



WOMEN'S ECONOMIC EMPOWERMENT

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Abstract

Promoting Women's Economic Empowerment (WEE) is seen as one of the most important driving forces behind reducing poverty and aiding economic growth. In every part of the world, women are paid less for their work and see fewer benefits of their labour. Discrimination and extra household responsibilities reduce their access to decent work, capital and time needed to improve their businesses, relative to men.

In addition, a range of studies have established that investing in women has higher returns, both economic and non-economic, than investing in men. Women are more likely to share the rewards of these returns with others, such as their children, bringing benefits for their education and health. A key objective of many private sector development (PSD) intervention is therefore to harness the private sector to promote women's economic empowerment, or at the minimum, to do no harm. This page contains useful information and resources for PSD practitioners to achieve this, based on effective programme design, implementation and results measurement.

Key Words: Women's Entrepreneurship Development, Challenges, Programmes, Global Entrepreneurship.

Introduction

Business training for micro- and small-business owners in developing countries is one of the most common forms of active support provided by governments, non-governmental organizations and international development organizations worldwide. Despite its ubiquity and the proliferation of micro-lending opportunities for women and men, little rigorous research has been conducted exploring the economic and social impacts of business training programmes on beneficiaries, particularly on women. In 2014, the International Center for Research on Women (ICRW) collaborated with the International Labour Organization (ILO), Innovations for Poverty Action (IPA) and the World Bank (WB) to examine the preliminary impacts of ILO's Gender and Enterprise Together (GET) Ahead training programme in four counties of Kenya. The results of this inquiry will be used to help improve the GET Ahead training programme in the future, as well as inform the development of similar programmes in Kenya and around the world.

The ILO's Women's Entrepreneurship Development (WED) programme introduced the GET Ahead training programme in the late 1990s. In the past decade, the programme has been implemented in 18 different countries, reaching thousands of female entrepreneurs throughout Southeast Asia, the Middle East, Latin America and Africa. The GET Ahead programme targets rural, low-income female entrepreneurs who have low levels of formal education. By assisting women to overcome gender-based barriers to business success, it seeks to move a woman's business from "marginal income generation to profitable business development".¹

The programme consists of a five-day workshop that uses an innovative participatory approach based on role-plays, hands-on individual and group activities and problem solving exercises. These activities draw on women entrepreneurs' real-life experiences and build upon existing practical knowledge rather than teaching business concepts in a traditional classroom setting. Modules cover "hard" business skills such as record-keeping, marketing and inventory management, as well as "softer" interpersonal skills like customer service, self-confidence and goal-setting.

Women Entrepreneurs Get a Raw Deal in India

India which ranks a low 70 among 77 countries covered in the 2015- Female Entrepreneurship Index. The main reasons that the study identifies for the country's poor score are lack of labour force parity and access to first-tier finance (women entrepreneurs find even initial debt funding, required for day-to-day operations, difficult to raise).

India's neighbors have fared worse, with Bangladesh at 75 and Pakistan occupying the lowest rank at 77. The US, Australia and the UK have been named the top three countries for high-potential female entrepreneurs (i.e.: women who own and operate businesses that are innovative, market expanding, and export oriented). Of the 77 nations surveyed, 47 (including

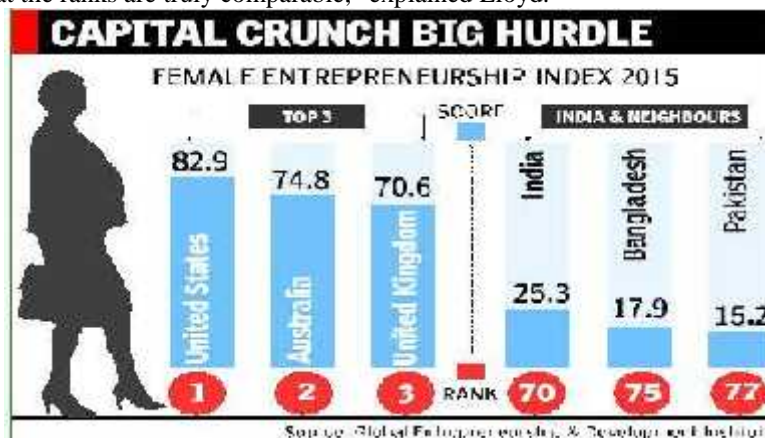
¹ International Labour Organization. *Rural-relevant tools: GET Ahead for Women in Enterprise training package and resource kit* (Geneva, 2011).



India) scored less than 50 points out of a top score of 100 (see graphic) on various parameters. This indicates that significant changes are required to reduce barriers for female entrepreneurs.

Last year, this index which is brought out by the Washington-based Global Entrepreneurship and Development Institute (GEDI) had covered only 30 countries and India at rank 26 was placed in the bottom five.

However, the socio-economic scenario in India is gradually changing for the better and a comparison with last year's gender rating substantiates this point. Ainsley Lloyd, researcher at GEDI and co-author of the 2015 research report, said India had actually improved by 4 ranks. "We calculated this improvement using only those countries that appeared in both last year's and this year's index so that the ranks are truly comparable," explained Lloyd.



According to her, the biggest improvements had been an increase in the percentage of women entrepreneurs who were using new technology and introducing innovative products. "In addition, there has been an increase in the percentage of women entrepreneurs who are 'growth oriented', that is those who plan to add more than 10 new employees and achieve 50% growth in five years," added Lloyd.

But the country needs to do much more to improve the ecosystem for its women entrepreneurs. According to Lloyd, increasing access to bank accounts, financial training programs and improving gender diversity across sectors were key areas for improvement.

In the initial business stages, most women are forced to rely on personal funding, including for meeting working capital requirements. A report released by International Finance Corporation in 2014 said there was a finance gap of Rs 6.37 lakh crore (Rs 6.37 trillion) when it came to meeting requirements of women entrepreneurs in the MSME (micro, small and medium enterprise) sector. Lack of collateral and a misogynist mindset are the main stumbling blocks women face in accessing loans.

The country lacks also large-scale women-oriented venture capital funds or institutions, like Wells Fargo in the US which provides customized offerings to women entrepreneurs such as collateral-free loans of up to \$100,000 (Rs 63 lakh). Golden Seeds, a US-based VC Fund, invests exclusively in women-led enterprises.

Financial training and mentoring programs help women entrepreneurs get that edge when it comes to writing business plans and seeking funds from banks and VCs but small steps have been taken in that direction. "IIM Bangalore and IIM Udaipur have programs to promote entrepreneurship among women. IIM Indore has also held such workshops," says Anjana Vivek, a visiting faculty and founding director of VentureBean Consulting.

Organizations such as WEConnect International, which help connect certified women entrepreneurs with multinational corporate (MNC) members is also expanding its coverage in India. At present, it has 16 MNC members including Accenture, Cisco, Dell, IBM, Intel, Microsoft, Marriott, and Hilton Hotels. Women entrepreneurs from the tech and non-tech sector -- including a premium chocolate venture -- have benefitted by obtaining orders from these MNCs.

"There has been a demand from several quarters that the government's public procurement policy which mandates that 20% of government and PSU procurement be from MSME should provide for 5% procurement from women-owned businesses," says Sucharita Shome Eashwar, India head, WEConnect International.



Women Entrepreneurs Rising Above the Challenges

Women entrepreneurs may be defined as the women or group of women who initiate, organize and co-operate a business enterprise. The government of India has defined women entrepreneurs as an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital, and giving at least 51% of employment generated in the enterprise to women (Bhargava, 2007).

Any discussion on the status of women in India tends to conjure up pictures of illiteracy, exploitation, discrimination and low life expectancy. Although this is still true for many Indian women for whom survival and to feed one's family are driving forces for entrepreneurial activities, another reality which is driving a new paradigm is that of a booming nation, powered by female business leaders. Though they are not a large number, women in business are definitely on the rise and are paving the way for future generations (Tambunan, 2009). It is estimated that women entrepreneurs presently comprise about 10% of the total number of entrepreneurs in India, which is likely to be doubled in the next five years. In the last couple of decades, there has been a significant growth in female entrepreneurs who are becoming increasingly visible and successful in the professional and public sphere. Evidences are that women entrepreneurs are gradually acquiring the required confidence, leadership and managerial skills for succeeding in business.

This shift in the role of women in business is taking place primarily due to four factors that can be classified as personal and contextual factors of motivation for women entrepreneurs. The personal factors are that, firstly, with the family structures changing to nuclear families, women perceive themselves to be a significant partner in providing for the family. Secondly, with increasing education and competence, the emerging women leaders in business have proven that women can contribute in management and strategy in the same measure as their male counterparts. The two contextual aspects which are impacting the motivation of women entrepreneurs are firstly, businesses are increasingly becoming gender-neutral and secondly, technological advancements have provided immense flexibility so that women can work from anywhere and at any time when it is convenient to them.

The hidden entrepreneurial potential of women has gradually been changing with the growing sensitivity to the role and economic status in the society. Women are increasingly becoming conscious of their roles, their rights and their work situations. Today, women entrepreneurs represent a group of women who have broken away from the beaten track and are exploring new avenues of economic participation. Among the reasons for women to run organized enterprises are their skills and knowledge, their talents, abilities and creativity in business and a compelling desire of wanting to do something on their own.

Though the changing role of women in business is being gradually acknowledged, the journey is still fraught with immense challenges. The woman entrepreneur faces a plethora of problems when it comes to embarking upon her own entrepreneurial venture. Banks and other financial institutions often do not consider women entrepreneurs as "serious" applicants for setting up their projects and they are hesitant to provide financial assistance, especially to unmarried women, taking into consideration that either the parents or in-laws will return the loan. Moving in and around the market is again a tough job for women entrepreneurs in the Indian social system. Women, due to their limited exposure to business transactions in their growing up stages, are often hesitant and shy of handling 'money matters'. This affects the financial planning and accounting activities of the business. Some of the essential managerial functions like financial control, sales, logistics, warehousing facilities, availability of skilled workforce, power supply, etc. often pose critical challenges to women entrepreneurs, especially in the initial period when they themselves are required to tend to all these functions.

One cannot also ignore the impact of family and society on women in India during their formative years. Socialization of girls in the Indian society continues to have elements of repressive methods of upbringing of the girl child, thereby impacting the aspirations of women. Young girls are seldom encouraged to take up higher studies as their parents believe that their daughters will ultimately get married and look after the family. It is often perceived that highly qualified girls don't get marriage proposals easily. Still another common misconception is that educated women are less willing to adjust with spouse and his family. Young girls are encouraged to take up hobbies which would keep them homebound, as a result of which, their understanding of the external world such as banks, utility services; commercial activities etc. are vicariously gained through the experiences of their fathers, brothers or any other male members of the family. It essentially precludes them from having much interaction with the social networks which facilitates access to venture capital funding (Jyoti & Sharma, 2011). At home, girls are brought up to be nurturers who will support the demands of the other members of the family. This fosters a deep seated sense of obligation in the psyche of the women to fulfill such expectations of their family members. Devoting the required amount of time and energy to start and grow a business is therefore often held against the time spent conducting the



duties towards the family. This fosters feelings of guilt and stress in the women entrepreneur and often prevents them from focusing on the activities required for sustaining an entrepreneurial venture. In business families, especially ones having the joint family system, the prospective women entrepreneurs continue to fight against the stereotyped images of women prevalent in the family. These aspects of social conditioning have a bearing on shaping the psychological processes among the women, often leading to role-conflicts which affect their self confidence to start and sustain a business (Stoner, Hartman, & Arora, 1990). This effect is starkly evident when women get into entrepreneurship due to economic or other contextual reasons like divorce/ separation, death of the male member in the family etc.

Research on women entrepreneurs suggests that motivation for participating in entrepreneurial venture by women may be classified into as push and pull factors (Shapero & Sokol,1982; Hisrich & Brush, 1986) where push factors included frustration, job dissatisfaction, divorce and boredom in their previous jobs. Pull factors included independence, autonomy, education and family security. It has been observed that women who are pushed into business, need many years to gain self-confidence and it takes them longer to persuade others about their products and services (Kutanis & Bayraktaroglu, 2003). Lack of management skills has also been cited as a major challenge for women that are pushed into business (Kuratko & Hodgetts,1995) specially while setting up operational and management processes. Most women entrepreneurs suffer from scarcity of resources and therefore encounter great adversities in the pursuit of desired growth objectives, primarily caused by lack of adequate preparation on the part of women on how to handle the challenges associated with the type of business they do before embarking on such business.

There is a need therefore for policy makers, Institutions and Social Organizations to take a comprehensive and an empathetic view about the psychological and social factors that affect the success rate of women entrepreneurs. There is a need to support and facilitate many more success stories of women entrepreneurs before this can gain momentum on a much larger scale. Besides fiscal effort, the entrepreneurship development agencies should create awareness among them regarding various facilities available to women entrepreneurs from time to time. Focused initiatives needs to be taken by the government, as well as private institutions for providing special training to women entrepreneurs for harnessing their creative energies into successful entrepreneurial ventures.

Suggestions

To resolve the above problems faced by the women entrepreneurs the following suggestions are recommended.

1. Most of the women entrepreneurs are started their business under sole proprietor ship & small scale. So that government has to aid their business and help those to start large-scale business like company form of organization.
2. Most of the Women Entrepreneurs are getting their finance from banking and Financial Institutions .So that government has to take initiative and supportive role for both banks and women entrepreneurs.
3. Government has to conduct special training programs, entrepreneurial development programmes, and improvement programs to Women Entrepreneurs as well as their employees to enhance their productivity.

Conclusion

Women constitute almost half of the total population in India but they are not enjoying their freedoms, equalities, privileges, on par with their male counterparts. Since implementation of planning in India, several policies and approaches were made to reduce inequalities between women and men. As a result a shift from 'welfare' to 'development' to 'empowerment' to 'human development' 267 approaches has taken place to change the position and status of women. Both government and NGO's sectors were intervening to empower the women. The National Empowerment Policy, 2001 also emphasized that women's economic empowerment may be visualized only with the development of women entrepreneurship.

The Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, a woman entrepreneur is defined as an enterprise owned and controlled by a woman having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to a woman. With the impetus given to women entrepreneurs they have shown significant impact on all segments of the economy in India. Generally the areas chosen by women are retail trade, restaurants, hotels, education, cultural, insurance and manufacturing. Majority of the women entrepreneurs have under taken enterprises like Beauty Parlours, Fancy Stores, Hardware / Electrical, Readymade / cloths, Food processing / Paper products, and others in the study. A shift of economic activities from such above areas to Industries, Trade, Commerce, Hotels and other large scale enterprises owned by women entrepreneurs may be sustained. Support from Government Organisations and Non Government organizations should be provided for such activities.

Then only women will be in high yielding enterprises and their real empowerment can be achieved. Women entrepreneurial development is one of the important area where 268 majority of countries have focused upon as a part of overall Human



Resource Development. It is well ascertained by policy makers across the countries that strategic development of an economy required equal participation and equal opportunities to all sections and gender. Entrepreneurial development is one significant instrument for sustainable socio-economic development.

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