CHAPTER - 1

INTRODUCTION

1.1 ENTREPRENEURSHIP: CONCEPT

The concept of entrepreneurship and its theory have evolved over more than two centuries. However, in the long transition during which a society evolves from tribalism to self-sustained economic growth, the closely woven political, social and economic strands of the social fabric change their pattern and their relationships. So also, the concept of entrepreneurship in plural and socially stratified societies like India is more difficult and intriguing. However, in this paper an attempt is made to brief out the ideas and philosophies of various authorities on the vital and dynamic concept like entrepreneurship.

The word ‘entrepreneur’ first appeared in the French language and was applied to leaders of military expeditions in the beginning of sixteenth century. Later on, it was extended to cover other activities like agriculture, engineering, etc. In fact, Richard Cantillon, an Irishman living in France, was the first person to use the term ‘entrepreneur’ to refer to economic activities. He defined entrepreneur as “the agent who purchases means of production in order to combine them to produce a product to sell at prices that are uncertain at the moment at which he commits himself to his cost”. Thus, all classical economists recognized the importance of entrepreneurial functions but did not incorporate it in their theories. As a result, entrepreneurship could not become a popular concept. Liberalization-Privatization-Globalization, the interest in entrepreneurship as a subject is growing steadily in the entire world.

Conducting a literature review is a vital component of the research process. Familiarity with the previous research and theory in the area of the study
would help in conceptualizing the problem, conducting the study and interpreting the findings. The literature studies that have been conducted reveal the impact of entrepreneurial activities in India as well as in other countries. During the literature review, it was noticed that the term “entrepreneurship” has been used in different senses by researchers from India and other countries. This chapter will be covering the historical events and the research on entrepreneurial development activities both abroad and in India.

- **Entrepreneurship at 17th Century**
  
  **Will and Ariel Durant [1]** The connection of risk with entrepreneurship emerged during the 17th century. An entrepreneur was perceived as a person who entered into a contractual arrangement with the government to perform a service or to supply stipulated products. Since the contract price was fixed, any resulting profits or losses were the entrepreneur’s. One entrepreneur in this period was John Law, a Frenchman, who was allowed to establish a royal bank.

  **Burr Ridge and Richard D Irwin [2]** The bank eventually evolved into an exclusive franchise to form a trading company in the new World, the Mississippi Company. Richard Cantillion, a noted economist and author in the 1700s, understood Law’s intention and developed one of the early theories of the entrepreneur and he is regarded by some, as the originator of the term. He viewed the entrepreneurs as risk takers, observing that merchants, farmers, craftsmen, and other sole proprietors “buy at certain price and sell at an uncertain price, therefore operating at risk”

- **Entrepreneurship at 18th Century**
  
  **Lakwete, Angela [3]** In the 18th century, the person with capital was differentiated from the one who needed capital. In other words, the entrepreneur was distinguished from the capital provider (the present day venture capitalist). One reason for this differentiation was the industrialization occurring throughout the world. Many of the inventions developed during this time were reactions to the
changing world, as was the case with the inventions of Eli Whitney and Thomas Edison.

Entrepreneurship at 19th and 20th century

In the late 19th and early 20th centuries, entrepreneurs were frequently not distinguished from managers and were viewed mostly from an economic perspective.

Richard T. Ely and Ralph H. Hes [4], briefly stated that an entrepreneur organizes and operates an enterprise for personal gain. He pays current prices for the materials consumed in the business, for the use of the land, for the personal services he employs, and for the capital he requires. He contributes his own initiative, skill, and ingenuity in planning, organizing, and administering the enterprise. He also assumes the chance of loss and gain consequent to unforeseen and uncontrollable circumstances. The net residue of the annual receipts of the enterprise after all costs have been paid, he retains for himself.

Morris C R [5] Andrew Carnegie is one of the best examples of this definition. Carnegie invented nothing, but rather adapted and developed new technology in the creation of products to achieve economic vitality. In the middle of the 20th century, the notion of an entrepreneur as an innovator was established.

1.2 STATUS OF WOMEN ENTREPRENEURS IN INDIA

Nature has made a division of labour entrusting upon men and women different responsibilities for the betterment of the process of evolution. In this division of labour, the women have been endowed with the gift of motherhood and upbringing of the future generation. Women have been the symbol of continuity of culture, tradition and religion, and the binding force of the family system. Quality of life has depended upon how well or how badly women have performed this duty. Gradually, women withdrew within the four walls of the home for the care of the children, while man worked outside, foraging for food.
With the advance of science and technology, a certain amount of change had come about. An increasing number of women wanted to participate in the economic activities of the nation. Thus there was an emergence of women entrepreneurs. A woman entrepreneur is a person who is an enterprising individual with an eye for opportunities, and an uncanny vision, commercial acumen, with tremendous perseverance and above all a person who is willing to take risks with the unknown because of the adventurous spirit she possesses.

1.3 WOMEN ENTREPRENEURSHIP: SOME MILE STONES

Entrepreneurship plays an eminent function in creating an avenue for employability for rural communities, providing self-employment for those who have started a business of their own and have enhanced the economic status of the rural sector as well. Entrepreneurship has transformed many entrepreneurs into successful business persons and generated income for rural communities. Entrepreneurs in rural area have transformed their vicinity into trading hubs thus enabling them to become urbanized areas.

Women entrepreneurs can be divided into three categories:

- **Entrepreneurs in Large and Medium Sector**

  In large and medium sectors, women with educational and professional qualifications, take the initiative and manage the business as well as a man. A woman entrepreneur who has received basic managerial training and educational qualifications, sometimes even an MBA degree, usually may head the medium sector and large units. These women because of their qualifications, and other opportunities which are available to them, are in a superior position and have a competitive edge over others to set up and manage the units.

- **Entrepreneurs in the Small Sector**

  Those women entrepreneurs who do not have education or any formal training in management, but have developed skills take to small scale industry. They
choose that product with which they are familiar i.e. garments, weaving, pickles, dolls and handicrafts. Some have ventured into engineering, electronics, chemicals and pharmaceuticals. Some also make surgical instruments, furniture and pottery. These women entrepreneurs need in the initial period, certain special privileges to overcome the practical social handicaps they face for being a woman- such as attitudinal reluctance of officers, lack of information, and too many formalities that need to be completed.

- **Entrepreneurs work in Cities and Slums**

  The third category of women entrepreneurs work in cities and slums to help women with lower means of livelihood. There is service motivated organization to help economically backward sections. They need Government support in marketing as well as getting finances at a concessional rate for their products. Preferential purchasing policy of government helps such institutions to manufacture and sell to the government items - like files, chalk, stationery, etc. Women in our country always remained a victim of neglect and discrimination and were not allowed to perform their due role in the economic or social life of the society. Recognizing the injustice meted out to women in the past, the architects of our Constitution took special care to guarantee equality of rights and opportunities for women in political and social fields and to specifically prohibit any discrimination particularly in matters of employment, wages and human conditions of work.

  The need is now keenly felt that women should also work outside the home for getting better living standards for all. It is in this context, that the question of women entrepreneurs or women’s industries have taken a new significance especially when unemployment has become a matter of great concern to all. Better health and decreasing infant mortality is a sufficiently persuasive force for women to come out of their homes. Rapid industrialization, urbanization, and socio-political movements have made a dent in the old pattern.
1.4 TOP FACTORS MOTIVATING WOMEN TO BECOME ENTREPRENEURS

Women who choose to become entrepreneurs are motivated primarily by five financial and psychological factors:

- The desire to build wealth
- The wish to capitalize on business ideas they have
- The appeal of start-up culture
- A long-standing desire to own their own company
- Working for someone else does not appeal to them

More than half of all respondents of both sexes cited all five reasons as factors in their becoming entrepreneurs. Few men or women entrepreneurs were motivated to start their business simply because they were out of work. Substantially higher percentages said that they wanted to see the technology that they had developed make an impact in the marketplace, but this was still the second-least-cited reason.

DeMartino & Barbato [6] Life-balance issues have been noted as a reason for women’s low representation among entrepreneurs. Our data shows no statistically significant gender differences in the life circumstances of these successful men and women. Their average ages, when founding their first companies, were early 40s. Likewise, successful men and women entrepreneurs founded their first companies when they had similar numbers of children living at home: one. Men were more likely than women to be married. These observations suggest that successful entrepreneurs of both sexes tend to have similar life conditions.

Hardesty and Jacobs [7] In addition to wanting a balanced life, some studies indicate that women want fair treatment and improved compensation, and that these desires motivate moving from management to entrepreneurship. This
rationale may well be reflected to some extent in the response to the statement “working for someone else didn’t appeal to me.” It is observed that a slightly higher percentage of women than men were motivated by this reason, but the difference was not statistically significant, so may not represent a real gender difference in the population of successful high-tech entrepreneurs. Both men and women rated their prior industry and work experience as a very important factor in determining their startups’ success. Both sexes rated experience highest, with lessons learned from previous successes and failures rated slightly less important. In addition to experience, human capital in the form of a university education was rated, on average, important to very important. In a statistically significant difference, women, more than men, believe that prior experience is crucial. Reasons for this are not clear, but we speculate that one cause could be gender stereotypes that reduce women’s self-confidence, especially in male-dominated technical fields. Many women believe that a track record is particularly valuable under these conditions because it demonstrates their competence.

1.5 THE IMPORTANCE OF SOCIAL CAPITAL

*Greene et al. [8] and Menzies et al. [9]* Social capital is an essential resource for the efficient conduct of business, and it contributes to the success and survival of an entrepreneur’s venture. Social capital may be defined as the benefits derived from an individual’s personal and professional networks. The people in those networks provide essential legal, financial and accounting advice; are often the source who needed financing; and can give specialized counsel crucial to an entrepreneur’s particular industry or firm. Many studies suggest, however, that women may have less or different access to social capital than men. Consistent with our finding was that the co-founder encouragement is more important to women than men. We also found that women especially benefit from other types of social support and encouragement. Though both sexes rated their professional and business networks as very important to the success of their most recent startups, women emphasized it more. Thus, the role of social capital is another key gender difference, the understanding of which can help inform effective recruitment efforts.
Financial Capital Sources

Aspray and Cohoon [10] The majority of the successful entrepreneurs surveyed for this study founded their current company with money from personal savings. Less common sources included business partners, bank loans, friends and family, venture capital, private/angel investors, and corporate investment. It has long been believed that women entrepreneurs have less access to capital than men. It is found that there were no differences in the types of funding sources tapped by male and female entrepreneurs, with one exception: Women were much more likely than men—almost twice as likely—to secure their main funding from business partners. The apparent gender differences we found in the use of bank loans and venture capital are not statistically significant, although that result could be due to an insufficient number of responses to this question.

1.6 SUCCESSFUL WOMEN HAD THE RESOURCES THEY NEEDED

Men and women mostly see the challenges facing entrepreneurs in the same way. Large percentages of both groups said the amount of time and effort required to start a business was the key difficulty. More than half also found it difficult to recruit a co-founder. Financing, the consequences of failure, health insurance, and lack of experience or industry knowledge were lesser concerns, although shared by both sexes.

Lack of mentors was not a problem for either group

Only 8 percent of the responding women and 18 percent of the men considered finding (or lacking) mentors or advisors to be a challenge. Successful women entrepreneurs perceived lack of mentors to be even less of a problem than men. Their access to mentors probably contributed to their success. More women than men are concerned about protecting their company’s intellectual capital. We can only speculate about what accounts for the gap. One possibility is that women entrepreneurs may tend more often than their male counterparts to have ties to
academic institutions that might lay claim to their innovations. This possibility, however, was not investigated by our survey.

Finally, while the survey did not specifically ask about work/life balance, some respondents cited the pressure to keep a traditional job as one difficulty facing a potential entrepreneur. Interestingly, more than twice as many men as women mentioned this reason. This observation suggests that, at least among entrepreneurs, men feel greater pressure than women to be traditional breadwinners. This difference could indicate women’s potential for greater career flexibility, creating another dimension on which to recruit and encourage more female entrepreneurs.

Baron [11] Entrepreneurs have a stereotypically masculine image—assertive, achievement-oriented, risk-taking and women’s low representation among company founders reflect that stereotype. This study, however, shows the limits of that stereotype. In fact, successful men and women entrepreneurs share similar motivations. The reasons for their success in largely the same way, secure funding from the same types of sources, and face many of the same challenges. These similarities suggest that, under the same conditions, both men and women can be successful entrepreneurs.

The differences evident in these data call to attention factors that could help inform a determined effort to promote entrepreneurship among women, even in technical industries where they are particularly underrepresented. Certain findings require further investigation; in particular, we need to know why women are so much more concerned than men about protecting intellectual capital. Other findings point to clear strategies that could help recruit women as entrepreneurs. Mentoring is clearly very important to women, as are the encouragement and financial support of business partners, experience, and well-developed professional networks. An effort focused on those proven success factors for women entrepreneurs could enhance efforts to recruit more of them, and help make those who take the plunge more successful.
1.7 WOMEN IN LIFE AND WORK IN INDIA

In the Indian context since time immemorial, Indian mythology, folklore and epics have narrated tales of men and women who have either singly or jointly upheld and conformed in an ideal manner the roles defined by the existing social conduct and tradition. The tradition of the Indian agrarian society was that right from birth a child was located in hierarchical role in the family system. Each of these roles and relationships within the family was set with expectations, demands, privileges and duties. This pattern of role definition extended beyond the family and into the community. Centuries of traditional agrarian social norms, rigidified the different role actions of men and women and made them absolute. Women were glorified, if they sacrificed their own goals, denied themselves their legitimate space, ignored their resources for their own growth and continued to live for others. These ideals continue to exist even today in the twentieth century.

Role Enhancement

Thus women carried a sense of being at a disadvantage, of being born a girl in the family. They carried many an unresolved feelings. The process of socialization for many of these women began in childhood when they were told to adjust, accommodate and be acceptable. Essentially the process communicated to them was that there was no space that was theirs. When the women aspired for new modes of life the demands of the tradition, some real and some assumed out of anxiety and fear left them helpless. They looked up to their husbands families to break the pattern or to provide support and encouragement. A few women had repeatedly brought into focus the women’s feelings of helplessness of being stifled, the dilemma of living for others and having no space of their own.

1.8 INDIAN SITUATION - STATISTICAL DATA PROBLEM

Women make the second largest target group for identification of potential entrepreneurs being slightly less than 50% of the total population. In India there are 99.4 million women workers in a labour force of 272.84 million. Majority
of the women seek work, out of economic necessity, but of these a large number are unable to find employment. Their share in total unemployment (40%) is higher than their share in the labour force (33%). According to the 1981 census, there are only 150,000 self employed women, a mere 5.2% of the total number are self employed, of this a majority are concentrated in low paid, low skilled, low technology and low productivity jobs in the rural and recognised sectors. 90% (79.4 million) women workers are in the rural area as against only 10% (8.6 million) in urban areas. Only 2.5 million women work in the organised sector, a mere 12.4% of the total employment.

1.9 NEED FOR WOMEN ENTREPRENEURSHIP DEVELOPMENT

The proportion of educated and skilled women in total employment is increasing. Hence expanding employment opportunities both to provide income and to harness the growth potential of educated unemployed women is very important. Promotion of self-employment of educated women has additional advantage of creating more jobs for desiring uneducated women. Action in favour of women is more welfare-oriented than development-oriented, and no constructive steps have been taken to lead women towards self-employment. It is estimated that an investment ranging between Rs. 500 - 10,000 can, on an average, generate employment for 2.5 persons and depending on the activity every Rs. 1 lakh of investment can generate jobs for 5- 27 people. A package of assistance covering product selection, market information and marketing outlet, training in management was required, to accelerate formation of indigenous enterprise. The success of a programme for promotion of women entrepreneurship - itself depends, to a large extent, on the solid foundations that are laid through preparations of realistic and bold action programmes and on providing necessary organisational framework and to get their financial assistance.

The governmental agencies which are concerned with the training programmes of women and promotion of employment and self-employment avenues for women are the Small Industries Development Organization (SIDO) and its chain of Small Industries Service Institutes (SISI) spread all over the country, the National
Extension Training Institute, the Khadi & Village Industries Commission, the All India Handlooms and Handicrafts Board, the Central Silk Board, the Coir Board, etc. There are also State-level organizations which are involved in this endeavour, the Directorates of Industries in the State Governments, the State Small Industries Development Corporation, State Financial Corporations and the District Industries Centre. Besides these, there are also National Programmes such as the Integrated Rural Development Programme which has the objective of lifting the individual families above the poverty line by mobilising institutional credit, organizing training programmes, and taking up a range of activities covering agriculture, animal husbandry, fishery, rural and cottage industries, commercial and service activities, etc.

The national scheme Training of Rural Youth for Self-Employment known as TRYSEM was introduced with the object of training at least 2,00,000 rural youth every year in agriculture and allied sectors and small industries for self-employment. The Nationalized Banks can also play an important role in Promoting self-employment by making available credit facilities at 4 per cent interest to the weaker sections of the community and disabled persons. Social prestige in any society is closely linked with economic utility of the individual concerned. Unless economic and social importance of women in the society are enhanced vis-a-vis their families, state and nation as a whole, the women would continue to suffer from neglect at national level.

1.10 REASONS FOR WOMEN OPTING FOR ENTREPRENEURSHIP

Moore & Buttner [12] Self-determination, expectation for recognition, self-esteem and career goal are the key drivers for taking up entrepreneurship by women. Sometimes, women chose such career path for discovering their inner potential caliber in order to achieve self-satisfaction. It can also provide a means to make best use of their leisure hours. However, dismal economic conditions of the women arising out of unemployment in the family and divorce can compel women into entrepreneurial activities.
Structural association and group of people also promote women entrepreneurship. A vital link to economic decision-making processes, the business associations have made their members’ visions and priorities a part of the national political and economic agenda. Around the globe many more organizations are contributing in similar ways. These associations undertake wide varieties of activities encompassing credit, business skill training, technical and technology training, employment creation, marketing services, legal assistance, psychological counseling and some social welfare trade programs. These associations have also played a positive and vital role in promoting international trade for women entrepreneurs.

1.11 ROLE OF SUPPORTING INSTITUTION IN WOMEN ENTREPRENEURSHIP DEVELOPMENT

Roy Thurik and Sander W [14] The governments’ role in promoting entrepreneurship and small business was studied by Roy and Sander. Business ownership of 23 counties from OECD’s data was used as resources for data analysis. The researcher found that government has played its role effectively by changing the policies to allow entrepreneurs to start-up small businesses that have provided employment.

Kishore G. Kulkarni [15] In economic terms, one may perceive that Indian economy has been doing well and benefits were gained through trading. The economy’s real growth would appear only when the total productivity, greater use of resource and policies were in place. Comparative study by Kishore shows that India has benefited from the policies that have been implemented

Giri Jogaratnam and Eliza Ching Yick Tse [16] Asian hotel industry has been flourishing due to the influx of tourism. A study was made on entrepreneurial orientation in the industry. Performance was designated as dependent variable while strategies, posture and organisation structure were considered as the independent variables. Correlation and regression analysis were
adopted to test the relationship and the result disclosed that entrepreneurial strategies were positively correlated with the performance.

**Laura Galloway** [17]. Government of United Kingdom has been promoting broadband for all, specifically advocating to provide high-speed internet activity to foster global competitiveness. Survey on the usage of broadband services in rural area was conducted. The result disclosed that usage of broadband in rural area was rather low. The reason was lack of enterprise skill and limitation of technology in rural area.

**David Small Bone, Jianzhong Xiao and Lei Xu** [18] In Chengdu province of China, small business firms are dependent on the Business Development Services (BDS) that identified the demand and supply of marketing with help of public policies. David and co-researchers collected data from the entrepreneurs to verify the role of business development service. The result revealed that the small firms are active users of business development service and benefited from its role in marketing.

### 1.12 THEORIES OF ENTREPRENEURSHIP

As the economic theory became more formalized, the tendency to discard entrepreneurship as a significant factor in the operation of the economy has also increased. In fact, in the post economic growth that took place in the industrialized economies, some gave enormous importance to entrepreneurial factors; some others considered it as a passive factor emphasizing the role of invention, market opportunities and changes in the product factor prices. In the light of the above, the understanding of some important theories of entrepreneurship propounded by Schumpeter, Weber, Hagen, Cochran, Young, Kunkel, Mc Clelland, Harbison and Hoselitz is quintessential. Innovative theory of entrepreneurship of Joseph Schumpeter brought conceptual changes in the definitions and functions of an entrepreneur. According to him, an entrepreneur is a key functionary of economic development. Development implies carrying out of new combinations and the concept of combination covers the following five cases:
- The introduction of a new good
- The introduction of a new method of production
- The opening of a new market
- The conquest of a new source of supply of raw materials and
- The carrying out of the new organization of any industry.

Thus, the carrying out of these new combinations, Schumpeter calls ‘enterprise’, the individuals who carry out them he calls an ‘entrepreneur’.

Max Weber’s social change Theory of Entrepreneurship: The core aspect of the Weberian theory of social change consists in his treatment of the protestant ethic and the spirit of capitalism. He said that the inducement of profit results in greater number of business enterprises and complete re-organization of the industry. In the Weberian system, the entrepreneurial energies are generated by following exogenously supplied religious belief i.e., protestant ethics. For people who believe in this ethic, hard work in their walk of life is not only to have their worldly desires but also to have their spiritual needs satisfied.

Everett E.Hagen’s Theory of Social Change: Hagan made an attempt to formulate a theory of social change, which explains how a traditional society becomes one in which continuous technical progress takes place. He supports the idea that economic growth is woven with political and social change. Besides, he rejected the idea that the solution to economics under development lies in imitating Western technology. The reason is that technology is a part of the completely socio-cultural complex and transplantation of it into a different socio-cultural set up may not deliver the goods. He further felt that it is a social group, which experienced ‘withdrawal of status respects’ that turns to rigorous entrepreneurial activities. They are “a group of individuals, creative, alienated from traditional values, driven by burning passion to prove themselves, seeks for an area being so far untouched, preferably an area where they can gain more power etc”
Thomas Cochran’s Sociological Theory of Entrepreneurial Supply:

Cochran propounded a sociological theory of entrepreneurial supply. The basic assumption is that fundamental problems of economic development are non-economic. He emphasizes that cultural values, role expectation and social sanctions are the key elements that determine the supply entrepreneurs. According to him, an entrepreneur is neither a super normal individual nor a deviant person but represents a society’s model personality. He also held that the performance of an entrepreneur will be influenced by his own attitude towards his occupation, the role expectations held by sanctioning groups and the operational requirements of the job.

1.13 BEHAVIOURAL MODEL ON ENTREPRENEURSHIP

Kunkel gave a behavioural model which in turn begins with the assumption that “man’s internal state is beyond the scope of presently available means of measurement and objective analysis, and knowledge of it is largely unnecessary for the explanation and prediction of behavior. According to this behavioural model, the determinant of an individual activities are to be found largely in the conditioning procedures both deliberate and accidental to which he has been subjected in the past, and in the sets of reinforcing and discriminative stimuli which became part of his behavioural chains and are part of present social context. The relationship between the social environment and the individual is reciprocal as it can be inferred that the entrepreneurship is basically an outcome of the society and its expectations.

Achievement Driven Notion of entrepreneurship as opined by David C McClelland: McClelland was very much concerned with economic growth and the factors responsible for it. He endeavored to find out the ‘internal factors’. i.e., human values and motives that lead man to exploit opportunities to take advantage of favorable trade conditions. In his theory of achievement motivation he established that the chief inner concern or motive is that of a need for achievement: a desire to do well, not so much for the sake of social recognition of prestige, but for the sake of an inner feeling of personal accomplishment. In fact, it is this motive in turn that guides the actions of entrepreneurs. He asserted that the important characteristics of
an entrepreneur are avoiding gambling situations, showing interest in finding out results and preference to work hard at task that involves a real challenge.

**Entrepreneurship according to Harbison:** Harbison made interesting observations about entrepreneurship as a factor in economic development. According to him in most enterprises, a hierarchy of individual is required to perform them. Thus, the entrepreneur in essence is an organization, which comprises of all the people required to perform entrepreneurial functions. He further suggested that entrepreneurship should be treated as a resource, which has both qualitative attributes and quantitative dimensions. He also said that the effectiveness of business organizations require dynamic and innovative entrepreneurs. A dynamic organization needs ideas, creativity and people who can plan and initiate change.

**Entrepreneurship as viewed by Hoselitz:** Hoselitz emphasizes the role of culturally marginal group which is responsible for promoting economic development. 'Marginal groups, because of their ambiguous position, from a cultural or social stand point, are peculiarly suited to make creative adjustments in situations of change and in the course of this adjustment process develop genuine innovations in social behavior.

Thus, it is quite interesting to note that the theories discussed so far gives prominence to either sociological or psychological factors as determinants of supply of entrepreneurship. Moreover, most of the theories are based on actual experience of some countries or regions in countries during the periods. The general impression one gets from them is that it is not possible to build an economic theory of entrepreneurial supply with the given socio-cultural milieu.

**Psychological Drive Theory:** Kilby observed that psychological drive for pecuniary (desire to maximize profits) growth is an exogenous factor which is supposed to be operative in all societies. He further was of the opinion that profit motive combined with a particular definition of entrepreneurial role provides the highly elastic supply of entrepreneurial services. He strongly believed that given a
favorable economic setting, the main function of an entrepreneur is to make decisions under uncertainty.

A.V. Ramana, Gavisiddappa Gadag and D. Adinarayana [19], State that the different theories involve varied approaches to grapple with the problem of social and economic change, the change agent and nature of its motivation. Some theories represent essentially mental constructs while others focused on empirical evidences in the sense that they are inspired by social and economic reality as perceived by theorists. Weber’s theory draws attention to religious percepts that induce or inhibit the entrepreneurial activity. McClelland’s theory gives us two important factors for the policy makers’ viz., it is necessary to create a climate to enable children to grow with high n-ach. And it is possible to improve the performance of entrepreneurs through proper training and education.

Hagen’s theory shows that entrepreneurial supply can be expected from groups, which experienced ‘status withdrawal’. Hoselitz’s theory reveals the importance of minority (marginal) groups which in turn display considerable entrepreneurial drive. The theories of Cochran, Young and Kunkel provide good insight into the social processes responsible for the development of entrepreneurial skills in the people. Finally, Kilby’s model highlights the environmental, economic variables that are responsible for the demand side of market for entrepreneurship.

Thus, there being multi-faceted dimensions to understand the concepts of entrepreneurship, no single theory can provide all the data or conceptual apparatus necessary to develop the ‘Half a Lump’ policy and program. Therefore, policymakers, administrators, organizational theorists, existing entrepreneurs, academicians including researchers should consider this and device suitable measures to identify the right type of person, give him the right type of training, provide effective institutional support and device suitable modes of evaluating the impact of such efforts for the development of successful entrepreneurship.
1.14 SOCIO-CULTURAL FACTORS – IMPACT ON WOMEN ENTREPRENEURSHIP

Socio-cultural factors such as social norms, family values, networks and social values of entrepreneurship, play a key role in nurturing the entrepreneurial ecosystem. A historical and sociological understanding of certain communities in India, which have been traditionally engaged in business, confirms the role of social factors that encourage entrepreneurship. Important success factors include the pragmatic use of social and family network as well as ‘web of interdependence’ that continuously facilitate the development of entrepreneurial ecosystem at the community level. In Melvin M.Weber’s words, ‘specialized professionals maintain webs of intimate contact with other professionals, wherever they may be. They share a particular body of values; their roles are defined by the organized structure of their groups; they undoubtedly have a sense of belonging to the groups; and by the nature of the alliances, all share a community of interests.’

Credit facilities: The existence of community banks and credit networks (including profit-sharing schemes) has traditionally ensured availability of liquidity. While describing the Sarafi System used by Marwaris in Banaras, Alan R.Cohen remarked as follows: ‘Firms in the system borrowed from each other whenever short of cash, loans were payable on demand, “even at midnight” and interest was tallied and settled once a year, with total borrowing offset by total lending’.

Infrastructural Support: Traditional networks assure infrastructural support such as access to storage facilities for goods along trade routes, remittance facilities and arrangements for accommodation. Thomas Timberg, for example, cities G.D. Birla’s grandfather, Shiv Narayana Birla, who stayed in a cooperative ‘basa’ (collective mess) in the Mumbai when he first arrived from his village of Pilani in the 1860s.

Socialization: The community encourages socialization in Entrepreneurship, the inculcation of commercial morality (respecting the contract, making ethical profits etc), notions of thrift as well as training opportunities, such as
apprenticeship to learn techniques of business. Mechanisms for ‘cushioning of conflict’ and division of labour and authority also develop through the joint family system and social networks.

**Market Development:** In certain geographical locations, the presence of entrepreneurial communities led to the development of futures markets. Further, migration of the community (e.g. the Marwaris) to commercial centers such as ports and trading hubs encouraged Entrepreneurship in these places.

The role of intra-caste networks in furthering Entrepreneurship, especially among marginalized groups, deserves to be studied in greater detail. Generally, among the four varnas in Hinduism, Vaishyas have been traditionally involved in trade. However, the influence of notions of pollution and purity, if any, on entrepreneurial behaviour, among so-called ‘high’ and ‘low’ caste population, remains to be explored. It remains to be analyzed whether other castes are less inhibited in undertaking manual entrepreneurial activities, compared to upper castes. Another topic worth exploring is the role of entrepreneurship as a means of expressing aspirations among marginalized group, who otherwise have limited access to opportunities in the formal sectors. The NKC (National Knowledge Commission) study explores the degree of family support (a socio-cultural factor, particularly in India) that the entrepreneurs received at the time of starting their venture. Overall, as many as 74% of the entrepreneurs were supported by their families, which further highlights the importance of social institutions for entrepreneurs in India.

### 1.15 ENCOURAGING WOMEN ENTREPRENEURSHIP

Institutional and informal associations as well as networks of entrepreneurs can play a significant role in encouraging Entrepreneurship. Some of the major industry associations in India include CII, FICCI and ASSOCHAM. Our consultations with local chambers of commerce such as Mahratta Chambers of commerce, Industries and Agriculture (MCCIA) in Pune, Bengal Chambers of Commerce and Industry (BCCI) in Kolkata, Gujarat Chambers of Commerce and
Industry (GCCI) in Ahmedabad, Federation of Andhra Pradesh Chamber of Commerce and Industry (FAPCCI) in Hyderabad and Federation of Karnataka Chambers of commerce and Industry (FKCCI) in Bangalore revealed that Chambers of Commerce can and do play institutional roles in nurturing young entrepreneurs, through their established networks as well as by providing platforms for discussing entrepreneurial practices and experiences. For these organizations, the challenge would be to go beyond the traditional role of catering to mid-size and large companies and take active steps to reach out more to young entrepreneurs. Some illustrations of associations involved with entrepreneurial initiatives and encouraging Entrepreneurship are described below.

An interesting initiative is that of the Bharatiya Yuva Shakti Trust (BYST, also known as ‘Business and Youth Starting Together’), that provides key support in finance and training. BYST primarily caters to underprivileged groups (with per-capita family income less than Rs.5000) between 18 and 35 years. BYST leverages financial assistance through the Credit Guarantee Scheme of the Government of India and also provides active mentoring assistance through an active network of established entrepreneurs.

Other group such as the National Entrepreneurship Network (NEN) and The Indus Entrepreneurs (TiE) are also very active in providing mentoring and networking in the Entrepreneurial ecosystem, especially in the knowledge-driven and high growth sectors in key metropolitan cities. NEN, for example, also supports ‘Entrepreneurship cell’ workshops in educational institutions and organizes a national ‘Entrepreneurship Week’ every year, which brings together a large number of educational institutions and supporting networks. TiE also organizes networking events among Entrepreneurs and investors. A recent initiative is the ‘Pan-IIT Entrepreneurship Movement’ involving alumni of all the seven IITs, to evolve a brand that would provide strong fraternity links among IIT alumni and Entrepreneurs.

The task of ensuring greater social affinity for Entrepreneurship requires dissemination of best practices as well as documenting unsuccessful ideas, as part of
raising awareness about Entrepreneurial experiences at all levels. A key socio-cultural factor also pertains to social attitudes towards risk and failure. To better understand and manage risk as well as create a supportive social environment for Entrepreneurs, it is essential to remove the stigma associated with failure. This is possible by acknowledging the value of experience gained, ‘being smart enough to recognize mistakes and change strategies’ and being quick in ‘adopting the successful approaches that work’. In this respect, it is imperative to launch Entrepreneurship outreach events (not just in schools and colleges, but also through the media) where Entrepreneurial experiences (including unsuccessful experiences) can be shared widely. Social network at the informal level also play their part in helping Entrepreneurs to share experiences and best practices. Recognition and reward systems, at the local, state as well as national and global levels, will also help in encouraging Entrepreneurial behavior and celebrating the spirit of Entrepreneurship.

1.16 BUSINESS ENVIRONMENT AND WOMEN ENTREPRENEURSHIP

A prerequisite for nurturing Entrepreneurship is the creation of a favorable business environment. This goal is at the heart of India’s economic liberalization initiatives. The key parameters of a conducive business environment include smooth flow of information; ease of starting a business and obtaining various clearances and permits; ease of filling taxes; an efficient legal system; enabling legislations and regulations; absence of corruption; and world-class infrastructure facilities. Various comparative studies on business regulations in India, as well as in other countries are also quite revealing. While these studies recognize India’s comparative advantage in human resources, skills, demographic profile and growing domestic demand, India fares poorly vis-à-vis its business environment. For instance, in the ‘Doing Business 2008’ report, this is published by World Bank and the International Finance Corporation, India ranks 120th out of 178 countries—even behind countries such as The Maldives (60th), Pakistan (76th), Sri Lanka (101st), Bangladesh (107th), and Nepal (111th). The OECD (Organisation for Economic Cooperation and Development) draft report on regulatory framework in
market for goods and services places India behind various countries, including Chile and Brazil. The Global competitiveness Report 2007-08 of the World Economic Forum places India in the 48th position among 131 countries. Clearly, there appears to be need for qualitative improvement in the business facilitation environment.

An entrepreneur starting a business requires access to reliable information on various aspects of business such as regulatory issues, statutory compliances, registration process, available sources of finance, infrastructure and so on. However in India, this information is largely diffused and dispersed. The lack of readily available information compels new entrepreneurs to employ intermediaries to advise them on essential aspects of starting a business, thereby incurring additional costs. Over one-third of the entrepreneurs interviewed said they had faced problems because of lack of information at the startup stage.

1.17 EASE OF STARTING AND OPERATING BUSINESS

Difficulty and delays in meeting various government requirements such as registration of company, obtaining licenses and registering property still confronts entrepreneurs. The world Bank report, ‘Doing Business in South Asia 2007’ says that, it takes 35 days (in Mumbai) to 52 days (in New Delhi) to start a business in India. The official costs of starting a business are high and the process quite complex, involving no less than 13 procedures. A large number of separate registrations-Tax Account Number (TAN), Permanent Account Number (PAN), Value Added Tax (VAT), Employees Provident Fund Organization (EPFO), Employees State Insurance Corporation (ESIC), among others are required for any business to start operations. Registering property itself requires six procedures and an average of 62 days. Different rates of stamp duty and transfer charges exist across states. Apart from these initial procedural hurdles, an Entrepreneur also has to obtain other permits and clearances, both at the central and state levels. These include land use approvals, building permits, power connections, water and sewerage connections, and so on. Even in states where the Single Window System has been put in place, most entrepreneurs do not find them satisfactory; there is a single window but many ventilators’, as an entrepreneur from Hyderabad aptly put it.
Almost 60% of the entrepreneurs interviewed said they faced corruption at some time during their entrepreneurial journey while dealing with governmental procedures and officials. That is a very disturbing statistic.

1.18 WOMEN ENTREPRENEUR: AN UNTAPPED RESOURCE

Globalization and liberalization of markets encouraged women to come forward to become entrepreneurs and start new industries. Cultural mixes, challenges women face in their lives, have changed throughout the world. In this regard both state and central governments have taken more initiatives in developing women entrepreneurs in India. However, the need for more women entrepreneurs has to be studied separately for two main reasons. The first reason is that women’s entrepreneurship is an important untapped source of economic growth. The second reason is that the women entrepreneurs create new jobs for themselves and others. They can provide different solutions to management, organization, and business problems. Empirical studies show that women contribute significantly to the running of family business mostly in the form of unpaid effort and skills (India Together News, 2008).

Today business is built around human capital, and women are one of the valuable factors in the task of setting industries. The 21st century has become a knowledgeable society and women are taking part virtually in every field including Information Technology (IT), biotechnology, tourism, banking, manufacturing, and service sectors. It is realized that there is an increased need of economic independence for women. Their participation in remunerative work in the formal and non-formal labor markets has increased significantly in the past decade. Women’s income is becoming very necessary to households of all types in the wake of globalization and changing economic scenario. Many of the enterprises run by the women are able to create a successful business out of something as mundane as cooking. Despite being untrained, they were able to make their business a success because of their discipline and commitment (India Together News, 2008).
1.19 WOMEN ENTREPRENEURSHIP IN EDUCATION AND TRAINING

Bernard [20] Promoting a healthier entrepreneurial education, training, and environment is important as it helps in aiding individuals, in that the local community, encouragement and support to individual efforts, thus increasing the chances for success (Economic Times, 2001). The content of training, analysis of potential entrepreneurs, and the expertise of trainers play an important role in the success of entrepreneurship training. High quality training inventions are earmarked by reduced failure rates and increased profits.

Ladzani and van Vuuren [21] A recent approach involves creating charitable organizations which are designed to be self-supporting in addition to doing their good works. This is usually called social entrepreneurship. The major benefit of entrepreneurship education is that it decreases the chances of failure by stressing a consistent and proven set of practices. The principal objective of the entrepreneur development program is to train the entrepreneurs to make them capable of developing and managing the new technology-based ventures.

Victor [22] Today, entrepreneurship education gained its own importance as people realized that it is one of the key tools which reduces the unemployment and provides the knowledge to face the challenging environment in the contemporary business. States can effectively utilize these entrepreneurial training program to reduce chronic unemployment and at the same time create more jobs. Now, the state and central government has established various training centers and nodal centers which impart entrepreneur education to the people at all the taluks, towns, district headquarters, and city levels. The need of women entrepreneurs are given preference through various government and bank schemes.

1.20 SUCCESS FACTORS TO WOMEN ENTREPRENEURSHIP

a) Be passionate. An Entrepreneur must be passionate about what he is trying to achieve. That means he is willing to sacrifice a
large part of his waking hours to the idea he has come up with. His passion will ignite the same intensity in the others who join him as he builds a team. And with passion, both the team and customers are more likely to truly believe in what they are trying to do.

b) **Maintain focus.** Great entrepreneurs focus intensely on an opportunity where others see nothing. This focus and intensity helps to eliminate wasted effort and distractions. Most companies die from indigestion rather than starvation. Companies suffer from doing too many things at the same time rather than doing too few things very well. Stay focused on the mission.

c) **Work hard.** Success only comes from hard work. There is no such thing as overnight success; behind every "overnight success" lies years of hard work and sweat. People with luck will tell you there is no easy way to achieve success-and that luck comes to those who work hard. Focus on things you can control; stay focused on your efforts and let the results be what they will be.

d) **Enjoy the journey.** The road to success is going to be long, so remember to enjoy the journey. Everyone will teach you to focus on goals, but successful people focus on the journey and celebrate the milestones along the way. Is it worth spending a large part of your life trying to reach the destination if you didn't enjoy the journey? Won't your team also enjoy the journey more as well? Wouldn't it be better for all of you to have the time of your lives during the journey, even if the destination is never reached?

e) **Trust gut instinct.** There are too many variables in the real world that you simply can't put into a spreadsheet. Spreadsheets spit out results from your inexact assumptions and give you a false sense of security. In most cases, your heart and gut is still your best guide. We've all had experiences in business where our heart told us something was wrong while our brain was still trying to use
logic to figure it all out. Sometimes a faint voice based on instinct is far more reliable than overpowering logic.

f) **Be flexible but persistent.** Every entrepreneur has to be agile, continually learning and adapting as new information becomes available. At the same time, you have to remain devoted to the cause and mission of your enterprise. That’s where that faint voice becomes so important, especially when it is giving you early warning signals that things are off-track. Successful entrepreneurs find the balance between listening to that voice and staying persistent in driving for success—because sometimes success is waiting right across from the transitional bump that’s disguised as failure.

g) **Rely on team.** It’s a simple fact: no individual can be good at everything. Everyone needs people around them who have complementary skill sets. It takes a lot of soul searching to find your own core skills and strengths. After that, find the smartest people you can who complement your strengths. It’s tempting to gravitate toward people who are like you; the trick is to find people who are not like you but who are good at what they do—and what you can’t do.

h) **Focus on execution.** Unless you are the smartest person on earth, it’s likely that many others have thought about doing the same thing you’re trying to do. Success doesn’t necessarily come from breakthrough innovation, but from flawless execution. A great strategy alone won’t win a game or a battle; the win comes from basic blocking and tackling. No matter how much time you spend perfecting your business plan, you still have to adapt according to the ground realities. You’re going to learn a lot more useful information from taking action rather than hypothesizing.

i) **Have integrity.** To achieve long term success one needs to have honesty and integrity. These two qualities need to be at the core
of everything one does. Everybody has a conscience—but too many people stop listening to it. There is always that faint voice that warns you when you are not being completely honest or even slightly off track from the path of integrity. Be sure to listen to that voice.

j) Give back. Success is much more rewarding if one gives back. There would have been many people who would have been behind the success of an individual. The only way to pay back the debts is to of help to them at their most crucial hour. It's our responsibility to do "good" with the resources we have available.

1.21 BARRIERS TO WOMEN ENTREPRENEURSHIP

The number of people who choose to become an entrepreneur in a country is always relatively small. But it is they who play a very important role in driving the business and make necessary economic development. Thanks to their contributions, millions of jobs have been created by the establishment of factories, service businesses, and numerous small and medium enterprises (SME’s). This, in turn, reduces the poverty rate. Entrepreneurs also develop new markets by using creative ideas; try relentlessly to discover new sources of materials in developing their business; combine production factors such as natural resources, human resources, financial capital, skills, and knowledge to create various products and services; and introduce new technologies, new industries, and new products. The above-mentioned activities contribute to the advancement of civilization and quality of life. However, there are barriers that hinder the development of entrepreneurship, namely: myths, culture, and education system.

Many people still believe in some myths related to the entrepreneur profession. Among the widespread myths are: First, to become a successful entrepreneur, one must come from a family that is successful in an entrepreneurial business. In reality, many entrepreneurs come from non-entrepreneurial families. Second, an aspiring entrepreneurship must have a strong capital base. Capital is important, but it is not the most important factor in achieving success in an
entrepreneurial business. Most important things are ideas and creativity. Third, prior to starting an entrepreneurial business, one must have work experience. Fourth, business is a dirty environment filled with intrigues. For this particular point, the problem is left to each individual. There are still a lot of entrepreneurs who maintain high business ethics. On the other hand, we find many people who are not entrepreneurs but commit abusive practices and actions that harm others. The fact that there are entrepreneurs engaged in disreputable actions is not a reason to hold prejudice against all entrepreneurs. And fifth, life as an entrepreneur is not serene. In fact, life as an entrepreneur is comfortable and easy. When asked the reason for opening their own business, an entrepreneur would surely give answers such as autonomy, control, and freedom. They will say that the jobs they do are pleasurable. They have the chance to utilize their strength and apply the talent and interest they have every day. They will ask other people to do their jobs they do not like or the jobs that they are not too capable of performing.

Next is cultural barrier. Many people still do not consider being an entrepreneur an honorable profession. People feel more respectable by being an employee with clean appearance and steady income every month, which for some is regarded as a measure of one’s success. To some people, being an entrepreneur is associated with a relatively small and unstable income, unstable working hours, and takes up more time and energy; things that are indeed experienced by many entrepreneurs when they start their businesses. This is contrary to the custom many in our society have: wanting to gain results and success instantly. Most of us also do not regard failure as part of learning process. Another barrier is that the education system does not encourage much entrepreneurial spirit, although now a days more and more educational institutions are introducing principles and concepts of entrepreneurship.

In our education system, emphasis is always focused on the importance of technical skills and good academic achievements so that later, upon graduation, it will be easy to get a job, and not to become an entrepreneur. To promote and develop the entrepreneurial culture, collective efforts from various parties such as business sectors, government, and education institutions are required. One way is by
encouraging many activities that are especially devoted to introduce business opportunities to the society. The central and regional governments need to be involved. However, along with the implementation of regional autonomy, the role of regional governments is becoming more important because every region and location has its own uniqueness that can be capitalized as business opportunities.

Developing entrepreneurial spirit among students, from the elementary school up to the university, will shape positive views, aspirations, attitudes, and behaviors towards entrepreneurship. Education from the early age must be directed at building characteristics that support the development of the entrepreneurial spirit such as self-confidence, risk-taking, persistence, energetic, and persuasiveness. As part of entrepreneurship education, extensive publication around entrepreneurs’ success story must be done, be it through televisions, radios, magazines, newspapers or the internet. Publicity can also be done by giving awards to successful entrepreneurs, especially the ones at a relatively young age, which, once again, should be published extensively, all with the purpose of attracting the interest of younger generation so that they do not feel hesitant in choosing the life of an entrepreneur.

The government should also develop a favorable business climate such as an attractive taxation system, efficient and clean bureaucracy, transparency and trustworthiness, safety and security, a more flexible labour market, adequate infrastructure, efficient goods market, and easier access to financial institutions. Without a favorable business climate, people will feel reluctant to start their own business. Indonesia needs a lot of entrepreneurs because they can make a great contribution to the economy. Therefore, efforts should be made to overcome the barriers so that entrepreneurship can be fostered.

1.22 MAJOR ISSUES IN BUSINESS ENVIRONMENT AS BARRIERS TO WOMEN ENTREPRENEURSHIP

Not everybody will call the factors discussed here ‘problems’, but these can lead to problems if not managed properly. The following are the factors one has
to take into account while operating in India. If managed correctly, these can be advantages; otherwise these can lead to serious problems for the enterprise.

**Bureaucracy**

The word ‘bureaucracy’ comes from the French word bureau, which refers to an ‘office’ and the Greek suffix kratos, which means ‘power’ or ‘rule’. So, bureaucracy refers to the ‘rule of the office’. Max Weber is one of the most influential social thinkers to have studied bureaucracy in detail. According to Weber, some of the main characteristics of bureaucracy are:

- Official business is conducted on a continuous basis.
- Official business is conducted according to written rules.
- Roles and responsibilities are defined within a hierarchy, with rights of supervision and appeal.
- Official and private business and income are strictly separate.

Public offices are set up for the good of the people and the official manning the posts, are referred to as public servants. But, if left unchecked, these public officials can become self-serving and corrupt. Firstly, there are a large number of procedures to be followed and clearances to be obtained to start and operate a business. Secondly, each of these procedures can take an inordinately large amount of time. Procedures are established to safeguard the interest of the common man. But, sometimes, the rules and regulations stop serving the purpose they were designed for. Rules become tyrannical in nature and an enormous effort is wasted towards compliance with rules and regulations. Lack of resources is one of the major problems faced by entrepreneurial firms. In this situation, new ventures find it extremely taxing to divert time and attention to time-taking procedural issues.

**NRI Women Entrepreneurs**

The NRI community has done very well for itself. The total NRI population stands at over 30 million, which is about three per cent of India’s
population. Their combined income is more than the total Indian GDP. Many have got into businesses and they have a dominant position in a number of sectors in various countries. For example, Indians own about 35 per cent of all hotels and about 50 per cent of economy is lodged in the USA (Little India Magazine, 2001). One in every nine Indian in the US is a millionaire (Merrill Lynch, 2003). The NRI population has always shown a great inclination to get back to their roots. There are many examples of businesses being set up by NRIs in India, such as the investments made by the Hindujas in IndusInd Bank and Ashok Leyland or the investment plans of L.N. Mittal in Jharkhand and Orissa. They are also the source of the overseas link for many aspiring Indian businessmen. They provide the foreign contacts and overseas support for many exporters and others seeking linkages outside India.

- **Profession Tax**

The entrepreneur has to pay profession tax at the rates prescribed in the laws of each state. Generally, such payments are one-time payments to be made on or before a specified date. An application must be made to obtain the Profession Tax Registration Number. Over and above, the aforesaid profession tax, an entrepreneur must deduct on a monthly basis a fixed amount of profession tax from salaries paid to his/her employees and pay it to the government on behalf on the employees. A separate Employer’s Registration Number must be obtained in such cases. Generally, profession tax is to be deducted only if the salary of the employee exceeds at certain amount. For example, in Maharashtra, profession tax is deductible only if the salary of the employee exceeds Rs. 2000 per month.

- **Women Labour Laws**

Labour laws have been enacted to safeguard the interests of employees. Covering all applicable labour laws would be beyond the scope of this book, but the following provides a quick overview of a few important aspects of labour laws.
Provident Fund

Provident Fund Act applies to all business establishments that employ more than 20 people. A provident fund provides for compulsory savings for the employees. It is the responsibility of the employer to deduct the provident fund amount from the employees’ salaries and deposit it regularly, along with the employer’s matching contribution.

Employee’s State Insurance (ESI)

The ESI Act provides for certain benefits of employees in case of sickness, injury, and maternity. ESI is applicable to all industries;

- Employing more than 20 people and manufacturing without the aid of power and
- Employing more than 10 people and manufacturing with the aid of power.

Here also, the employer collects the amount from the employees’ salaries and deposits it along with his/her contribution.

Gratuity

Gratuity is a lump sum paid to an employee when he/she leaves the organization. Any employee who has worked for more than five years is entitled to gratuity at the rate of 15 days’ wage for every year of service. In addition to the above provisions, an entrepreneur has a lot of regulatory obligations relating to benefits, payments of wages, apprenticeship, and other aspects covered by labour laws. There is some relief provided to small entrepreneurs. Small establishments employing less than 20 people are required to submit only a ‘core’ annual return before February 15 of the succeeding year. Once such annual records are filled and registers are maintained, no further records and returns are required under any of the following laws:
- Payment of Wages Act
- Minimum Wages Act
- Contract Labour Act
- Factories Act
- Equal Remuneration Act and some others.

**Service Tax**

Service tax was introduced in India in 1994 when Dr. Manmohan Singh was the Finance Minister. He said, “There is no sound reason for exempting services from taxation”. In 1950, the share of the services sector in our GDP was less than 30 per cent. This sector is growing very fast and it is estimated to be over 60 per cent of our current GDP. Sales tax and excise are levied on manufactured goods. So, in the interest of parity, there should be some form of indirect taxation in services too. The service tax collected in the first year (1994) was a mere Rs. 407 crore. Initially, there were only three services under the ambit of service taxes- insurance, telephony, and stock brokerage - but slowly the tax net has been widened to include a wide variety of services. Currently, over two lakh assesses in more than 60 different services pay upwards of Rs. 10,000 crore as service tax annually.

**1.23 ENTREPRENEURIAL SUPPORT**

Yoo [23] Entrepreneurial support can take many forms. It starts right from the smallest unit of society - the family. To an entrepreneur, the support and encouragement of parents, spouse, and other members of the family proves to be of great significance in the early days of the enterprise. His/her extended social group can also provide immense support and tangible help in terms of passing on knowledge, giving references and even becoming customers. Members of the small ethnic community have often banded together to help each other and to provide support to the weaker members of the community at their time of need. This has been especially effective in migrant communities. There are many instances of
Indians, Korean, Armenian, and many other ethnic groups coming together to help each other in distant lands such as Australia and the USA.

The support provided by the alumni networks of various universities and schools has been equally well recorded. In fact, very successful entrepreneurs have contributed to their alma mater to provide support to other budding entrepreneurs in that system.

Policies

Governments across the world have realized the significance of small entrepreneurial firms in the economic and social welfare of the nation. Even though the magnitude and nature of the contribution of small enterprises continue to be debated (Storey 1994), government’s awareness of the role of new enterprises has grown appreciably. In most advanced nations, the government has come up with very progressive policies encouraging small enterprises. In many developing and underdeveloped nations too, there is a lot of policy-level support for new enterprises. Many times, these policies are backed by financial and administrative support from many international agencies such as UNIDO, UNDP, the World Bank, and others.

Lundstrom and Stevenson [24] distinguish between small and medium enterprises (SME) policies and entrepreneurship policies. The SME policies are directed towards existing small enterprises, whereas entrepreneurship policies are directed towards encouraging the formation of new businesses. There are a number of policies that are directed towards SMEs, in general, but are of immense use to new firm, in particular. The governments around the world have been enthusiastic about promoting entrepreneurship for a long time. The government of India has taken many policy measures aimed at promoting entrepreneurship, including incentive schemes and setting up support mechanisms for the entrepreneurs. Initiatives have been taken at the level of the central government as well as state governments. Sometimes, particular schemes are launched to promote entrepreneurship in a particular region or sector. In general, a variety of measures have been initiated to promote entrepreneurship at all levels.
1.24 GOVERNMENT AID AND INITIATIVE TO WOMEN ENTREPRENEURS

Entrepreneurial awareness has been included in the curricula of a number of schools and colleges across the world. The objective is to foster an entrepreneurial outlook among the children and the youth. These programmes have been implemented in Australia, the Netherlands, the USA, and Canada. In India, entrepreneurial education has been included in the curricula of many business schools and engineering colleges; but there have been no significant attempts to include it in school curricula. Assessing the effects of entrepreneurial education is difficult as its actual impact can be observed only over a long period. Authorities in Eastern Canada have reported that entrepreneurial education Programme has contributed significantly to their vision of a vibrant entrepreneurial culture.

Policies aimed at developing entrepreneurial skills among potential entrepreneurs have been adopted across the world. Initiatives have been reported from Chile, Spain, Thailand, Australia, and many other countries. In India, entrepreneurship Development Institute of India (EDII) has been instrumental in rolling out a number of long-term and short-term courses focused on entrepreneurial skills. A number of other institutes have also been involved in such activities. Many of these programmes are usually subsidized either by Small Industries Development bank of India (SIDBI) or by some government departments.

- Encouragement of Weaker Sections

Entrepreneurial activity is often restricted to certain socio-economic communities. This causes imbalance in distribution of income. Some communities may exhibit dangerously low levels of enterprise. These sections of the population have to be specially encouraged by policy measures focused on them. Very low levels of enterprise were being witnessed in Southern Italy and that was affecting the economic development of the region. A special ‘law 44’ was enacted to provide financial aid and mentoring to young people in Southern Italy, and it was seen that survival rates of assisted enterprises were much higher than that of the other firms in
the region. Even though this has proved to be an expensive Programme, the government has decided to persist with it. In India, generally, a number of concessions are available to economically backward classes. Rural entrepreneurship programmes are undertaken to develop entrepreneurship in underdeveloped rural pockets. Scheduled Castes and Scheduled Tribes Development Finance Corporations (SCSTDFCs) have been set up in a number of states.

- **Entrepreneurial Finance**

Entrepreneurs tend to prioritize their sources of funds. Starting from the funds that are cheapest and easiest to access, they move on to the costlier and more difficult sources of finance. At the top of the list, there would be self-generated funds that can be spared for the business. Then they would get in touch with friends and family. These are great sources of funds but is fraught with danger. In case things go bad, personal relationships might get ruined. On the other hand, entrepreneurs are going to be very careful with the money they have borrowed from their close relatives. In fact, they will be much more careful than they would have been with their own money. If the venture needs further infusion of funds, the entrepreneur will tap the banks and non-banking financial companies (NBFCs) for debt financing. Most entrepreneurs prefer debt financing to equity financing. The main disadvantages of equity financing that are overcome in debt financing are as follows:

- Dilution of shareholding: After taking on venture capital, the entrepreneur owns less of the firm and even the profits have to be shared.

- Increased third-party governance: Few entrepreneurs are happy with having to comply with a large number of norms and regulations.

- Increased external controls: In debt financing, the entrepreneur has to incorporate the views of other investors before taking decision.
- Increased commitment to stated strategy: While taking an external equity, the entrepreneur may have committed to a specified strategy. Changes in long-term strategy may be restricted by the agreement signed by the entrepreneur and the equity investors.

- **Providing Debt**

  Even though venture capital and other equity investment are often in the news, the bulk of the financial impetus to new business is provided by debt financing. There are very few deals made involving venture capital but the vast majority of new businesses have availed of debt financing from formal and informal sources. The main formal sources of debt finance are banks, and financial institutions such as state financial corporation’s (SFCs) and non-banking financial companies (NBFCs).

- **Sources of Debt Finance**

  The main source of debt finance continues to be banks, though there are some NBFCs that are aggressively promoting their debt-based instruments amongst entrepreneurs.

- **State Finance Corporations (SFCs)**

  In many states, the SFCs have accumulated huge losses and are no longer actively involved in the business of financial entrepreneurs. Some operating SFCs are even facing such a financial crunch that it is possible that even if the loan proposal has been okayed and the money is sanctioned there is no money to give. At best, the release of the money would be delayed for a long time and it would upset all financial calculations. So, one has to be very careful before approaching the SFC for debt financing.
Non-Banking Finance Corporation (NBFCs)

There are many NBFCs focused on equipment financing. Their procedures are very transparent and the paperwork is completed very quickly. In most cases, the rates offered by them are also very competitive. In addition to vehicles, construction equipment, motors, pumps, and fabricated components are regularly financed. There are many other NBFCs that offer short-term credit for SMEs for a variety of purposes. This short-term credit is usually for financing raw material purchase or meeting operational expenses. Specialized short-term financing instruments such as factoring and letter of credit (LC) are offered by many NBFCs.

Banks

There are many varieties banks operating throughout the country. There are foreign banks, nationalized banks, and private banks. Lending is the primary source of income for banks. Other activities such as issuance of guarantees, drafts, transfer of money, etc. do not contribute as much as the core banking activity of lending. The Reserve Bank of India (RBI) has identified lending to small-scale industries (SSIs) as one of the priority sector advances. It is specified that priority sector lending should amount to 40 per cent of the total lending of banks, but no target has been specified for the SSIs alone. Other proactive measures by RBI include waiving requirement to collateral for small loans up to Rs. 25 lakh. The RBI has encouraged banks to formulate time limits for dealing with a loan application from a SSI to encourage timely handling of applications.

Venture Capital

Venture capital is closely associated with the technologically intensive ventures. That is not necessarily true, but a large portion of venture capital does find its way into biotech, IT, alternate energy, and other technology-intensive ventures. ‘Venture capital’ is the money provided by professionals, called venture capitalists (VCs), who invest alongside management in new, rapidly growing companies that have the potential to develop into significant economic contributors. Venture capital
is an important source of equity for start-up companies. Professionally managed venture-capital firms generally are private partnerships or are trusts managing funds from private and public funds, foundations, corporations, wealthy individuals, foreign investors, and the venture capitalists themselves.

**Venture capital is characterized by the following factors:**

- Financing of new and potentially high-growth companies
- Investments primarily in the form of equity participation
- Assistance in the early days of the enterprise
- Adding value to the company through active participation, even joining the management on occasions.
- Willingness to take on higher risk
- Expectation of higher rewards
- A long-term outlook regarding the investment

**Structure of the Funds**

Venture-capital firms in India are either trusts or companies. Foreign venture-capital firms can also be in partnerships. Most of the Indian firms are structured as Trusts. Most venture-capital funds are close-ended and have a fixed life of seven to ten years. Some have incorporated the possibility of an extension of a few years to allow for liquidating some of their investments. The investing cycle for most venture funds is between three to five years, after which the focus shifts to managing and making follow-on investments in their existing portfolio. This model was successfully pioneered by venture funds in the Silicon Valley through the 1980s. The purpose of this model is to invest in growth trends broadly but only during periods of ascendance; and to reduce exposure to management and marketing risks of any individual investment at a later stage. In many funds, the investments are not raised at one go. Instead, the investors are required to make a fixed commitment to the fund that is called upon or ‘called down’ by the venture funds.
over time as the fund makes its investments. Substantial penalties may be imposed on a limited partner (investor) who fails to come up with the money when it is called down.

1.25 OPPORTUNITY DISCOVERY STRATEGIES OF WOMEN ENTREPRENEURS

Ardichvili, Cardozo & Ray [25] The studies on opportunity discovery almost without exception, attempt to investigate the process of discovery - what the process is like. Whether there are phases, or episodes, and what kind of behavior is involved in the process.

Shane [26] The reason for this seems to be the eagerness of the field to discover the source of the fortune – the ‘Heffalump’. This is an important point of view as the development of the area is in its infancy and as opportunity discovery is seen to be one of the core areas of entrepreneurship.

Chandler, DeTienne & Lyon [27] In this study the importance of the process is acknowledged. However, the results of the process-studies are not seen as satisfying. It is still not known how opportunity discovery proceeds – what entrepreneurs do when they discover opportunities. As the studies have shown, the process is difficult to frame because of its interactive, episodic and complex nature.

Miller [28] Strategy making is defined here as behavior of entrepreneurs through which they conceptualize their rough ideas about a business into a business model. In other words, opportunity discovery strategies refer to behavior of entrepreneurs. This aims at creating a strategic business concept of new economic value. Distinctive opportunity discovery strategies are suggested to be knowledge acquisition; competitive scanning, proactive searching, innovative behavior and collective action of entrepreneurs. However, it is not meant that using these strategies separately is possible in order to discover opportunities but rather these strategies are combined in opportunity discovery process.

Opportunity discovery strategies of entrepreneurs are discussed below.
Knowledge Acquisition:

The first of opportunity discovery strategies is knowledge acquisition. This refers to perceiving and interpreting business information. More specifically, it is about deliberately collecting information about customers, technologies, products, finance and research, and combining and interpreting this information into business knowledge.

If we go deeper into the studies acknowledging knowledge acquisition in opportunity discovery, we could find what Long and McMullan [29] already found the four phases in discovery behavior. They propose that first in the pre-vision phase, entrepreneurs scan the environment and their existing knowledge in order to get an understanding of the situation. Second vision entrepreneurs try to create experience, in which all pieces move into their positions and the entrepreneurs recognize a rough outline – venture idea of an opportunity Davidsson [30]. Third, in the opportunity elaboration phase the discovered opportunity is developed further in order to fill the gaps and solve the problems. Fourth, entrepreneurs decide whether it is reasonable to proceed.

1.26 PROBLEMS OF WOMEN ENTREPRENEURSHIP IN INDIA

Definitely, there are a number of problems regarding women entrepreneurship in India. Researchers have identified issues relating to social aspects, economic life, skill problems, problems of family support, courage etc.

a) Absence of Definite Agenda of Life

Mahesh Babaria and Mittal Chheda [31] Educated women do not want to limit their lives within the four walls of the house. They demand equal opportunity and greater respect from their partners as well as from society and they are struggling for equal opportunities and respect from their partners as well as from society in India. However, some women with a definite agenda acquired good positions in the business world in India i.e. Indra Nooyi (CEO of PepsiCo); Dr.
Kiran Mazumdar-Shaw (Chairman & Managing Director of Bioon Ltd.); Anu Aga (Chairperson of Thermax Engineering); Sulajja Firodia Motwani (Joint Managing Director of Kinetic Engineering Ltd); Ekta Kapoor (Head of Balajji Telefilms); Priya Paul (Chairperson of Appeejay The Park Hotels chain of boutique hotels).

Yet, in rural India, most of the women are either illiterate or semi-literate and they have not a proper idea of self-esteem and self-respect. Therefore, the question that immediately arises is how they can try to get self-respect and have a definite agenda in order to acquire good positions in society.

b) Absence of Balance between Family and Career Obligations

Mathur [32], Singh N.P [33] As Indians, most of the women are very serious about family obligations but they do not equally focus on career obligations.

Shruti Lathwal [34] Indian women devote their lives to take care of their family members but they are not concerned with their self-development. Many women have excellent entrepreneurial abilities but they are not using their abilities to create additional income sources for their families, which would go hand in hand with boosting their self-reliance. Sometimes they are not even aware of the concept of self-reliance. Moreover the business success depends on the support the family members, extended to women, in the business process and management.

c) Poor Degree of Financial Freedom

In Indian families, the degree of financial freedom for women is very poor, especially in lower educated families and rural families. In these families women can’t take any entrepreneurial decision without the consideration of the family members as well as considering social ethics and traditions. Due to the financial dependency, a woman can’t start any business or any economic activity to become independent. Therefore, this has become a vicious circle of dependency for women in India.
d) No Direct Ownership of the Property

Mehta Anita and Mehta Mukund [35] No doubt, the right of property is given as a legal provision in India, but it raises one of the most important questions regarding the right to property for women. There are very few women having on paper the right of property because, firstly, they are not aware of this right. They only become aware when problems are created in their families due to family disputes. Otherwise, women are not enjoying their right of property, being treated as second-class citizens, which keeps them in a “pervasive cycle of poverty”.

e) Paradox of Entrepreneurial Skill & Finance

There is paradox of “have and haven’t” skills of entrepreneurship in Indian women belonging to economically poor and rich families. Women belonging to economically rich families have the capital support but they may not have good entrepreneurial skills, therefore they outsource the activities. At the opposite side of society, many women from economically poor families have consistent entrepreneurial skills, but they do not have any financial support from their families. We therefore believe that the problems of women entrepreneurship are hanging in the trap of this paradox.

f) No Awareness about Capacities

Shruti Lathwal [34]. An increasing level of education should create awareness regarding an individual’s capacities. But, unfortunately, our educational system has not succeeded in creating awareness about woman’s capacities and their hidden powers to handle economic activities. India faces an increase in the education level of women and an increased social awareness as to the role women play in society, but this is not a widely acceptable truth because it applies only in urban India and not in rural India. Urban environment is favourable to identifying and creating awareness regarding women’s self-capabilities. However, in the rural area this type of attitude has not developed yet.
g) **Low Ability to Bear Risk**

*Mehta Anita and Mehta Mukund [35]*. According to them, women in India live protected lives. A woman is taught to depend on the male members of her family from birth. She is not allowed to take any type of risk even if she is willing to take it and bear it. However, this is not entirely true because many great women proved that they have risk bearing capacities and attitude to take risks in entrepreneurial activities. They have become aware of their rights and potential situations and therefore entered different fields of businesses.

*Singh and Raghuvanshi [36]*. However, most of the women do not perform entrepreneurial activities because they do not have the proper capacity. Therefore, we should try to make them aware of their risk bearing capacities.

h) **Problems of Work with Male Workers**

*Shruti Lathwal [34]* Many women have good business skills but they do not want to work with male workers and sometimes male workers are not ready to work with women entrepreneurs. According to her, most of women entrepreneurs argued that semi-educated or uneducated class of workers cannot visualize a "female boss" in their field of work.

i) **Negligence by Financial Institutions**

Banks and financial institutions are important financiers of entrepreneurs in developing countries because small and medium size firm operators do not borrow from the capital market. But these banks and financial institutions are not ready to provide credit to women entrepreneurs because of their traditional mind set. They think that, this may become cause of nonperforming asset in future. However, according to a report by the United Nations Industrial Development Organization (UNIDO), "despite evidence that woman’s loan repayment rates are higher than men’s, women still face more difficulties in obtaining credit". 
j) **Lack of Self-Confidence**

*Meenu Goyal and Jai Parkash [37].* A strong mental outlook and an optimistic attitude amongst women create a fear of committing mistakes while doing their work. The family members and the society are not willing to stand by women with entrepreneurial development potential. In such a situation women should develop their self-confidence to handle this type of barriers, in spite of the fact that Indian women prefer a protected life to the development of their self-confidence. They are neither mentally nor economically self-reliant. Therefore, we should try to develop their confidence through moral support from society and family members.

k) **Lack of Professional Education**

*Rao [38]* observed in his study that poverty and illiteracy are the basic reasons of the low rate of women entrepreneurship in our country. The educational level and professional skills also influence women participation in the field of enterprise. We are providing education to the women but not providing professional education. If we look in the professional schools we find that there are very few number of women students. If we analyze rural - urban ratio of enrolled women in professional education we realize that there are very few rural female students enrolled it this type of education. Even parents are not ready to send their daughters for undergoing professional education. Sometimes it happens, however, that many women taking the training by attending the entrepreneurial development programme do not have an entrepreneurial bent of mind.

l) **Mobility Constraints**

*Ghani et al [39]* According to them, mobility is one of the important problems in women entrepreneurial development. They are not ready to leave their place for business activities and prefer staying only in their residential areas. These traits are important as entrepreneurs tend to start their businesses in their current local area and are thus disproportionately found in their region of birth.
m) Lack of Interaction with Successful Entrepreneurs

Singh [40] mentioned that the lack of interaction with successful entrepreneurs is also one of the problems in women entrepreneurship in India. Successful entrepreneurs always play the role of models in the society for women who have the ability of entrepreneurial activities and lead to undertaking economic activities to prove their ability. But unfortunately there is no sufficient provision of such type of interaction to inculcate knowledge and provide experiences of successful women entrepreneurs. Many economists argue that this is a main obstacle in the growth of women entrepreneurship.

1.27 CHAPTER SUMMARY

The present chapter provides the various dimensions of the research topic called ‘Women Entrepreneurship’ in a detailed way. In addition a major focus is given to the women entrepreneurial growth and development, importance, barriers in terms of business environment and specific demographic, cross country issues, regulatory and government-related issues, government initiatives for developing women entrepreneurs, supporting factors, role of women entrepreneurship in economic development and entrepreneurial education and recent changes in the business environment and climate towards entrepreneurship among women.