

Women Entrepreneurs and Determinants of their Growth: An Empirical Study

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ABSTRACT

Women entrepreneurship has been recognized as an important source of economic growth. However, they still represent a minority of all entrepreneurs. Looking into the reason of the minority representation, this study aims at determining the factors affecting the growth of Women Entrepreneurs. The study is descriptive in nature, factor analysis was used to find out various determinants influencing the success of Women Entrepreneurs in MSE's of Dharavi, Mumbai and results of the factor analysis were put through the Cronbach's Alpha reliability test.

The analysis indicates that economic factor is the principal factors affecting the growth of women entrepreneurs, other factors which play important role in the success of women entrepreneurs are social and personal factors, followed by legal and administrative factors. The findings of the study will give right direction to Government and other Institutional networks and support agencies to design effective programmes and policies to help these women entrepreneurs flourish in future.

Keywords: *SME's, Women Entrepreneurs, Dharavi SMEs, Mumbai Slums*

INTRODUCTION

Entrepreneurs have contributed to India's vibrant and growth-oriented economy since its economic liberalization in 1991. Two decades later, research shows that entrepreneurship still has a huge unreleased potential. Also, women entrepreneurs have become an important part of national development planning and strategies (Tuladhar, 1996) and have become

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important players in the entrepreneurial landscape (Pages, 2005). Although the number is still small as compared to businesses owned by men, this is encouraging as it shows that women no longer adhere to the stereotype that only men can be wage earners in the family. Besides numerous obligations assigned to women including reproductive chores, such as childcare and doing house work, women can find success through their own businesses.

Though there have been limitations, obstacles and roadblocks faced by these women in the past, society have begun to accept that women entrepreneurs do contribute greatly to a country's economy. As such, it is no longer unexpected to see women heading their own companies and being successful at the same time. The general mindset has changed so much that women who juggle family with careers are looked upon as capable and competent to handle business independently. Moreover, it is no longer strange to have business dealings with a female. But, some of the major problems faced by women entrepreneurs in the country are attributed to lack of education, lack of proper management, financial support etc. Low education restricts women from acquiring even functional levels of literacy required to learn skills. In terms of skill development, women are impeded by their lack of mobility, low literacy levels and prejudiced attitudes towards women. When women negotiate with banks and government officials, others often ostracize them in their community for being 'too forward'. Government and bank officials have preconceived ideas and stereotypes of what is considered women's work and what women are capable of (Kumari et al., 2010). With rapid population growth of rural and small scale sector, women entrepreneurs are also facing the problems of technological stagnation, under utilization of capacity, lack of vertical mobility, sickness and high mortality rates, followed by shortage of finance, inadequate facilities of storage, inadequate marketing, stiff competition, low mobility, family responsibilities and, social attributes (Mohamed, 2001).

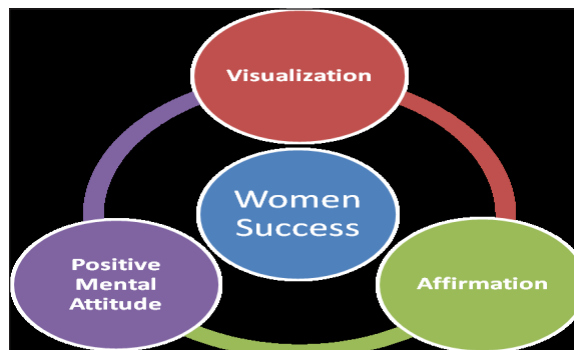
In spite of all these challenges, it can be said that, in last few decades women participation in small businesses have increased tremendously and Small and Medium Enterprises(SMEs) are playing major role in the economic development Taib (1999). The opportunities readily available to women today were not there in past, as a result, more women are engaged in small and medium enterprises which have a favorable impact on regional development of a nation. Despite the rise in women entrepreneurs in India specifically in SMEs, most of the researches on entrepreneurs are mainly focused on the men entrepreneurs than women entrepreneurs.

LITERATURE REVIEW

There are numerous researchers over the past few decades that have examined the motivations and reasons of men to initiate ventures (Birley & Westhead 1994; Cooper & Dunkelberg 1981; Denison & Alexander 1986; Dubini 1988; Hisrich & Brush, 1985; Scheinberg & MacMillan 1988; Shane, et al., 1991; Shapero 1975). However, there are few studies involving women entrepreneurs such as factors that make women leave the corporate world to become entrepreneurs (Nguyen, 2005)¹³, limitations and boundaries faced by women entrepreneurs when they decided to start up their own businesses (Brown, 1997; Chandralekha et al, 1995; Gundry et al., 2002; Helmi's, 1997; Hamilton, 1993; Stoner et al, 1990; Winn, 2005), and pattern of ICT usage among women entrepreneurs (Ndubisi and Kahraman, 2006). According to Nguyen (2005) most women starts their own business to provide additional flexibility and life balance in managing their traditional responsibilities as wife and primary caretaker of children. Through continuous struggles and battles, there have been many stories of the success of most women entrepreneurs who make it big in the business world. Thus, it is about time to identify what factors influence women entrepreneurs' success in small business.

For the women success the Positive Mental Attitude affirmation and visualization is the most important thing to achieve success. Positive mental attitude forces our mind to be positive and neglect the unpleasant experiences in our life. Affirmation encourages our selves; it usually starts with the word-I am. This word encourages ourselves in different ways. Visualization helps women to think broad; to have a big picture of the goals and leads to success. These three points combine to make successful woman, as shown in the Figure 1 (Tame, 1989).

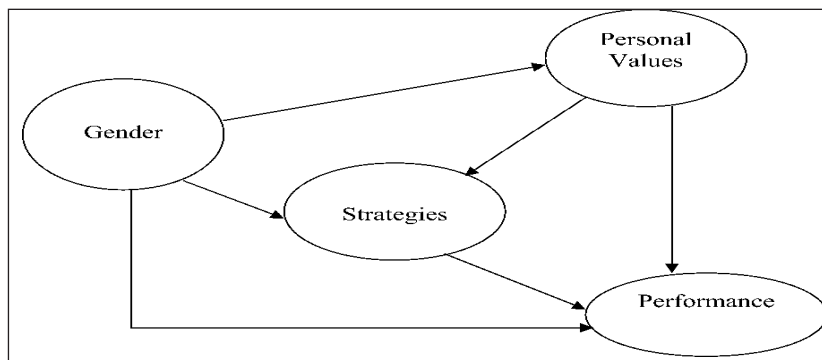
Figure 1. Three Points of A Successful Woman



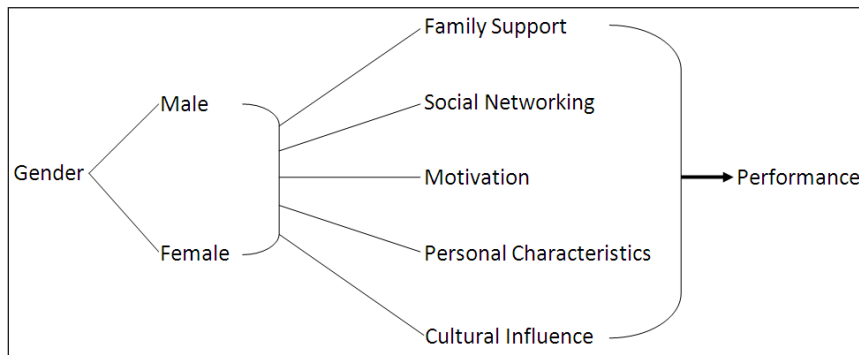
According to Paige and Littrell (2002) success is defined by intrinsic criteria include freedom and independence, controlling a person's own future, and being one's own boss; whilst extrinsic outcomes are, among others, increased financial returns, personal income, and wealth. On the other hand, research by Masuo et al. (2001) found that business success is commonly defined in terms of economic or financial measures which include return on assets, sales, profits, employees and survival rates; and non-pecuniary measures, such as customer satisfaction, personal development and personal achievement.

In term of the factors contributing to success of entrepreneurs in small business are varied. According to Boohene, Sheridan and Kotey (2008) they argue that to increase the business performance there is a strong relationship between gender, strategies, and perceived values. Male and female can perceive the values in different ways and have different sets of mind thinking and to make strategies to enhance business growth, as shown in Figure 2.

Figure 2. Different Ways of Mind Thinking



An interesting research entitled *Entrepreneurship and Social Inclusion* by Fielden and Dave (2004) suggest that socially constructed barriers were responsible for inhibiting women's progressions. According to Rahim's study (1996) social support is negatively associated with stress. Findings from a study by Chay (1993) also indicated that social support moderates the effect of work stressors. Besides social support, strong ties in the business world do help women in achieving success in their businesses. A study of McClelland et al. (2005) showed that the female entrepreneurs in Canada, Singapore and Ireland utilized networking as a means of business development.

Figure 3. Five Variables Identified as Factors Influencing Performance

Other factor such as internal motivation is another important factor that can contribute to success in business. The role of extended family in providing capital for new firms and facilitating the apprentice training of its members is significant to the success of prospective entrepreneurs (Nafziger, 1969). Finally, innovation in the business through Information Communications Technology (ICT) play an important role in supporting women entrepreneurs on business by gaining a low cost structure and achieving higher returns per customer (Marlin & Wright, 2005).

RESEARCH METHODOLOGY

Hidden in Mumbai's sprawling slums is a thriving entrepreneurial spirit that has spawned small businesses ranging from pottery to leather goods, and that is also now beginning to support formal property development. Dharavi, one of Asia's largest slums, some 100,000 people produces goods worth over \$500m a year. Despite the low education levels, substandard housing, and intense overcrowding, Dharavi is a veritable entrepreneurial hotspot. As these businesses continue to expand, Dharavi has become a community linked and supported by entrepreneurship. Among the slums of Mumbai region, Dharavi is one, in which a large number of women entrepreneurs are flourishing.

Assuming Dharavi to be representative of the Mumbai slums, the well designed information collected from the women entrepreneurs was studied. At the outset, a pilot study was designed and conducted through personal interview method with a pre-tested and semi-structural schedule. At the second stage questionnaire was administered to gather data on the various factors that are important for their success.

The research process involved the following steps. First a literature review was undertaken to identify variable influencing performance of women entrepreneurs. Second, focus group discussions were held with women to establish the details of various parameters that are important for their success. Third a questionnaire was constructed and piloted. Last, a population and sampling procedure was established and methods of data collection and analysis determined.

Random sampling was used, and questionnaires were distributed among a 200 women entrepreneurs in Dharavi and other slums in Mumbai and satisfactory response rate of 87.27 per cent was achieved.

The raw data was captured in a Microsoft excel database to ensure accuracy. The spreadsheet was then imported into a advance statistical software package (SPSS). Factor analysis was used to find out important factors affecting the growth of women entrepreneurs. Results of the factor analysis were put through the Cronbach's Alpha reliability test.

DATA ANALYSIS & INTERPRETATION

During the first phase of data analysis, in order to provide a multivariate perspective on the 29 variables which influence the growth of women entrepreneurs in MSEs of Dharavi and identify the variables that could be treated as factors, a summary statistical measure was used. Particularly, a principal components factor analysis with varimax rotation was conducted to extract a number of linear combinations of the original variables. Further analysis was performed to show the size and order of importance of factors, based on the percentages of variance explained by each factor. The four factors namely, economic factor, social factor, personal factor, legal factor and administrative factors, explained 77.10 per cent of the variance of the data. Only items that loaded significantly (above 0.5) on the factors were used for further statistical analyses.

Factor one was named Economic factor because all nine items covering the economical aspect loaded significantly on this factor. The loading of first nine items namely competition in the market, lack of access to the market and raw material, lack of capital etc. onto the ECO, factor can be explained through their relationship with economy. All the items like: family support, social acceptability, class biases etc that significantly loaded on factor two were expected to cover the social perspective. Therefore, factor two was named Social factor (SOC) , eight items loaded significantly on this factor and all of them were expected to define the

social impact on the growth of women entrepreneurs. Factor three was named Personal factor (PERS), six variables showing the influence of entrepreneurs demographical information like their age, education, marital status etc on their success loaded significantly on this factor. Fourth factor was expected to measure the influence of legal and administrative factors on the growth of women entrepreneurs therefore was named, Legal and Administrative factor (LEGAD) ,and the six items loaded significantly on this factor were Business assistance & support by government , access to technology, training, business formalization, networking .

The four factors (29 items) with their factor loading are shown in Table 1.

Table 1. Factor Analysis

ROTATED FACTOR ANALYSIS				
Variables	Factor 1 Economic	Factor2 Social	Factor 3 Personal	Factor4 Legal & Adminis- trative
Competition in the market	.622	.023	..252	.459
Lack of access to the market	.842	.170	.065	.136
Lack of access to raw material	.726	.056	.333	.337
Lack of capital or finance	.832	.200	.146	.116
Lack of market knowledge	.815	.079	.144	.218
Lack of production & store space	.788	-.087	.333	-.044
Poor infrastructure	.707	-.030	-.181	.448
Inadequate power supply	.842	.051	-.006	.316
Lack of business training	.824	.054	.060	.431
Lack of social acceptability	-.029	.724	.219	.355
Family support	-.103	.812	.289	.377
Having limited contacts outside	.311	.636	.362	-.058
Prejudice & class bias	-.009	.880	.107	.152
Society looks down upon	.081	.701	.086	.041
Attitude of other employees	.148	.760	.228	.169
Relation with workforce	.328	.604	.103	.071
Cultural values	-.002	.749	.384	.163
Age group	.174	.201	.743	.069
Education	.378	.314	.887	-.362
Marital status	-.189	.418	.913	.203

Family size	-.006	-.084	.756	.312
Individual motivation & goals	.466	.105	.783	.424
Entrepreneurial orientation (leadership traits, risk taking ability etc)	.179	.122	.713	-.083
Business assistance & support by government	.355	.359	-.083	.605
Institutional networks and other support agencies in terms of Finance	.188	.250	.022	.655
Access to technology	.209	.012	-.021	.677
Training	.312	.214	-.113	.717
Business formalization	.468	.219	.323	.643
Networking	.485	.107	-.009	.739

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

The second phase of the data analysis was to assess the internal reliability of the measuring instrument used to test the variables in the model. This was done by calculating Cronbach's alpha coefficient scores (Cronbach, 1951), using the statistical software SPSS version 16.0.

The Cronbach's alpha values for all the 29 scales (four principal components) are shown in Table 2.

Table 2: Reliability Tests for Five Principal Components

Factor	No: of Items	Cronbach alpha value
ECO	9	0.838
SOC	8	0.783
PERS	6	0.887
LEGAD	6	0.812

It is recommended that Cronbach's alpha coefficient scores are above the 0.7 cut-off value (Nunnally & Bernstein, 1994). Table 1 shows that all the Cronbach's alpha coefficient scores were above the recommended 0.7 cut-off value. Therefore, the measuring instrument and items can be regarded as reliable.

CONCLUSION

MSEs are becoming an important area of emphasis for many metropolitan cities in general and to Mumbai in particular, primarily for its immense potentials as a source of employment given that there are a number of factors that affect their performance and growth. Even though socio-cultural factors are minimizing in slums like Dharavi, economic and administrative challenges are still tremendous. This can be associated with the effects of globalization that may create intense competitions in the market and poor performances for those entrepreneurs that cannot easily cope up with changes.

The findings of this study reveal various key economic, social, personal, legal and administrative factors which affect the performance of women entrepreneurs in MSEs of Dharavi. The results will give right direction to Government and other Institutional networks and support agencies to design effective programmes and policies to help these women entrepreneurs flourish in future.

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