Chapter I

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BACKGROUND

Economic development of any nation requires the overall development of all the sectors using all the resources both human and natural resources optimally. However, developing countries like India hardly uses its resources particularly the human resource efficiency. Entrepreneurship is an area of human resource development. However it has been the men’s domain for centuries together. It is true that women constitute nearly 50 per cent of the population, but in terms of utilization of its potential, India is to go long way as only 34 per cent of the female population is engaged in economic activities. Throughout the world women are still disproportionately represented among the poor, the illiterate, and unemployed and under employed. They remain as a very small minority at the center of political power. Of the above said barriers some are real, some perceived and some imposed, confronted by women entrepreneurs. In this just 2 per cent of the women are participating in the entrepreneurial activities. Hence the entrepreneurial base among the women is very weak. In order to encourage women entrepreneurship, both Central and State governments have brought several programmes since independence. However, these programmes have met with limited success. Given that women are under privileged and belong to the disadvantaged group, the measures undertaken to enhance the opportunities for women in economic activities were mostly welfare
oriented in the 1960s. However, it was realized that women are equally like men who contribute to economic development through invisible and unpaid nature of work.

The entrepreneurship is emerging as a key factor in economic development. Economic development necessitates human resource development. Human resource development requires development of skills among both men and women. Entrepreneurship development is an avenue for human resource development. However, entrepreneurship has long been the domain of men. Recently, with the efforts of governments, NGOs and other agencies, entrepreneurship is emerging among new sections. It has been proved that women are no longer confined to three Ks namely Kitchen, Kid and Knitting rather they have come to assume the role of entrepreneurs in various non-traditional areas. However, it is true that women constitute 48% of the total population, but only 34% of the women are participating in economic activities. The urge to promote women to become self-employed is a strategy to improve nation's economy. This is the area, which can enhance the skill and entrepreneurial abilities of women. The Gender Empowerment Measure (GEM) of UNDP estimates the extent of women participation in a country's economy and political activities in which India ranks 110th of the 116th nations. After economic liberalization of 1991, India is passing through a transition in socio economic development. An increase in entrepreneurial activity would play a major role in this development.

While analyzing the studies conducted by developed countries like Japan, United Kingdom, United States of America, Germany, China, Korea and France, it has been revealed that the involvement of women in small and medium enterprises is
found to the more than 40 per cent and in India it is still 7 per cent. As women in India are equally talented like men, their potential should be maximized. The fact behind their status in countries like India may be attributed to social and religious barriers, which has a very strong influence over women. Socio-economic and religious barriers have constrained the women to remain within it four walls. This has left behind a large portion of population whose potential has been remaining untapped for economic growth. This has become a matter of great concern since long, but became a matter of prime concern world around after World War II. As per the World Survey published in 1995, to World Priorities, a non-profit organization in Washington D.C. emphasized on women that the change achieved in a women’s status during the period, since World War II has been extremely uneven and on the whole modest. During the Second World War (1939-45) women folk were given an opportunity to take over jobs and learn skills and trades so that men could be released for war duties. Women came out and served in jobs but they were not self-employed. They did not own or run any business of their own. Thus a vacuum was filled by modernization, which was the outcome of industrialization.

Approaches to Women Empowerment

There is no major field of activity and no country in which women be represented equally and hence the welfare approach of treating women as a beneficiary was replaced by equity approach. It was emphasized in this approach that women have equal right in education, employment and decision making affairs of household and society and therefore must be recognized as equal citizen. This has panted the way to eliminate to certain extent the secondary status accorded to women.
Later realizing that establishing equal rights alone will not help them to participate and ensure their pointier, empowerment approach was advocated. In this approach, it is underlined that assigning equal right, equal participation in economic activities alone will not help women to exercise their right, rather they must be given opportunities to participate in decision making so that women would be empowered. However, this empowerment approach underline that women must exercise their power in economic, social and political decision making. This approach is still to go a long way to address the issue. It is in the empowerment approach, women are advocated to participate in entrepreneurial activities. In the area of international business, the obstacles to women entrepreneurs include limited international experience, inadequate business education and lack of access to international networks. Other challenges faced by all enterprises are financing, globalization of social and economic environments, marketing and management, banking legal aspects, political contacts, customs tariffs and global networking.

The significant role of the female entrepreneur in small enterprise development is an emerging theme in the international literature. In the Australian context this issue has become an important consideration in Government Small Business Policy Development. According to financial commentators, the major concern for female entrepreneurs is access to finance. However, much of this concern has been based on evidence. Other concerns raised relate to the female entrepreneur’s dual responsibility of managing a business and maintaining a family.
Centre Development in the History

Historically, true is a welcome change in the social, economic and political systems in different countries as a consequence of industrialization. It transformed values in different aspects of social life. The second mode of change is an economic one, which is associated with changes in population, growth and fall of cities, trade and commerce and urbanization. The technological advancement also posed its threat to the economy of the nation. Many far-reaching changes in transport and communication accelerated the process of diffusion by social mobility. The economic system got balanced. At the same time Karl Marx’s, Engles and Weber’s theories were propounded. These theories brought changes in the field of economy.

After the second world war most of the colonies got political freedom. Political freedom made the national leaders chalk out schemes to achieve economic growth, which included the concept of “Women Entrepreneurship” also. Westernization and technological advancement are the conducive factors for “Women Entrepreneurship”.

As a result, women entrepreneurship has been gaining importance in the recent decades in the entire world. The entrepreneurship research has however been mostly on male entrepreneurship and as such the theory building has also been on the basis of studies on men. Only recently few researches have focused on women entrepreneurship. The researches indicate that the women take up self-employment on part-time basis, often as a means to supplement household income. It is also true that the women owned businesses lag behind men-owned business in size, (Nancy M.Carter and Kathleen R.Allen, 1997), which may be attributed for the social and
cultural barriers that the women face and the other situational and dispositional factors as Lion and Aldrich (1995) underline. It is also true that the women mostly identify themselves in feminine nature of business or service and hardly identify themselves in manufacturing enterprises. This is very often attributed to the structural positions women occupy in work and society and the preoccupation of women with family and children, lack of access to finance etc. This study intends to analyse the factors responsible for nature and relatively small scale of operation of the women enterprises in the country be it institutionally supported or self-supported.

**Women Entrepreneurship in a Theoretical Perspective**

There are different opinions as to how women entrepreneurship should be treated theoretically. One perspective maintains that gender theory is necessary to understand the phenomenon. Another perspective maintains that the entrepreneurship is the important matter and that differences and similarities between men and women should be considered within conventional theories in the field of entrepreneurship. But for the understanding of entrepreneurship, contributions from both the perspectives are required. Another conclusion suggests that women entrepreneurs should not be treated as homogeneous group. There are differences within the group that make all generalization dangerous. The gendered nature of entrepreneurship is an argument for integrating knowledge of women entrepreneurship into small business and entrepreneurship theory. Hence, there is a need for probing into the nature of women enterprises by carefully inquiring the factors determining their entry into business.
Evidences have shown that women are mostly engaged in micro enterprises as there is lack of finance to engage in more than this scale of operation. The women also generally confine to the activities, which are self-employment and part-time oriented in nature. This is attributed to the dual responsibility associated with work and home for women. Given that women cannot devote entirely on enterprise and there is a necessity to devote their considerable time on household duties, added with lack of property right and other encouragement, women tend to confine to either tiny or micro scale of operations. There have been several researches, which underline the fact that women are increasingly associating with micro enterprises. These women in fact have chosen these enterprises as an alternative to employment and hence are very poor in economic background.

Further the definition of women enterprises has also been simplified in the New Industrial Policy announced on 30th July 1991. Measures have also been taken for the development of women entrepreneurship. New Industrial Policy of the Government of India has specially highlighted the need for conducting special entrepreneurship programmes for women, which would be in the nature of product/process oriented courses meant for women entrepreneurs, to enable them to start small scale industries. It further adds that the objective of the course is to give representation to women in the field of small industries development with a view to uplifting their status in the economic and social fields. So the policies formulated by the government give the opportunity to women to mingle in the main stream of progress where by the economic and social development is made meaningful.
In India, the sixth five-year plan (1980-85) encouraged self-employment of women. It provided a package of services to women entrepreneurs who want to launch self-employment. On 30th December 1987 in Bombay a new organization called All India Manufacturer's Organization was set up with a view to encourage, motivate and provide guidance to prospective women entrepreneurs to set up industries. It is also aimed to disseminate information connected with policies and schemes available and to sensitize the government for the development of women entrepreneurship in India. In a message to the Indian Council of Women Entrepreneurs, Mr. Rajiv Gandhi said, a big effort is still required to ensure the emergence of women in the fields of business, industry and entrepreneurship.

In Tamil Nadu female population is 30,842,185 and the literacy rate of the female population is 64.55 per cent as per 2001 census. Though percentage of educated women are less, they expect employment in the Government Departments. But the government cannot provide employment to all women. Hence, it is absolutely necessary that many of them will have to find out employment for themselves. Taking this aspect into consideration, the Tamil Nadu Government started Entrepreneurship Development Programme in 1991-92 to make women to start small business units. Totally 800 women were given training for the years 1991-92, 92-93 and 1000 for the years 1993-94 and 95-96. Though the government of Tamil Nadu gives the motivation and training, women are not willing to undertake the risk. In some places there is lack of awareness regarding women entrepreneurship programmes. Hence the State government must take steps through competent
agencies to motivate the women folk to start business ventures including economical institutions, News, Industrial Associations etc.

SIGNIFICANCE OF THE STUDY

The existing literature suggests that women as entrepreneurs hardly found in the scale of operations which are engaged by men. The men are found in large, medium, small, tiny and micro scale operations. Besides, women enterprises are mostly in service, trade or business, feminine and traditional activities. They choose to micro scale as part time self employment, mainly as self-employed activity. The activities are chosen such that it suits to take care of the dual responsibilities of home and business and able to use their skill and leisure time productively. Several studies have tested the hypothesis that whose does a woman-owned business lag behind men-owned businesses? Why women increasingly choose to part time activities etc. It was arrived that the women had to stick on to household activities right from the beginning and hence they were not able to market their service outside the home. The emergence of market has contributed favorably to market the services of women either in wage employment or in the self employment opportunities. However, the women have not been relieved from the primary responsibilities of looking after household duties. Unlike men who can entirely devote their time on business as, others are there to take care of the family. Women cannot do like that as their entire time is not available to business. It is this lack of time due to dual responsibility which made the women to choose to micro scale and part time activities.

With the economic reforms and globalization and WTO ruling the World trade, the business climate would be changing competition as the stand the women
only may be able to survive would remain. The nature of business will also be changing as the MNCs or TNCs or the so called large corporates would prefer to give the work for sub-contracting rather than doing it within their premise such outsourcing is the buzzword gaining momentum. This is called the platting out system where in no social security could be ensured the workers. In this background the women may tend to assume self-employment rather than being wage employed. The cheap labour and skills will be exploited better. Feminization of labour will be the result as they are change. The large corporate would prefer to give the orders for subcontracting to minimize the cost of production, loss of employment to the existing workers and finally no organized sector production could be queen. The implications are that the lower income group will suffer, government will leave to the market to decide and those who are efficient enough to improve productivity will be called. It is in this content it is felt that it is necessary to analyze how far the institutionally assistance available both at state and central governments will be helping the women to take up with changing economic climate and to initiate self-employment. The figure of women entrepreneurs is high in developed countries that the developing countries. In developed countries women are pre-occupied with household duties, labour occupation etc, and they are not forthcoming to take up entrepreneurial ventures. Of late, with the motivational measures introduced by central and state governments, with special concessions and incentives, a considerable number of women have come forward to assume self-employment, most of which are micro enterprises in nature. Though women are engaged in tiny, cottage and household industries right from time immemorial, they have not been recognized as
entrepreneurs but only as labour class and the illiteracy and ignorance among the women have been well exploited by the employers. Women entrepreneurship gained importance in India after the declaration of International Women’s decade in 1975. Before that there were very few women entrepreneurs in India, which were largely invisible. The number was insignificant and the statistics related to them were insufficient. One estimate on the number of women enterprises given by National Alliance of Young Entrepreneurs is 50,000 for the country till 1985. Many States have come up with several schemes that seek to promote the entrepreneurial skills among women and provide avenues for enterprising women. It is held that the growing women’s unemployment and poverty in India can be tackled efficiently by developing entrepreneurship.

Micro enterprises play an important role in promotion of self-employment and entrepreneurship and in raising the level of income and standard of living among the people especially the rural poor and the weaker sections. These enterprises cover the areas of industry, service and business as also agro and allied sectors. They can also contribute to disperse growth of enterprises, utilization of local resources, and nurse new entrepreneurs. In view of their importance, banks and financial institutions have evolved micro credit and micro finance schemes. The importance of micro enterprises has increased due to the implementation of income generation and self-employment schemes by the government. NGOs and others have been organizing training programmes to promote self-employment and entrepreneurship. Given those significance and their representation of women entrepreneurs, it is necessary to
analyze the women entrepreneurship and various constraints obstructing their growth and explosion.

**STATEMENT OF THE PROBLEM**

Having found that women entrepreneurs are assisted by the development and promotional agencies, this study has been undertaken to analyse the performance of institutionally supported and non-supported entrepreneurs in order to find out on the one hand, how far the institutional support has contributed for the growth and emergence of entrepreneurship among women compared to the self supported women who did not avail any such assistance. Accordingly for the purpose of the study, the micro enterprises which are run with the help of financial and other assistance were collected from various promotional and financial institutions and the performance of such entrepreneurs are analyzed to find out the contributions of such schemes in promoting entrepreneurship among women. The institutionally supported entrepreneurs are defined as those who availed some assistance or the other from the development agencies and banks, while the self-supported entrepreneurs are those who are entirely or mostly 90 per cent dependent on self-mobilized sources of assistance and not availed any assistance from any agencies or the amount of loan availed from bank or financial institution is not very significant during the period of study. Tiruchirappalli district has been chosen as the study area. The specific objectives of the study are as follows.
OBJECTIVES OF THE STUDY

1. To examine and compare the socio economic profile of the institutionally supported (IS) and self-supported women entrepreneurs (SS) in Tiruchirappalli district.

2. To analyse the factors which have influenced the sample women entrepreneurs to start and stay with business.

3. To analyse and compare the performance of the institutionally supported (IS) and self-supported (SS) sample enterprises with respect to various indicators like percentage growth of investment, turnover employment, profit reinvestment of profit etc relating to their socio economic background.

4. To bring out the role of promotional institutions in motivating the women to start and run the enterprises successfully and produce case studies of a few successful entrepreneurs.

5. To identify the problems faced by the institutionally supported and self-supported women entrepreneurs and suggest make recommendation for further research and policy.

HYPOTHESES

1. Self-supported entrepreneurs perform better in terms of select economic indicators than institutionally supported entrepreneurs.

2. Age and experience of the entrepreneurs are positively related to entrepreneurial performance in both the groups.

3. The size and scale of operation of institutionally supported entrepreneurs is higher than self-supported entrepreneurs.
4. Higher the experience, better the performance in terms of profit experience. Thus the hypothesis is proved.

METHODOLOGY

Tiruchirappalli district of Tamil Nadu has been chosen as the study area, which is an agriculturally dominant and industrially growing district. Moreover it is an educationally known district in which educated men and women associate themselves with business activities though very micro in scale. The District Industries Centre (DIC) and its associates are also providing support for the emerging entrepreneurs. Special EDPs for technical personnel’s and women are regularly conducted by them. Tamil Nadu Housing and Development Corporation (THADCO) exclusively extend self-employment credit to scheduled caste. DIC periodically conducts EDPs and also recommends the deserving and eligible candidates for financial and other assistance to start an enterprise. It is in this background the institutionally supported entrepreneurs are focused. Several studies are found on male entrepreneurs but very few studies on the women entrepreneurs who availed such assistance could be found. Hence this study is confined to such aspect. Accordingly all the possible sources, which extend institutional support to women entrepreneurs, were contacted and the list of women who availed any assistance has been collected.

There were 350 units, furnished by various agencies like DIC, THADCO and various banks including State Bank of India, Indian Overseas Bank etc. These units were stratified according to their product lines in the first stage. Later systematic random selection of roughly 30% of units were made. A sample of 105 women owned micro enterprises were chosen out of 350 enterprises supported by various
institutions, which are falling under 11 type of activities. These units belong to various categories like, ready made garments, ladies tailoring shops and institutes, food processing units, trading of food products, general fancy stores, printing and binding, steel fabrication, Xerox and computer, ladies beauty clinics, gem cutting and others.

It is felt that merely studying the women entrepreneurs who availed some institutional assistance would be passive unless it is compared with women who work without any such assistance. Hence a sample of 35 such units from two km radius of the institutionally supported enterprises of the sample has also been chosen. Data were collected from all the 140 women sample entrepreneurs and a comparative analysis has been made.

**TOOLS OF ANALYSES**

Statistical tools such as sample percentages, averages, correlation and regressions were used in the analysis, in order to find out the mean performance of the both the categories of sample units, relationship among the variable influencing the entrepreneurial performance and also the various factors (both quantitative and qualitative) determining the entrepreneurial performance.

Analysis of variance (One way ANOVA) test, the economic dependency on paired t-test and t-test model were used.

Regression models has constructed to find out the variables determining the growth of the following indicates:

1. Growth of Investment
2. Growth of Sales turnover
3. Growth of Profit
LIMITATION OF THE STUDY

The major limitation of the study may be that it has chosen to analyse only the women entrepreneurs and a comparative performance of similar men-owned enterprises would have made the study more scientific.

Second serious limitation may be that it could analyse the performance of entrepreneurs supported by only a few institutions and there are numerous institutions helping the women entrepreneurs which have not been covered and as such the finding remain non-generlisable.

Thirdly, the enterprises run by women are mostly service oriented and hence the details of production, turnover etc could not be uniformly analyzed and as such inferences could not be drawn properly. However, efforts were made to analyse the data carefully to address the objectives of the study and therefore the findings may be relied upon and may be generalized.

CHAPTERISATION

CHAPTER-I INTRODUCTION

The first chapter highlights the importance of women entrepreneurship and also deals with the scope of the study, importance of the study, statement of the problem, objectives, methodology and limitations.

CHAPTER-II REVIEW OF LITERATURE

The second chapter comprises of definition of the concepts, review of related study by bringing the views of the eminent economists, sociologist, psychologists and researchers in the field of entrepreneurship.
CHAPTER-III METHODS AND MATERIALS

The chapter includes the methods and materials of the women entrepreneurs of the study and produces the profile of the study area namely, Tiruchirappalli district.

CHAPTER-IV SUPPORT SCHEMES OFFERED AND UTILIZED

The support schemes offered by various banks, organization including training and financial assistance, the extent of utilization and deficiencies if any, have also been studied.

CHAPTER-V ANALYSIS AND DISCUSSION

The fourth chapter analyses the socio-economic background of the women entrepreneurs such as education, marital status, occupational mobility, family type, generation of the entrepreneurs, reasons to turn as entrepreneurs etc. The performance of the units operated from various dimensions, more specifically caste, profit, employment generation of the units etc., are discussed.

CHAPTER-VI SUMMARY OF FINDING AND CONCLUSION

The last chapter concludes with the findings of the study and suggests remedial measures for promoting of entrepreneurship among women with reference to the chosen objective in the Tiruchirappalli District of Tamil Nadu.