in keeping their service prompt and delivery in time, due to lack of organizational skills compared to male entrepreneurs women have to face constraints from competition.

## 5. Raw materials

Knowledge of alternative source of raw materials availability and low-level negotiation and bargaining skills are the factors, which affect women entrepreneur's business adventures.

## 6. Education and Technology

Knowledge of latest technological changes, know how, and education level of the person are significant factor that affect business. The literacy rate of women in India is found at low level compared to male population (Kushalakshi and Raghurama 2014). Many women in developing nations lack the education needed to spur successful entrepreneurship. They are ignorant of new technologies or unskilled in their use, and often unable to do research and gain the necessary training.

## 7. Risk Bearing

Low-level risk taking attitude is another factor affecting women folk decision to get into business. Low- level education provides low-level self-confidence and self-reliance to the women folk to engage in business. Investing money, maintaining the operations and ploughing back money for surplus generation requires high risk taking attitude, courage and confidence.

#### 8. Socio-Economic Constraints

The confidence to travel across day and night and even different regions and states are less found in women as compared to male entrepreneurs (Chib, 2012). This shows the low level freedom of expression and freedom of mobility of the women entrepreneurs (Anis and Hasan 2013).

#### 9. Marketing

Women entrepreneurs faced certain problems viz. poor shop location, transport facility and stiff competition.

#### 10. Production

Non availability of machines and equipment, lack of training facility and no availability of labour, high cost of required machine are some of the reasons of slow growth of women entrepreneurs. Subcontracting can assist women entrepreneurs in training and developing skills of the workers. It can also help in upgrading machinery and equipment (Itoh and Urata, 1994).

#### 11. Health

It is found that women are feeling the problem of backache, eyestrain fatigue headache and fatigued after returning home reason being lack of rest and sleep and heavy schedule. In addition women entrepreneurs have to face high cost of production, inadequate infrastructural facilities, shortage of power, and non-availability of labour and high labour prices, social attitude, low need for achievement and lack of self confidence.

### 4. CONCLUSION

Women Entrepreneurship in MSME is very important for country's industrial development and fulfillment of its' socioeconomic objectives. Contribution of women to our national society and economy cannot be underscored. The main reason of success factors in women entrepreneur is independence, achievement motivation and human relation (Danabakyam, and Kurian 2012). Still the enterprises operated by women are particularly disadvantaged with regards to financial access, managerial and technical skills shortage and low ability to convert profit back into investment. Only first generation women entrepreneurs are seen but soon they either step back or became failure reason being their inability to secure badly needed loans from the commercial banks. Women should have access to different financial resources (Cleves, Gould and Gutierrez, 2004). This shows that intervention is needed by the Government for entrepreneurial growth in terms of development, monitoring and implementation of master plans (wong, 2005) considering the following factors:

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