Chapter - VII

CONCLUSION
CONCLUSIONS

There is tremendous growth in the number of women-owned enterprises and resultant employment generation in Kerala. But, there are few studies on women business owners in general and their success in particular in the State. This study was an effort to bridge this gap. It also tries to provide a baseline understanding of the important issues that the women entrepreneurs in the State encounter, and suggest measures for improving their success level.

The major objectives of the present study were to analyse the relative success of women entrepreneurs, examining the factors influencing the success of women entrepreneurs, profiling successful women entrepreneurs and to make recommendations for improving the success rate of women entrepreneurs. A descriptive research design using survey research was adopted in this study. The primary data required as per the informational requirement of the study were collected using a schedule of interview. The schedule was pre-tested with the help of a few women entrepreneurs from the sample for the study.

The factors instrumental for the success of women entrepreneurs in Kerala were analysed by studying the women entrepreneurs from the small scale sector. This was a census study of women who had registered small scale industries with the District Industries Centres of six districts in the State. The districts selected for the study were Thiruvananthapuram and Kollam from Southern Kerala, Kottayam and Ernakulam from Central Kerala and Malappuram and Kozhikode from Northern Kerala. The 1872 women who had registered their SSI units and started production during the financial year 1999 in these six districts made up the population for this study. The addresses of these women enterprises were collected.
from the Office of the Director of Industries and Commerce, Thiruvananthapuram and the District Industries Centres.

As the survival of women-owned firms beyond five years of their formation indicates the success of the venture, the investigator approached the sample population to enumerate their success at the end of 2004. The attempts of the investigator to contact the entrepreneurs in the sample by post and through personal visits established the fact that ghost entrepreneurs, fake entrepreneurs and surrogate entrepreneurs as defined by Ganesan S. (2003) existed in the official lists of women entrepreneurs in Kerala also.

The attempt to measure success rate, success level, and determinants of success of women entrepreneurs in Kerala was made in logical succession. An attempt was first made to study whether efforts to develop entrepreneurial stock among women in Kerala were successful enough to motivate entrepreneurial start-ups in sufficient numbers. At the second stage, the study attempted to measure the rate of survival and success among the start-up ventures of a specific period. In the third phase, the degree of success among the successful ventures and the reasons thereof were probed in an effort to find the factors influencing entrepreneurial success. The measurement of success rate and success levels of the firms owned by the sample population were reported in chapter IV of this report. Profiles of identified successful entrepreneurs were described in chapter V and various determinants of success as identified by this study were brought out in chapter VI.

A brief account of the findings as described in the three previous chapters is presented here.
7.1 Success

Analysis of the secondary data collected for this study revealed that Kerala leads among the Indian States in the creation of women-owned businesses and employment from the sector. The third national census of SSI units in India reported that Kerala has the maximum number of women-owned SSIs in India. By the end of the year 2001 the State had 139,225 women-owned small scale industrial units. The official statistics from Thiruvananthapuram DIC list the number of women-owned units established between 2001-02 and 2004-05 as 10,202. Thus, as on 31-3-2005, there were 149,427 women-owned small scale units in Kerala, which is a unique accomplishment considering the relative size of the State and its bad reputation in industrial relations. The same census reported that 37.15% of the total employment created in the SSI sector of the State was contributed by women-owned firms, thus emphasizing the major role played by the sector in employment generation of the job starved State. It is to be remembered that at the national level only 13.31% of the employment is contributed by the women entrepreneurs.

The study reported that out of the 1872 women-owned firms registered during the year 1999, in the six districts covered under the study, at the end of five years only 288 could survive and succeed. Thus the success rate of women entrepreneurs in Kerala can be stated as 15.38 %. This study could establish that the official list of women entrepreneurs in Kerala contained 26.28% of fake entrepreneurs, 7.75% of ghost entrepreneurs, and 16.88% of surrogate entrepreneurs.

By regressing current net worth of women-owned firms on their initial investment, the expected net worth of a woman-owned firm at different levels of
initial investment was predicted. A regression equation in the following form was fitted for the purpose.

\[ N.W. = \alpha + \beta \times O.I \]

Where \( N.W. \) = Current net worth

\( O.I. \) = Original Investment and

\( \alpha \) and \( \beta \) are constants

A frequency distribution ‘te’ of highly successful firms with actual net worth equal or above predicted value of net worth and successful firms with actual net worth below the predicted value of net worth were also identified by the study. Thus the study classified 24.8% of the women-owned firms in the sample population as highly successful and the remaining 75.25% firms as successful. The average initial investment of a highly successful firm was found to be Rs. 1,24,182 and the average initial investment of a successful firm was Rs. 52,947.

7.2 Profile of Successful Women Entrepreneurs and Factors Influencing their Success.

7.2.1 Family Background and Success

An analysis of the responses of the successful women entrepreneurs in this study revealed that 50.7% of the successful women entrepreneurs in Kerala belonged to Other Backward Castes and 41.7% belonged to Forward Castes. The study found that women belonging to Scheduled Caste and Scheduled Tribe had only nominal presence at 5.8% and 1.8% respectively among the successful women entrepreneurs. The present study revealed that it was the Backward Class Hindus who were more entrepreneurial than the Forward Caste Hindus and Christians. But the chi square test affirmed that there existed no dependent
relationship between caste of the entrepreneur and success of the firm managed by her. Thus no specific caste has been identified as entrepreneurial class or business class in the State.

The present study established that a successful woman entrepreneur in Kerala generally belonged to nuclear families. It was observed that 112 women entrepreneurs accounting for 40% of the population belonged to joint families and 166 women entrepreneurs (about 60%) belonged to nuclear families. The statistical analysis proved that the type of family that the owner manager belonged to, was not a factor in influencing the success level of the firm managed by her.

Women having relatives with entrepreneurial background have better chances of becoming highly successful in their entrepreneurial venture also. On analysis, it was found that 102 successful women entrepreneurs (36.7%) covered in the present study had one or more self employed person in their family. Pearson Chi square test proved that success level of women entrepreneurs was influenced by the entrepreneurial background of other family members living with them. Women having relatives with entrepreneurial background have better chances of becoming highly successful in their entrepreneurial venture also.

The influence of the number of children of the entrepreneur, the sex of the first child, the age of the first child and the educational level of the first child also were family-related factors which are supposed to have some influence on the success of the women entrepreneurs. This study indicated that there was no dependence between the success level of firm and the number of children the female owner of the firm had. The frequency of the age of the first child at the time of starting the firm revealed that about 76% of the women started their entrepreneurial career only after the first child.
attained the age of ‘Six’. Chi square test proved that no dependence existed between
the age of the first child of the entrepreneur and the success level of the firms managed
by her. The study also reported that 46.8% of the samples had males as their first child
and 37.8% of them had females as their first child. Statistical analysis proved that the
sex of the first child of a woman entrepreneur did not affect the success of the firm
owned by her.

7.2.2 Entrepreneur Characteristic and Success

7.2.2 (a) Age

It was observed that 72% of the women entered the entrepreneurial career
between the age of 31 and 50. 14.4% of women embraced entrepreneurship after
crossing 50 years of age. The remaining 13.7% of women entered business before
the age of 30. The rate at which the young and energetic girls enter
entrepreneurship immediately after their university education has been very low in
Kerala. The study established that there was no dependent relationship between the
age of the entrepreneur and the success level of firms owned by them. The present
study proved that the age of the woman entrepreneur was not a factor in
determining the success level of the firm managed by her.

7.2.2 (b) Marital Status

The present study found that among the successful women entrepreneurs in
Kerala 64% were married, 14.7% were widowed and another 9% were those
separated from their spouse. It also indicated that there were only 12.2%
unmarried women among the successful women entrepreneurs in Kerala.
Statistical analysis proved the dependence between the marital status of female
entrepreneurs and the success level of firms managed by them. Though the rate of
success of the firms owned by unmarried women and the firms owned by women separated from their husbands is low (success rate of 12.2% and 9% respectively) the possibility of these firms becoming highly successful is more, compared with that of the firms owned by married women and widows.

7.2.2 (c) Human Capital

Human capital like education, experience and training is considered very important in determining the managerial decision-making and hence the success level of firms. This study tried to analyse the extent of influence of the critical factors on the success level of firms managed by the sample population. The study established that 68% of the successful women entrepreneurs had formal education only up to high school. It was also found that 67 out of 278 successful women entrepreneurs, i.e. about 24% of the successful entrepreneurs, had only primary education, whereas only 2.9% of technically qualified women and 1.8% of post graduate women could become successful as entrepreneurs. The study indicated that though only 32% of the highly educated women were successful as women entrepreneurs in Kerala, the success levels achieved by these educated entrepreneurs are higher than those of others. The Chi square analysis conclusively proved that the educational levels of women entrepreneurs were positively related to their success level.

7.2.2 (d) Training

The present study found that 51.8% of the successful women entrepreneurs covered under this study had no formal training before or after starting the enterprise. Another important observation from the analysis was that none of the owner managers had been trained in management aspects. There exist a multitude
of agencies in the State with lots of manpower, funds and programs to infuse entrepreneurial spirit among women and to provide training to them but their extent of influence seems to be limited. The study also indicated that the type of training obtained by the women owning SSI was not influencing their success levels. But the analysis of the success levels of women entrepreneurs with training and without training found that the success levels achieved by the trained women entrepreneurs were higher. Chi square analysis also conclusively proved that success levels of SSI firms owned by trained women were higher than those managed by untrained ones.

7.2.2 (e) Experience

This study revealed that only 28% of the successful women entrepreneurs in the State had prior experience in business. This indicated that self-employment could be one of the driving forces behind the higher entrepreneurial activity among women in the State. Statistical analysis established that there was no relationship between prior experience and success level of women-owned SSI firms.

7.2.3 Firm Related Factors

This study found that 70% of the successful units were located in rural areas, whereas only 30% of the successful entrepreneurs hailed from urban areas. It was statistically proved that there was a higher propensity of success for SSI firms situated at urban centers.

Sole proprietorship is the common form of organizational structure found among women entrepreneurs in Kerala, about 92.4% of them own sole proprietorship firms. The success levels of women enterprises are not influenced by the type of legal form of the firm.
57.8% of successful women entrepreneurs in Kerala owned manufacturing firms, whereas only 42.2% of firms in the service sector could become successful. It may be argued that the probability of success of the manufacturing firms in the SSI sector is better than that in the service sector. But it could not be statistically proved.

92.4% of the population under study ventured into business with products having regular market demand. Only 4.7% of the population could succeed with a seasonal product, whereas very negligible 2.9% women could taste success even with products of irregular demand.

This study observed that only 15% of the women-owned firms were operating in big markets. 45% of them were operating in small markets, whereas about 40% of them were operating in average-sized markets. By far it was clear that 85% of the small scale industries remained small even after five years of starting the business. Chi square analysis found that the success level of the firms was independent of market size of the women-owned firms.

7.2.4 Start-up Process

7.2.4 (a) Source of Business Idea

More than 32% of the successful women entrepreneurs started their business with their own ambitious ideas. 24.8% of them were influenced by friends and it was their discussions with such friends that motivated them to start the present business. Husband and other family members could provide business ideas to 21.2% and 11.5% of the successful women. Thus, own family has about 32.7% influence on business start-ups in the field. A major area of concern for Government initiatives for women entrepreneurship development in Kerala was
reflected in the fact that the official machinery could influence only 9.4% of the successful women entrepreneurs.

7.2.4 (b) Reasons for Starting Business

Women in Kerala start their businesses for different reasons. The women, who start their business for reasons like “spending available time, to support their husband / family, self employment, inheritance of business” could perform only up to a level and the majority of firms owned by them were found in the successful group. In the case of the proportions of women motivated by reasons such as “I want to stand on my own leg, motivated by preaching of others, motivated by the success of other women” and the like, they were found more among highly successful group. Chi square test also concluded the success level of women entrepreneurs depended on the reasons for them to start the entrepreneurial venture. Thus it can be inferred that women who enter business with the intentions of becoming independent and those who have a compelling event which makes it essential for them to depend on entrepreneurship for sustenance have better chances of becoming more successful than others.

7.2.4 (c) Compelling Events

The study indicated that about 72% of the women entered the field of entrepreneurship because of some compelling events. The most important reason that induces entrepreneurial spirit among women in Kerala is the developmental efforts of the Government in full. 19.4% of the sample population started their SSI units for taking advantage of the Government scheme. 15.8% of the sample started the venture as a way of self- employment. Death of husband or parents had forced about 17.6% of the sample to start entrepreneurial career. There was another group
of 3.6% of women who entered the field as a challenge. But it was proved that there was no relationship between compelling life event and success level of women-owned firms.

7.2.4 (d) Objective of Business

It was found that women who fixed family welfare, business growth, earning income for family and safeguarding reputation as their objectives were more among the successful group of firms. In the case of women who considered that it was their ambition which induced them to entrepreneurship, women who were motivated to provide employment to others and those who had taken up the career as a challenge were found managing more of the highly successful firms. Statistically also it was proved that the women who were really motivated to achieve in life or profession and those who did it as a social cause performed well in business and achieved higher success levels than others.

7.2.4 (e) Problems during Start-Up

It was found that raising funds for starting the enterprise was the most important problem faced by them during the start-up process. About one quarter of the sample reported it as the major hurdle. Issues related to the schooling of the children were reported by 19.4% of the sample as another major constraint. The third important impediment raised by the women was criticism from the neighbours against the women starting own venture. Thus social pressure was cited by 20% of the women as a serious problem during entrepreneurial start-up. Immediate family, viz, her husband and children, does not discourage a woman from entering business. Chi square tests also proved that women entrepreneurs who entered the entrepreneurial field with sufficient initial funds had a higher
propensity of becoming highly successful. It was also proved that the schooling problems of the children of women entrepreneurs affected the success level of firms owned by them.

7.2.5 Problems Faced during Initial Years of Operation

It was found that the major problem which confronted the women during the initial years of start-up was marketing. 24.5% of the sample population reported that they had really struggled with marketing. The other problems faced by the women during the initial years were getting customers, managing finance, managing workers, recruiting workers, getting Government permission, collection of bills and raw material shortage. Statistical analysis proved that problems in the collection of bills and raw material shortages during the initial years of business affected the success levels of firms owned by women. Those firms which manage these problems well during the initial days become highly successful.

7.2.6 Competence of Women Entrepreneurs

The study also analysed the influence of the competence of women entrepreneurs in finance, human resource development, production /operations, marketing and managing on the success levels of firms managed by them and arrived at the following conclusions:

Sources of capital did not influence the subsequent success levels of firms managed by women.

Success levels of women-owned firms are independent of the way the owner managers handle the profit of the business. But normally the majority of the highly successful firms reinvest profit in their business.
Working capital shortage experienced by women-owned SSI firms does not affect the success level of such firms.

The success level of women-owned firms is independent of human resource development skills of their owners. The employee turnovers experienced by SSI firms are not affecting their success levels.

The success levels of women owned enterprises are not influenced by the marketing skills of the women entrepreneurs.

Success level of women entrepreneurs in the small scale industry is not influenced by their competence in production and operations management.

Managerial skills of owner managers are not significant in determining the success level of small scale industries owned by women.

7.2.7 Entrepreneurial Performance and Confidence

Many previous studies had considered the number of employment opportunities generated by a woman-owned firm as a measure of its success. The investigator tried to relate the success levels of firms with the total number of workers in the firm or the number of women workers in the firm or the number of male workers in the firm. It was observed that the average number of workers in highly successful firms was more than the average number of workers in successful firms. But the Chi square analysis proved that the total number of workers or the number of female workers in a firm was not statistically significant in explaining its success levels. At the same time, it was statistically proved that women-owned enterprises having male workers positively influenced the success level of the firm.
Thus it was concluded that as the number of male workers in a woman enterprise increases its success level also increases.

The study also reported that 79 (28.41%) successful women entrepreneurs had defaulted repayment of interest and principal amount on bank loans for more than a year. The statistical analysis established that the history of default of repayment of bank loan was not significant in explaining the success levels of women enterprises.

It was found by mean of factor analysis test that achievement in business and satisfaction in business are the two major criteria used by women entrepreneurs in Kerala to measure their success.

Women entrepreneurs in Kerala consider ability to do hard work as the most essential quality of a successful entrepreneur. The other important qualities are capability in marketing, production and human resources. Women in India consider social recognition as achievers, pride of being able to do something for family and society at large as the important advantages of being an entrepreneur.

The study also found that those women who considered it a pride to be independent had the probability of higher levels of success in entrepreneurial ventures.

40% of the women entrepreneurs participated in this study reported that their entrepreneurial life affected their family life. But statistical analysis proved that success levels of firms managed by them were not influenced by such role conflict.

About 70% of the women entrepreneurs in Kerala were confident of managing their firms without male support.
7.3 Suggestions

Kerala is ranked first among the Indian States on many social indicators, contributing to the welfare of women and women empowerment. The performance of the State in female literacy, family planning, infant mortality and the like matches that of developed countries. In the case of women entrepreneurship also, the State is ranked first among the Indian States. This study highlighted the fact that though entrepreneurial start-ups among women in Kerala were very promising, their survival rate was only 15.58%. If it is possible to increase the success rate by some means, it can prevent wastage of national resources to a considerable extent and create additional jobs. After all, it is success that breeds further success in women entrepreneurship. The present study also validated that it was the success stories of other women which propelled women to embrace entrepreneurship and motivated them for further success.

There are multitudes of agencies in the State engaged in the process of promoting entrepreneurship among women. But this study reported that only about 10% of the successful women entrepreneurs covered under this study were influenced by these agencies to start their enterprise. This shows the absence of an integrated effort among these agencies at present and a need for a comprehensive policy framework for co-ordination among them. State Small Industries Department, Khadhi and Village Industries Board, State Women Development Corporation, Kudumbashree and other entrepreneurship training agencies operating in different parts of the State should make joint efforts for better results.

Firms owned by unmarried women and highly educated women were found to be highly successful in their entrepreneurial ventures. Efforts should be made to infuse entrepreneurship spirit among under graduate, post graduate,
technical and professional students. The curricula for these courses must include entrepreneurship as a core subject. It is surprising that even BBA and MBA programmes under many universities in Kerala do not offer courses in entrepreneurship. It may be made mandatory for each student to attend at least one entrepreneurship training programme for a minimum of 14 days duration, for the award of degree or diploma.

Considering the possible social benefits, it is advisable that the language teachers in Universities and affiliated colleges are motivated to undergo Trainer’s Training Programmes in entrepreneurship at reputed national institutes like EDII and NISIET. Suitable incentive systems may be devised to encourage the trained faculty members to organize training programmes for their students and members of the local community. Incentives may be provided to them for the conduct of such programmes. Organizing two such programmes for the benefit of a minimum of 30 participants each may be considered as equivalent to attending one refresher course for the purpose of promotion.

The entrepreneurship development and training agencies in the State should have a very good liaison with highly accomplished women entrepreneurs in each district and showcase them as role models to young girls. As many successful entrepreneurs as possible may be invited to the women entrepreneurship training programmes for sharing their experience and to explain their business models. Such participation by entrepreneurs may be linked to disbursement of incentives to them from the Industries Department.

This study reported that women with a business background had a better chance of becoming highly successful. It may be better for the entrepreneurship
development agencies to target such women for the development of women entrepreneurship. When we consider the broader objectives of employment generation in the State and economic development of the nation, we can employ such a strategy also even if it creates social inequality. A successful woman entrepreneur can create job opportunities for many.

Training obtained before or after starting the enterprise was found to be a determinant of success level. Participation in entrepreneurship development programme may be made mandatory for getting permanent registration for the SSIs.

It is the duty of the Government to ensure social equality. The study found that the participation of Scheduled Caste and Scheduled Tribe women was very low in entrepreneurship. So the DIC in cooperation with the Social Welfare Department may design and implement specific initiatives directed at these two groups. The inmates residing at the hostels under the welfare department may be targeted for providing entrepreneurship development programmes.

The women SSIs located at the urban centers were found to be more successful. Availability of captive market may be the reason behind this success. Many satellite towns are emerging in all the districts of Kerala. Specific promotional efforts from Government agencies can create large numbers of successful women entrepreneurs in such emerging urban centers as well.

The State Board of Vocational Education may revise their curriculum and at least one month internship training in industry or designated institutions may be made mandatory for all vocational courses offered in the State at the higher
secondary level and above. Every batch of students may be asked to enroll for EDP programmes organized by Government agencies.

Though women in large numbers take up employment in the State, women with prior experience rarely venture into entrepreneurship. The majority of highly successful small and medium enterprises in developed countries are promoted by women with prior industry exposure. Hence, working women in Government-owned and private owned firms may be targeted for promoting entrepreneurship among women. Even if the drive fails to create new entrepreneurs, it will definitely motivate intrapreneurship, thus benefiting the economy.

It was surprising to learn from this study that none of the successful women entrepreneurs had undergone management training. Managing may be an art still it can be trained with a fair degree of success. The District Industries Centers may enroll all the existing women entrepreneurs for Management training programmes and expose them to the techniques and intricacies of managing various functional areas in business.

The study established that the highly successful women enterprises had more number of male workers. Hence the entrepreneurship development agencies should try to get rid of the inhibitions among women in employing male workers in their firms.

The present study indicated that women having paucity of funds to invest and having difficulties in managing the schooling of children found it difficult to perform in business. Hence, while selecting beneficiaries for schemes under entrepreneurship development programmes, the agencies involved should filter such applicants.
This study statistically proved that women with a very high need for achievement and a very high need for independence became highly successful in their entrepreneurial career. Hence, while selecting applicants for participation in the EDP programmes and for choosing beneficiaries for Government incentives, it is better to use validated psychological tools for measurement of the need for achievement and need for independence.

7.4 Directions for Future Research

The present study attempted to analyse the determinants of entrepreneurial success among women by focusing on small scale industry units registered with the District industries Centers. But the third national census of SSIs in India found that the number of unregistered units was more in numbers. Thus, in future, it is essential to conduct studies by compulsorily including samples from the unregistered units also to make the sample more representative.

Marketing of products from the small scale units was another major problem confronting women entrepreneurs in Kerala. Many marketing practices which are successful in large and medium scale industries are not effective in small scale sector. The investigator considers it worthwhile to study the various aspects of marketing in the SSI sector and model best practices which were found to be competitive and successful. Such efforts will help the small and marginal players in the industry, who cannot afford to engage consultants for marketing. This study also provided an indication that women in Kerala provided more emphasis on quantitative achievements than on qualitative satisfaction based on parameters to measure their entrepreneurial success. A detailed investigation focusing on these parameters alone can bring in more clarity in this topic.