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Empowering women entrepreneurs for economic development

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Abstract

Start-ups are the key in creating job opportunities and leadership in new industries. With the number of women in workforce increasing rapidly it is necessary that they do not lag behind in building high-growth firms which has become a major economic deficit. Hence women capable of starting growth companies should be provided with the necessary support which can be the greatest resource to a developing economy. Women are an essential component of entrepreneurship and will continue to drive progress for many years to come. They contribute to economic growth, innovation, creativity, and productivity because of their creativity. They serve as an example for other women and people to start their own businesses and achieve financial independence. They are accepting the difficulties and succeeding as business owners. They intend to make a strong impression and influence the world. They won't be intimidated by the society's macho chauvinism anymore. This paper explores the various support offered and the hindrances faced by woman entrepreneurs in India.

Keywords: Women, entrepreneurs, growth, development, economy

Introduction

Women today are no more restricted within the four walls of their house. They have been venturing out on their own, writing fresh stories of exceptional success, with their intelligence and hard work. Majority of the women are escalating their entrepreneurial horizons and venturing into an extraordinary range of business areas. The greater choices now available to women within the fields of employment has been the main drive for his or her upheaval as bureaucrats, professionals and executives. They are not hesitating to enter the fiercely competitive world of business - and economic independence. The fact that such a large percentage of them had entered the non-traditional areas attests to female entrepreneurship being a fairly recent phenomenon boosted by programmes and schemes of Indian Government aimed towards reinstating women empowerment in the near future. The traditional female skills are being turned into a livelihood, by starting a home based business encompassing textiles, catering, embroideries, boutiques, crafts and many more. Various steps have been taken by the Government of India towards women empowerment and safety. Initiatives like Beti Bachao, Beti Padhao, StandUp India, Mission Indradhanush, Mudra Yojana Scheme, TREAD (Trade Related Entrepreneurship Assistance and Development) Scheme, Mahila Udyam Nidhi Scheme, Annapurna Scheme, Stree Shakti Package for women Entrepreneurs, Bhartiya Mahila Business Bank loan, Dena Shakti Scheme, Udyogini Scheme, Cent Kalyani Scheme and many more have added to the welfare of the women population in India.

In this age of globalisation, digitalisation and startup booms, India is witnessing a revolution in terms of women entrepreneurs. The sixth economic census released by Ministry of Statistics and Programme Implementation (MoSPI) have highlighted the fact that of the total entrepreneurship in India, 14% are women. Women entrepreneurs today, come from all walks of life and from different parts of the country. They are not restricted only to established business families or from higher-income sections of the population. They are venturing into fields that have been traditionally dominated by male liking running sports media firms, construction companies and security and detective agencies.

The next generation women around the world have come a long way by proving themselves in all spheres of life, including the most complex start-up ecosystem.

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Studies have confirmed that the businesses found by women ultimately deliver higher revenue more than twice as much per dollar invested – than those founded by men. There has been an increase in the number of women led start-ups in the recent years in areas such as E-commerce, health, water, etc.

Objectives of the study

- To analyse the performance of start-ups founded by women.
- To study the type of challenges faced by women entrepreneurs during the various stages of the start-up.
- To understand the status of women entrepreneurship in India and Worldwide.

Review of literature

1. Eddleston, Ladge, Mitteness, and Balachandra, 2016 are of the view that capital providers reward the business characteristics of male and female entrepreneurs differently to the disadvantage of women. Women normally obtain significantly less financial capital to develop their new businesses (Alsos, Isaksen, & Ljunggren, 2006^[1], which is critical in early stages, particularly for technology ventures (Alsos & Ljunggren, 2006)^[1]
2. Women are just as likely as men to desire growth, although women seem to have less prior business ownership experience and less freedom from domestic responsibilities, and are less likely to measure success by the size of their firms (Cliff, 1998)^[5].
3. Women are expected to play a primary role as mothers and caregivers. Consequently, women in business receive little support from the family (Bogren, von Friedrichs, Rennemo, & Widding, 2013)^[21] and are still doing most of the household chores (Office for National Statistics, 2016). This fact may impact on women's ability and time horizon for strategic planning (Mitchelmore & Rowley, 2013)^[22].

Woman as better entrepreneurs than men

Women make up about 30 percent of corporate senior management positions, which is remarkably higher than the global average (24 percent). New research shows that women entrepreneurs are less likely to fail when setting up a business than men. Women tend to be more ambitious in business, with 50 per cent of women eager to start another business in the next three years, compared to less than 20 per cent of men.

Women are better calculated risk takers

87% of the women entrepreneurs perceive themselves as financial risk takers, in contrast to 73% of men, while 80% of women opine they probably see opportunities where others see risk, compared to 67% of men. Besides, while these female entrepreneurs are accepting risk, they're also more likely to be moderating their business approach with a credible assessment of the dangers in the future.

Women are inclined to be more honest about the business

Women bare their soul, they talk about their concerns, they are not scared of disclosing their failings because they have less self-esteem attached to the success or failure of the business and they want to tackle issues not look through

them. In brief, women are more open and truthful about what is going on—and that makes it simpler for others to help.

Women are more likely to take the long-term view

Men and women have diverse views about the kind of growth they should go for – the research implies women more probably reinvest business profit in order make steady and profitable growth, while men more likely consider faster growth, conceivably fuelled by equity investment, and a quicker exit.

Women are less prone to over-confidence

Not many women go into business with aspirations of building an empire. Women contemplate their business a success if they can be their own boss and substitute their former job income. But they at no time get into over confidence.

Startups with more female executives have a higher success-to-failure rate

Companies with 1-2 female executives have nearly a 50/50 failure/success rate, with failures surpassing successes by 5-10 percent. But in the smaller samples of companies with 4-5 female executives, the succeeding companies beat the failing companies by between 20 and 50 percent.

Women appreciate the value of creativity

Creativity is a very vital commodity. It is required in every aspect of running a business and any business that has a creativity shortage will find it very difficult to survive in the coming years. Women are likely to be more open minded; they are in touch with the creative aspects of life and they see value in creativity.

Indian women consider relationships and well-being more valuable than the business

By and large women will always put the health and well-being of their spouse and family as their foremost priority. If they have to decide on between the business and the family, the family will eternally win. For most of the men for a very long time, the aim is to put the business first and build something that would support the family in future. Unfortunately, all too often, by the time the business is financially successful the family have moved on since they got sick of being ignored.

Characteristics, perceptions and affiliations of women entrepreneurship worldwide

Age

The highest participation in entrepreneurship among both women and men peaks in the 25-34 age range at 13.4% and 17.5%, respectively. The 35-44 age group is the second highest, at 15.2% for men and 11.6% for women globally. The lowest startup rates are within the 55-64 age group at less than 10% for both women and men. The trends are similar across all regions except that startup rates in the 25-34 age group are much higher in sub-Saharan Africa (30% for women and 28.1% for men) and in Latin America (19.7% for women and 25.6% for men), compared to other regions which are mostly under 20% for this age group. Generally, the data show that it is younger men and women under age 35 who are most active in starting businesses worldwide. Younger men and women are more inclined to

engage in startups in low-income economies, while startup activities are more prevalent among older adults in higher-income countries. This trend is likely correlated with motivations, necessity versus opportunity, and the fact that older adults are more likely to have the resources to apply to a new venture in higher-income countries.

Education Level

Startup activity rates vary by gender, age group, and education level in predictable ways from year to year. Generally, entrepreneurial activity rates go up with education level for both women and men, but the gender gap also tends to grow with education. These findings indicate that, globally, women may realize higher returns compared to men, based on level of education, in other job opportunities, both financial and nonfinancial. Globally, participation rates for women range from 9% to 11% across age groups, compared to rates for men from 11% to 16%. The largest gender gap is seen at the graduate level of education where women start businesses at two-thirds the rate of men. Analysis suggests that women with less education are more likely to start businesses regardless of the income level of a country. On the other hand, when women are more highly educated, they are generally less likely to start businesses except in low-income countries. It is possible that motivations, opportunity, and necessity are also factors explaining these differences. At the same time, women with more education in high-income and middle-income countries may find more options for employment.

Perceptions and Affiliations

Opportunities: Entrepreneurial action is influenced by individual perception of opportunities, by startup skills, fear of failure, and whether one knows an entrepreneur. GEM analysis examined these perceptions among those who started businesses by country, region, and national income level. The global average of women entrepreneurs who perceived opportunities was 63%, compared to over 85% for women entrepreneurs in North America and over 70% for women entrepreneurs in MENA. In other regions, opportunity perception levels are lower but still exceed 55%. Overall, women were only slightly less likely than men to perceive opportunities (63.0% to 66.3%)

Startup skills: A key factor influencing startup is the extent to which entrepreneurs believe they have the skills to act on opportunities. This capability is part of the bundle of human capital that an entrepreneur brings to a startup. It can be linked to education level, experience in the industry, or general startup experience. Perceptions of whether one has the startup skills to start a business are generally very high in all countries, well over 75%, with global averages of 79.8% for women and 84.2% for men.

Being undeterred by failure: Perceptions of failure can result from a variety of concerns about the consequences of a business not succeeding. For instance, it can be social (what will others say?), economic (how much money will I lose?), and/or family-related (how will I care for my family?). Fear of failure may be linked to the opportunity cost of going forward, especially if there are other possibilities for employment. In less developed countries where entrepreneurship is motivated by necessity, fear of failure may be lower, whereas in innovation economies fear

of failure may be higher. Perception of startup capabilities tracks consistently with the extent to which entrepreneurs are undeterred by fear of failure. The global average is 67.9% of women entrepreneurs not deterred by fear of failure, compared to 72.3% of men entrepreneurs not deterred by fear of failure. Both women and men in higher-income countries reported the highest rates of being undeterred by fear of failure, while low-income countries show the lowest rates.

Knowing an entrepreneur: It is widely acknowledged that knowing an entrepreneur can be a motivator because this provides a role model or even peer support for entrepreneurial activity. An entrepreneur's connections to other entrepreneurs in the community are considered a positive influence. GEM captured the extent to which women starting a business personally know an entrepreneur. The global average is slightly lower for women, 62.8% compared to 67.7% for men; and, in half of all countries in this study, there is gender parity.

In summary, entrepreneurship research shows that startup skills and being undeterred by failure are both linked to self-confidence. Studies show that women are less confident in their entrepreneurial skills overall, and that this is most likely related to perceptions that being an entrepreneur is a male or masculine occupation, which results in women having lower self-efficacy in their perceived ability to be entrepreneurs.

Challenges faced by women entrepreneurs in India

There are some umpteen problems faced by women at various stages beginning from their initial commencement of enterprise, in running their enterprise. Their various problems are as follows:

Limited Funding

Most of the enterprises find it difficult to have an investor for their company. They may have to raise their own capital, rely on credit cards or they may have to bootstrap their business ventures. Often loans may be refused for women due to gender and cultural bias whereas male-owned business continue to be financed by many banks.

Fear of not knowing enough

Male counterparts are less self-critical as compared to that of women as per global research. Women tread very cautiously without causing any permanent or temporary damage in their quest to learn more, improve constantly and to strive towards achieving perfection. This can sometimes slow them down. It is important to play on one's strengths in order to succeed by moving from being self-critic to self-compassionate.

Fear of failure

For women, fear of the known and the unknown is a big issue. Many-a-times women are afraid of failing, especially if people around them are sceptical about their business capabilities. This fear is toxic and dangerous because, instead of trust, women may end up operating from place of fear. Entrepreneurship involves circumstances that are unforeseen and it is a roller coaster ride. Hence women need to overcome the fear of failure or else they will never try new things.

Responsibility distribution

Most women are not just career oriented, they also have to strike a perfect balance in managing their homes, children, family and other responsibilities. In order to strike the perfect balance, women may have to sacrifice either their personal or their professional life. While the family expects her to be the perfect mother, wife, daughter-in-law, and the company demands that she be the leader and always be committed towards her work with no personal life distractions. It becomes intimidating for those who lack social support, since they may have to carry the entire load on their own. Some women tend to balance these two phases of their lives beautifully when they find the required support system.

Inadequate support

Lack of an adequate support system may result in business struggle or failure. When Women do not get the required support, right from lack of relevant connections to the need for financial access or emotional support they tend to face the biggest challenge. They also need mentors and sponsors to guide them on this new path. Often, the support system is costly, forcing women to delay starting their businesses.

Unfavourable business environment

One of the top obstacles that women experience limiting their participation in business are, less established business networks and social and cultural constraints. Having a male business partner in some countries to make deals and negotiate, or to be the business face may be required by women. As an entrepreneur, life is not easy. As a woman entrepreneur, it is only tougher. Many inspiring, successful women entrepreneurs are seen across the globe and the numbers continue to grow. Family, investors and society are gradually accepting, supporting, mentoring and appreciating women's abilities and contributions to the business world.

Measures to improve women entrepreneurship

To overcome the various challenges faced by women entrepreneurs and to encourage the prospective women entrepreneurs, a radical change in the attitudes and mind-sets of society is required. Women should be made aware of their unique identity and their contribution towards the economic growth and development of the country.

- Entrepreneurial education should be imparted at school and college level which provides the basic theoretical knowledge along with its practical implication and help impart skills required to be an entrepreneur.
- Programmes can be conducted in which established and successful women entrepreneurs can advise and warn for the coming women entrepreneurs against the challenges they will face against being entrepreneur to boost the morale and confidence level of the upcoming entrepreneurs.
- Government should also help in bringing in policies and plans that supports entrepreneurship opportunities for women. Setting up good infrastructure is also required to support entrepreneurship opportunities.
- Vocational training can also help by training, motivating and assisting the upcoming women entrepreneurs in setting up & managing of a new enterprise. Apart from vocational training sessions women can be trained on Information Technology to take the advantage of new technology in running their

start-ups.

- Support from woman executives, philanthropy leaders and industry in the form of funding and effective mentorship can help in advancing opportunities for high-growth women entrepreneurs.
- Support of networking and collaborative events between start-up founders and big companies are critical for all entrepreneurs, but even more critical for women and underserved minorities that do not have the same access to networks that can provide them their first customers. These not-for-profit initiatives should focus on providing education and networks for high-growth women entrepreneurs.
- Women should be invited to join science advisory boards of high-tech companies since it has been established that there is abundant expertise available among women in these fields.

Conclusion

The entrepreneurial ecosystem in most of the developing economies is relatively young and still underdeveloped. This ecosystem doesn't provide sufficient resources for women entrepreneurs, in comparison to more developed ecosystems. A continuing development and investment into the ecosystem will strengthen women-led teams in high technology by providing networks, support, mentors and role models. This current lack of support might be adding obstacles and leading entrepreneurs, particularly women, into the so called "business failure or underperformance". To build strong, sustainable companies and fill the growing talent gap, there is a need for more qualified women in leadership roles within the tech community. Although special acceleration programs and workshops for relevant skills development are key elements for women founders, other ingredients are needed too. For the ecosystem to be sustainable and growth-oriented, it has to address the need for strong mentorship and effective role models, as well as cultivating in our society more flexible and inclusive HR practices and raising awareness of the advantages of a diverse workforce. This suggestion is particularly relevant for countries where women have had a traditional role outside the public spheres. All these elements will assist women in tech in maximizing their careers and in general industry development.

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