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# INTRODUCTION

## CHAPTER I

### INTRODUCTION

Like many other developing nations, India considered industrialisation as the basis for its faster growth and development. This created a need to search for factors which could contribute to boost up the base of industrialisation in the country. Many eminent scholars like Joseph A. Schumpeter, R.I. Ely, John R. Commons and David McClelland propounded the idea that the entrepreneur is the central figure for increasing the industrial base of a country. These scholars viewed entrepreneurs as change agents who not only generate employment, production and income by initiating enterprises but also create economic opportunities through innovation, thereby strengthening the base for development. The absence of vigorous entrepreneurship, therefore, is considered a serious bottleneck to the socio-economic development of any nation (Ansari and Jain, 1988).

Entrepreneurship and other high level human skills are key variables which link the socio-cultural milieu with the rate of economic development. Economists have shifted the emphasis away from the growth of capital to the growth of high level manpower, such as entrepreneurs, as the major determinant of the rate of growth. Despite the evidence of relatively high rates of unemployment and emigration among high level manpower in

India, the little information available indicates that the ratio of high level manpower to the population is not high in the country even when compared to other economically less developed countries. Computations based on the data of E.R. Rado and A.R. Jolly (1965) point out that the high level manpower ratios in India are below those of Costa-Rica, Columbia, Venezuela, Brazil, Turkey and Greece, and above those of Zambia, Kenya, Uganda and Tanganyika. If these ratios are indicative of the relative quantities of entrepreneurship, the productive factor that co-ordinates the resources used in the production of a good or service, then the ratio of the entrepreneurial resources to the population is not high in India when compared to other less developed countries (Nafziger, 1971).

The value attached to the development of entrepreneurship in an economic planning holds a pervasive promise not only in terms of generating and mobilising human resource but also for sustaining the resources and protecting them from degradation. The need for developing entrepreneurs thus becomes imperative. Studies and experiments in India and abroad have laid out certain theoretical realities which re-affirm the promises made earlier during policy proclamation :

1. "Greater the emphasis on developing indigenous entrepreneurs by a nation higher it attains the status and power in its long term economic planning.

2. More the thrust on development and promotion of local entrepreneurs larger the dispersal of economic power takes place within the country.
3. Higher the concern to develop local entrepreneurs greater is the tendency of profit re-investment by the entrepreneurs for the development of the locality as such and the enterprise itself.
4. Notwithstanding the quality and variety of entrepreneurs more the merrier for creating additional employment opportunities and harnessing the youth vigour".

( Singh, 1989, p.56.)

Undoubtedly the entrepreneur is the most critical factor in the development of any area. He plays the most important catalytic role in activating the factors of production leading to overall economic development. He organises and utilises the various factors and sets productive machinery in action. The availability of entrepreneurs, therefore, is the pre-condition of economic growth (Khanna, 1989).

The development of entrepreneur is essential not only to solve the problem of economic development but also to solve the problems of unemployment, imbalanced development of different areas of a country and concentration of economic power, as also for the diversion of resources from traditional avenues of investment.

## **Women and Development**

In India women constitute nearly half of the total population. Suppressing the potential and human wealth of half of its population creates adverse consequences for the nation's growth and development. Only when women are in the main stream of progress the economic and social development would be meaningful. The constitution of India guarantees equal rights and privileges for men and women. Unless and until women are encouraged to participate in the economic field on the basis of equality, the general prosperity and happiness of mankind will remain a dream forever. However, inspite of this fact, the economic role of women especially in the third world is confined largely to household and informal sector, as the industrial sector has very limited capacity to provide jobs to women. They are the victims of social oppression and economic deprivation and discrimination. Women's linkage to home and hearth has traditionally resulted in their economic dependence, social neglect, political ignorance, compounded by strong forces of casteism, semi-feudal sensibilities, dominant agro base, lack of education, religious belief, poverty, remoteness and unscientific attitudes. At the end of the UN's "Decade for Women" in 1985, it was proclaimed that women constitute one-half of the world population, one-third of the world labour force, perform nearly two-third of all work hours, receives only one-tenth of the

world income and owns only one per cent of their country's property (Patel, 1975). The reasons for this could be many. Low level education, low level of awareness, poor access to training, economic dependency, lack of proper encouragement, demands placed upon them as mothers and wives, typical stereotype attitudes of men folk regarding the place of women in society are among the chief reasons for women lagging behind in the economic sphere (Rao, 1989).

Macro-economic policies of the 70's and 80's resulted in deprivation and discrimination against women. Economic development based on trickle-down theory has by-passed women. Technology transfer from developed to third world countries increased miseries and deprivation of women due to disparity between physical requirements of modern technology and women's resources and skills. Technology transfer was limited to male dominated activities only (Elavia, 1992).

Even in India where culture of consumerism is of late picking up and where the cities are attracting greater flow of migrant population because of increasing pressure on agricultural land, women entrepreneurship continues to be a bleak area. Despite our broadbased and secular education, religious instruments and procedures have survived to discourage the initiation and participation of women in any economic activity. Even though

efforts have been made by a number of social thinkers and reformers with different schools of thought and underlying common code of ethical values, total emancipation of women has not taken place. When we look back and reflect, the underdeveloped picture of women in social scenario still stalks our imagination. A scientific temper and education combined with humanism for her empowerment so as to put her in proper perspective is still not uniformly available. Though political institutions keep on projecting a social format for the encouragement, and programme of action to rehabilitate her status, it is still felt that she has to be better placed (Anonymous, 1990).

The celebration of 1975 as the "International Year for Women" recognised the necessity for creating special agencies for women to play guiding role in the economic upliftment of the educated, semi-educated, illiterate and economically backward women. At the international conference organised by the "Association of Women in Development", at Washington D.C., U.S.A., November 1989, a consensus emerged that the global empowerment of women is the challenge of the 1990's. The strategy of "Integration of Women into Development", followed by many governments of the world, achieved little success in the past one and a half decade, hence a new approach of "Gender-aware planning", was recommended for the 1990's. In this context, women enterprises have a critical role

to play in India (Elavia, 1992).

In 1989 World Survey of the Role of Women in Development published by United Nations, states that poverty among women has increased during the 80's both in developed and developing countries. This came to be known as feminisation of poverty. It further states, that, despite economic progress measured in growth in 1980's atleast for majority of developing countries economic progress for women has virtually stopped, social progress has slowed, social well-being in many cases has deteriorated.

The challenge of the 90's is to promote "growth with gender equality", for reflecting the global norm of gender equality and to enable women to exercise their potential in development. For achieving this new goal a new development strategy is "Promote Women Enterprises" (Elavia, 1992).

According to the "Ministry of Human Resource Development" even though more girls drop out of school than do boys, the number of girls entering the work force has risen by four times during the last decade. And even in colleges, girls select courses that spell more independence. While a decade ago most girls used to enroll in post graduate humanities and pure science courses, today girls join professional undergraduate courses like engineering, reports Dr. Purnima Mathur,



professor in the department of Humanities and Social Sciences, IIT Delhi. The free education to girls in a few states has increased the number of unemployed women from 5.1 million in 1986 to 7 million unemployed graduates today. The new education policy now emphasises more on vocational courses. As the female literacy rate has gone up, more and more women take higher education and become career minded. Consequently they are either underemployed or unemployed. This demands an effective career growth opportunity for their development. Looking to the employment crisis and their late entries towards career efforts, the best solution is to develop entrepreneurship among them. Only entrepreneurship can channelise their potentials and skills fully in the right direction.

The new economic policy which has been in operation since 1991, puts greater reliance on private initiative and enterprise. In the market oriented world of competition, the fittest alone can survive. The challenge then is to ensure that women, although they have formally an equal status, are not left behind because of any perverse perception of regarding them as a weaker section of society. The only way to fight such a perception or any remaining discrimination, is for women themselves to push ahead and occupy their rightful place in business and profession. Increasingly, women are occupying higher managerial positions in business and

many are starting their own enterprises. The proportion of female employees in almost all fields which were earlier the exclusive privilege of the male is gradually increasing (Shroff, 1995).

While statistics are not available, the trends are quite apparent. Women emerging as entrepreneurs is but one aspect of the tidal wave of changes that have occurred in their social world during the last few years. Women entrepreneurship is a new field in the business market. The entry of women in business is only a recent development in the orthodox, traditional, socio-cultural environment of our society. However, in the last decade economic compulsions have led more and more young girls to take up employment and it is out of work experience, exposure to education, to urbanisation that the potential source of women entrepreneurship has emerged (Patel, 1986).

In a society women are the co-sharer of the fruits of development. So they have to be identified to be given the suitable share of responsibility. Their stereo-typed mother dominated, socially backward status has to be changed through suitable management strategies, such as simulated models of risk taking, organisational behaviour, and socio-economic systems. There could be long term strategies for this as also academic and vocational modules to create awareness among them. Besides facilities, psychological packages and training

facilities could be offered to eliminate situational deterrents. A synergic view on the compound package through an inter-woven network of objects for cultivating confidence, skills and risk factors is needed for making them successful entrepreneurs (Anonymous, 1990).

### **Women and Entrepreneurship**

The scenario of women entrepreneurship emphasises that it has gained a rapid momentum in developed countries. It is also noticeable in a small measure in developing countries.

In the U.S. between 1977 and 1982 the number of female non-farm sole proprietorships grew at an annual rate of 3.7 per cent. By 1984 there were three million female owned non-farm sole proprietorships in the U.S. according to Small Business Administration estimates. In Canada, the annual self-employment among females has increased by an average rate of 5.8 per cent compared to 2.8 per cent for males. It is estimated that there were approximately 3,65,000 self-employed women in non-farm business in 1984. According to 1972 census information fewer than five per cent U.S. businesses were owned by women. This number had increased to 28 per cent of self-employed businesses in 1982. In Sweden 25 per cent of all entrepreneurs are women and four-fifths of these are self-employed. In the United Kingdom there are

6,13,000 active women entrepreneurs, of whom 4,73,000 are self-employed and 1,40,000 are employers. In France about one in five enterprises was incorporated by a woman in 1985 and 21 per cent of all French entrepreneurs are female. In Netherlands the number has grown in 10 years prior to 1985 from 15,000 to around 55,000, however women still only account for about 17 per cent of the total active entrepreneurial population. In Finland, the comparative figure is 30 per cent, and in Germany it is 20 per cent (Rao, 1995).

Accurate data on women entrepreneurs in developing countries is difficult to find. In India women entrepreneurs are a fragile minority.

Out of the total 844,324,222 people in India, females comprise 41,174,343 representing 48.76 per cent of the total population. The female work participation rate has increased from 1981 to 1991 both in rural and urban areas. Of the total workforce in the country (both main and marginal) in 1991, 28.57 per cent were female workers. In 1981, the corresponding percentage was 25.39. Even among the main workers the proportion of female workers in the country has increased from 20.30 per cent in 1981 to 22.56 per cent in 1991. According to 1981 census, there were only 150,000 self-employed women, a mere 5.2 per cent of the total number of self-employed persons. Majority of them were engaged in low paid, low skilled, low technology and low productivity

jobs. 90 per cent (79.4 million) women workers were in the rural areas against only 10 per cent (8.6 million) in urban areas. Only 2.5 million women worked in the organised sector, a mere 12.4 per cent of the total employment in the employment sector.

In 1991 in the state of Gujarat in particular 8.77 per cent women were gainfully employed against 51.70 per cent men (Census, 1991). Gujarat ranks 16th amongst all the states of India as regards the percentage of women in the total work force.

Participation of women as entrepreneur is comparatively a recent phenomenon. According to an estimate, among 1.6 million SSI entrepreneurs in India during 1986-87, the total number of women entrepreneurs does not exceed 100,000 (Akhouri and Gupta, 1988).

Some data for 3 states indicates that roughly there are about 1000 women entrepreneurs in Karnataka, 700 in Gujarat and 500 in Tamilnadu (Patel, 1986).

Along with Delhi and Maharashtra, Karnataka in the south, probably leads in the number of women entrepreneurs. Karnataka business women top the list in terms of variety and activity of women entrepreneurs in non-traditional areas viz. telecommunications, tyre retreading, tractor trailers. In Bombay and Delhi women are making aggressive strides in the fields of design and

advertising.

In Bihar, a state reputed for its allergy to industry, finding a woman entrepreneur is like looking for an oasis in a desert. But here too there are an estimated 30-50 business women.

In Calcutta, there are an estimated 100 women entrepreneurs with an annual turnover of Rs. 35 crores. Even women born with silver spoons in their mouths seem determined to stamp the marks of their own personalities on their business (Bhadwar, et.al., 1988).

No doubt women have become more independent, achievement oriented, and career minded. They have curiosity, are creative and they are willing to take risks. They want to widen their social networks, enjoy a sense of achievement and get recognition from the society (Bhadwar, et.al., 1988).

The nonavailability of central statistics makes it difficult to gauge the exact dimensions of this phenomenon. And while it is largely confined to metropolitan areas such as Delhi, Bangalore, Bombay, Calcutta, Ahmedabad, it is also manifesting itself in small cities.

Apart from a few notable exceptions the Indian women entrepreneurial scene is still at the level of small and medium scale industry. Indeed, women entrepreneurship in India has come a long way from the three

P's- Pavadas (underskirts), Pickles and Papads, to the three E's- Engineering, Electronics and Everything under the Sun. These women represent a group who have broken away from the beaten track and have explored new vistas of economic activity (Bhadwar et.al., 1988).

"It is courage born of ignorance" comments Dr. Patel, founder of the Entrepreneurship Development Institute, Gandhinagar. He further adds:

"It would be unfair to measure the achievements of these women only on the basis of turnover. What we are seeing is the first generation of women entrepreneurs who have emerged because barriers have partially been broken. And their achievements are special because they have to manage two enterprises, Business and Family" (p. 9.).

Most women admit that the stereo-typing and the sex biases disappear as they become more successful and experienced. Simone Tata, a leading successful entrepreneur remarked, "You cannot push them too fast. Change is now starting and it is a natural revolution" (Bhadwar, et.al., 1988).

What is really lacking among the women is the awareness, training opportunities and identification of their role as contributors in the growth of their nation.

Women are expected to encounter various constraints during their entrepreneurship career. These

include financing of an enterprise, lack of perceiving opportunities, organising resources and establishing successful operations of the enterprise. Also many women give priority to employment in public sector rather than their engagement in private sector or self-employment programmes. This is because of unwillingness to take risk and low achievement motivation. This has made women entrepreneurs less visible on the entrepreneurship scenario.

Other constraints accountable for their low participation are reported to be technical requirements, social environment, joint family system, family and social responsibility, bringing up children, traditional values, lack of confidence and infrastructural facilities etc. (Shah, year not mentioned).

This group faces additional hurdles in running and establishing of an enterprise when compared to their male counterparts (Rao, 1995). Bhadwar, et.al. (1988) points:

"One must remember that the very concept of entrepreneurship will cease to exist unless there is the element of struggle. So women will have to brave the odds and succeed". (p.31.)

They further add that the key to success lies in starting small units, refusing to give up inspite of set backs, diversifying constantly and being in concurrence



with the market needs.

Entrepreneurship development programme can be very effective instrument in removing these constraints. The efforts have been made by government and private organisations to boost women entrepreneurship by identifying, developing, imbibing and refining the required inputs for it. This was achieved in big cities and towns, while in rural areas, the developmental efforts are still welfare oriented and try to impart the skills to women to earn supplementary income. At present, in India, almost all states are involved in women entrepreneurship programmes and self-employment development programmes.

Their business ventures are not cocooned to traditional avenues only. Many have entered into non-traditional areas viz. engineering, electronic products, breaking the myth that technical ventures are not the domain of men only. Studies (Patel, 1986; Bhadwar, et.al., 1988; Venkatasubramanian and Mathur, 1989; and Shah, year not mentioned) and experiences of entrepreneurship development organisations have confirmed that there is no product limitation, education limitation and investment limitation to become a successful woman entrepreneur. The present need is to assist them to shoulder a new role of promoting employment. It is estimated that an investment ranging between Rs. 500 to Rs. 10,000, can on an average, generate employment for two to five persons. Depending on the activity every Rs.

1.00 lakh of investment can generate jobs for five to twenty seven people (Vinze, 1987).

Today, women have a greater role in the work force increasingly as entrepreneurs . The economic stagnation can be mitigated through the involvement of women as entrepreneurs (Anonymous, 1990).

### **Rationale Of The Study**

Our country needs a large number of impact making women entrepreneurs in order to uplift their status, to make them self-reliant and to achieve a faster growth and development of the nation. An understanding of the process and nature of emergence of women entrepreneurs thus becomes essential and of utmost importance.

There has been significant growth in female employment, but most of what is known about the characteristics of entrepreneurs, their motivation, background, families, education, occupational experiences and problems is either based on studies of male entrepreneurs or restricted to a few countable studies conducted by Nadkarni (1982), Singh (1986), Vinze (1987), Singh and Sengupta (1990), Bali (1992) and Singh (1992), Shah (year not mentioned). The outcome of these studies does not give a clear picture to make generalisations about women entrepreneurs in India as these are restricted to limited geographical areas and sample size.

Moreover the managerial and decision making determinants have been suggested by an overwhelmingly male dominant attitude. Not much information is available on determinants of entrepreneurial growth process among women entrepreneurs which is totally a less explored and less ventured area. This motivated the investigator to undertake the present study.

Also, comprehensive data regarding women entrepreneurs as to what they are, where do they stand, what are they doing, how they are doing, why they are doing, are still lacking. Therefore, an indepth enquiry is needed which will provide answers to these queries.

The outcome of the present study will enrich and strengthen the related data base on women entrepreneurs. It will be useful for financial institutions in updating and framing their financial assistance schemes for the women. The findings will be beneficial for training institutes to provide a feedback to improve upon their training package and develop new need based training programmes. At the same time the findings will also guide the policy makers to review their development oriented programmes for women entrepreneurs. Other existing entrepreneurs can learn and develop a sound understanding of the behaviour and practices from the experiences of the sampled group. Last but not the least, the findings will also serve as a guide and will

be useful for the newly emergent potential women entrepreneurs.

#### **Statement of the Problem**

The present investigation is an attempt to study women entrepreneurs specifically to identify the determinants among women entrepreneurs which have helped them in the growth process of their enterprise.

#### **Objectives of the Study**

1. To assess the demographic characteristics and personality traits of the respondents.
2. To identify the factors responsible for entrepreneurial initiation and choice of their line of trade.
3. To explore the resources and constraints encountered while establishing and running the enterprise.
4. To find out the extent of respondents' participation in decision making and decision implementation subject to different entrepreneurial operations.
5. To study the managerial capabilities of the respondents in establishment and running of the enterprise.
6. To identify the determinants of entrepreneurial growth process among women entrepreneurs on the basis of the performance of their enterprises.

### Assumptions of the study

The ratio of women entrepreneurs is comparatively less than men entrepreneurs and there is a need to study the growth process of the female entrepreneurs.

### Hypotheses

1. The performance (growth process) of enterprises which belong to trained entrepreneurs will be better than those enterprises belonging to chanced and forced entrepreneurs.
2. It is predicted that performance (growth process) of the enterprise is a function of the following personal, family and situational variables:
  - a) Age of the respondent.
  - b) Education of the respondent.
  - c) Training experience of the respondent.
  - d) Marital status of the respondent.
  - e) Type of the family of the respondent.
  - f) Size of the family of the respondent.
  - g) Stages in the family life cycle of the respondent.
  - h) Work experience of the respondent.
  - i) Personality traits of the respondent.
  - j) Business/Industrial background of the respondent.
  - k) Family support.
  - l) Institutional support.

- m) Governmental support.
- n) Age of the enterprise.

3. The following explanatory variables are the determinants of the performance (growth process) of the enterprise:

- a) Decision making and implementation potential of the respondents.
- b) Managerial capabilities of the respondents.

#### **Delimitations of the Study**

The study is limited:

1. to women entrepreneurs of Baroda city, Gujarat only.
2. to enterprises operating for not less than three years.
3. to business women handling at least one or more of the functional departments of their enterprise independently.