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Entrepreneurial Efficiency in India: A Gender Based Study

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ABSTRACT

India has the second largest population of world, women populace constituting half of its mass and burden for fulfilling their needs. This evidently showing the marked-up increase in demand of commodities and participation of women in the economic activities to lessen the burden of fulfilling the demand because their participation or rate of inclusion in the business world is very low, hence growth rate of women's participation is much lower than the expected rate. And this negligible rate has been showing the uniform trend because of the radical social and cultural restrictions on women and the bounded patriarchal norms, hindering women to be viewed in mainstream. The other side of the coin entrepreneurship is the second name of innovation, it's the submergence of idea, creation, risk, addition into productive - socially, economically and politically. In short, entrepreneurship has a very crucial role to play in the economic development of a country. The present paper focuses attention on efficiency of female entrepreneurs in India.

Keywords: Women Entrepreneurship, Efficiency, Cost of doing business, Basic Infrastructure

INTRODUCTION

Women entrepreneurship is having an abundant potential to bring prosperity in the world and therefore encouraging women entrepreneurship is very important (McConnell, 2007). Women entrepreneurs are influenced by both Push and Pull factors. Which involves self-satisfaction, desire of achievement, aspirations for autonomy and independence etc. acts like pull factors, whereas unemployment, earning for livelihood, desire for a better life standard, dissatisfaction with the labour market etc. are some pull factors responsible for their entry into business ventures (Shah, 2013)

A report published by ESCAP in 2005 titled "Developing women entrepreneurs in South Asia" pointed out that in India, a majority of women entrepreneurs in SMEs fall within the age group 25-40 years. The skills, traits and capabilities required for becoming entrepreneurs already exist in the Indian women due to the environment and the work they assigned to do in their family work life. The ability to perform several functions of management and administration to regulate their household chores strengthening their power to handling number of things at a time and sharpening their psyche to develop their own vision and style of carrying more than one task at a time. No doubt recently we have various examples as a role model in this sector but they were considered as an exception.

The Definition given by Govt. of India about women entrepreneurship, "An enterprise owned and controlled by a Women and having a minimum financial interest of 51% of the capital & giving at least 51 % of the employment generated in the enterprise to Women".

The picture of western countries, the development of an economy from 1970s to 2000, is just due to successful establishments on big business and mass production, has given way to a so called entrepreneurial economy.

The case of anchoring economy, per say the BRICS- Brazil, Russia, India, China and Sri Lanka – tremendously marked the booming economic growth by comprising a number of entrepreneurial revolutions. The only thing of concern in these economies is to stabilize growth through appropriate accessibility to resources, knowledge, markets stand keeping pace balancing on innovative entrepreneurship.

Less developed countries, which are dependent on aid and grants for their developmental projects shifting their focus on making more investment in private sector development. In most of these countries, population belongs to younger generation and lacking in getting job with decent wages. In this case promotion of entrepreneurship for youths has become essential policy objectives for many developmental organizations.

During the evolution of globalization since 1991 and rise of new policies of economic liberalization, globalization and privatization initiated by the Indian Government, Indian Economy has changed drastically. India has great entrepreneurial potential. Women entrepreneurship has took place in the last three decades with increment in the number of women enterprises and their substantive contribution to economic growth. The industrial performance of Asia-Pacific region propelled by Foreign Direct Investment, technological innovations and manufactured exports has brought a wide range of economic and

social opportunities to women entrepreneurs. In the quest of sustainable economic and social development process, women entrepreneurs cannot be left aside. (Danabakyam & Kurian, 2012)

REVIEW OF LITERATURE

S. No.	Contribution/Year	Proposal
1	Rao, (2002)	evaluated that status of women in the total employment of a country. He analysed that there are innumerable reason responsible for these unsatisfactory numbers, major reasons are the societal backlash custom associated with women populace, and the lack of education and awareness about the existing governmental employment schemes, due to which they are not able to exercise the benefit of these programs. And one important point is that the unmarried girls were not allowed to move and work independently.
2	Ganeshan, (2003)	Described the status of women entrepreneurs in India. According to his study majority of women were forced to go with small funding with respect to start their business because of the existing underestimated societal norms attached with them and due to the reluctant behaviours of bankers for providing loans because of lack of security and psyche about women that they won't be able to repay the loans on time.
3	Pare, (2010)	Established a comparative analysis of the situation of women entrepreneurs in immigrant-origin groups, focusing on both the presence of women in entrepreneurial positions and the differential impact associated with membership in an immigrant-origin group. The author analysed that despite of evolution of new economy which is knowledge and technology based economy, women who are participating in increasing the grade as an entrepreneur are from minority group.
4	Mehta and Mehta, (2011)	Conceived that the rural India which constitutes the major population is having the potential of more opening avenues for women entrepreneurship. The garment industries in Kerala and knitting in Jharkhand are the glaring examples to judge the entrepreneurial potential in rural women of India.
5	Siddique, (2012)	Explored the problems encountered by the women entrepreneurs. Gender inequality, low education and qualification, lack of training skills and awareness, lack of self-confidence and freedom etc. are the major problems restricting them from opting entrepreneurship as a profession.
6	Tripathi, (2012)	Assessed entrepreneurship in India with reference to women entrepreneurs in 21 st century. The era up surging the tremendous up-gradation of women's status and role in a society. Now the number has taken a grip in entrepreneurship, which was only considered to be the male task. But still there are several socio-economic-political factors; the women are struggling with to get success and to prove themselves.
7	Rao, Rao and Ganesh, (2013)	Analysed status of women entrepreneurship in India through a case study of Andhra Pradesh. The study evidently signifies that Indian women do constitutes entrepreneurial potential, and lot of women has already set remarkable paradigm shift by accomplishing success in this field. And SHGs program also came up well with flying colours, providing more and more avenues and benefits for women to take up this opportunity well.
8	Singh et. al. (2018)	Reported that the tendency to establish and operate microbusiness is more pronounced in young women as compared to their male counterparts. Gender differences pervade many aspects of micro business lifecycle. Study reports that females favour manufacturing microbusiness whereas males prefer trading enterprises.
9	Khokhar (2019)	Analysis reveals that female labour force participation rate, affordable credit and women's participation in decision-making are significant factors that enhance entrepreneurship for women. Female literacy rate, despite being widely accepted as an important determinant of women entrepreneurship, is found to be statistically insignificant for women entrepreneurship. Any considerable relation could not be established between physical infrastructure and women entrepreneurship.

AIM OF THE STUDY

- How successful are the women entrepreneurs in the India?
- How efficient are they in creating employment in India?
- How can the efficiency of women entrepreneurs can be increased in the country?

OBJECTIVES

- To examine the progress of Women Entrepreneurship in India.
- To evaluate the role of women entrepreneurs in the creation of employment in India
- To suggest measures to increase efficiency of women entrepreneurs of India.

HYPOTHESES

Null Hypothesis

H₀: There is no significant difference in size of firms across male owned firms and female owned firms.

Alternate Hypothesis

H_A: There is significant difference in size of firms across male owned firms and female owned firms.

RESEARCH Methodology and Framework

Data Collection

Study is based on the secondary data collected through a very reliable source i.e. World Bank. Data has been collected from the enterprise survey done by the World Bank. The raw data in the primary form was made available by the World Bank on their website i.e. www.enterprisesurveys.org on prior request. Economy's private sector has been surveyed under enterprise survey at firm level. Total respondents were 'four thousand two hundred and thirty four' in number.

Data Analysis

Researches that has been done till now shows that the female owned businesses are smaller as compared to male owned businesses. But most of the studies done to compare firm size are from developed countries. Many of the researches have studied sales or turnover to compare the size of the firm. So we have taken sales as a variable to study and compare the size of the firm between male owned firms and female owned enterprises. There are various reasons to study the relationship between gender and firm size and among them profitability is of much importance. Profit and size of the firm are directly related. The larger the firm the bigger is the profit. Difference in size of the firm owned by male and female enterprises can be due to various reasons such as access to finance, corruption, crime, availability of inputs, limited access to market etc. Chi-square test has been applied to test the hypothesis.

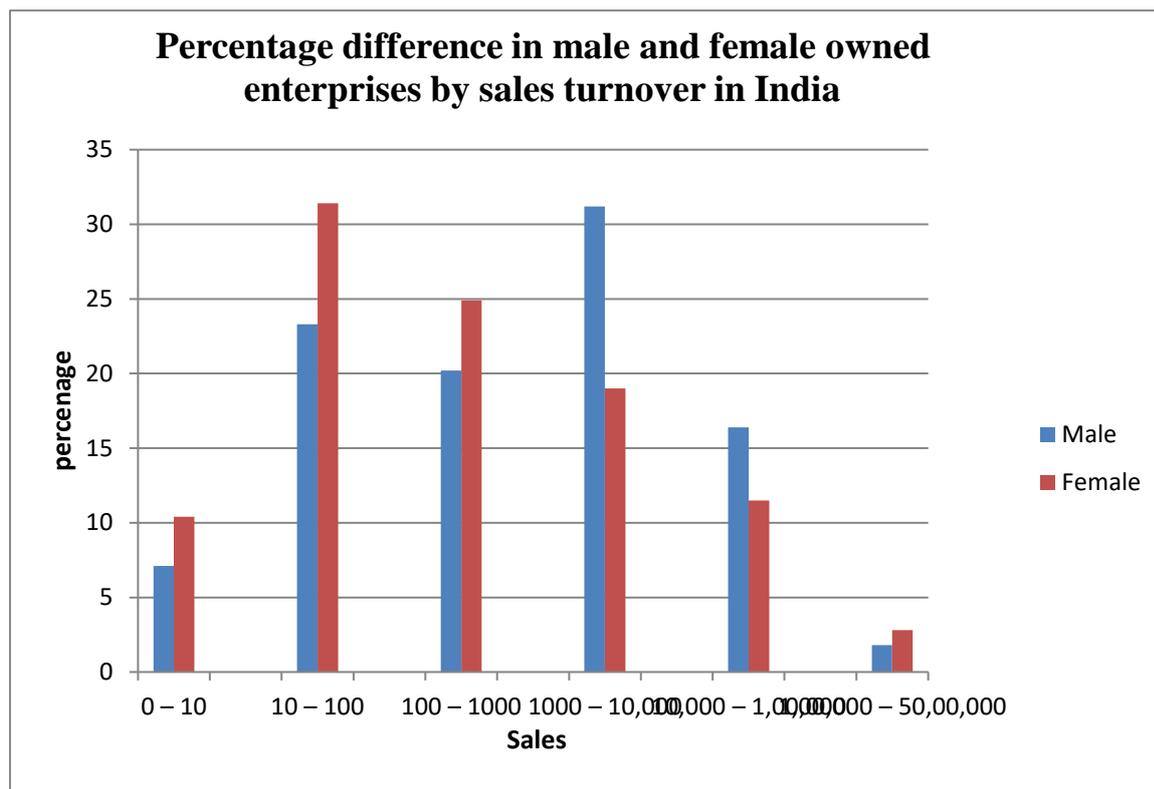
The results of the analysis done to test Null-Hypothesis are as under:

Difference in Male and Female Owned Enterprises by Sales Turnover in India

Sales (Rs. In lakhs)	Number/ Percent	Gender		Total
		Male	Female	
0 – 10	N	260	37	297
	%	7.1	10.4	7.4
10 – 100	N	849	112	961
	%	23.3	31.4	24.0
100 – 1000	N	736	89	825
	%	20.2	24.9	20.6
1000 – 10,000	N	1139	68	1207
	%	31.2	19.0	30.1
10,000 – 1,00,000	N	599	41	640
	%	16.4	11.5	16.0
1,00,000 – 50,00,000	N	67	10	77
	%	1.8	2.8	1.9
Total	N	3650	357	4007
	%	100.0	100.0	100.0

$\chi^2 = 39.595$, $df = 5$, $P = .000$

Figure - 5.1



Chi-square statistics shows significant difference in size of the firm across gender category for India ($\chi^2 = 39.595$, $p < 0.01$), which implies that female owned enterprises are smaller in size as compared to male owned enterprises. Therefore, null hypothesis which assumes that there is no significant difference in size of firms across male owned firms and female owned firms has been rejected for India at 1% significance level.

The size of the firm is directly related with the sales volume. In the table above sales has been divided into six groups in increasing order for India. At lower volume of sales percentage of women entrepreneurs are more than that of male entrepreneurs but at higher volume of sales of the firms, percentage of male entrepreneurs are more than that of female entrepreneurs in India.

Difference in size of the firms between male and female entrepreneurs can be due to the difference in efficiency in production process. Male entrepreneurs may be more efficient so they might be earning more profit as compared to female entrepreneurs. A more efficient firm incurs less cost in producing a commodity or in providing a service so the margin of profit increases for a firm which is competitively more efficient. A firm earning more profit can expand at a faster rate as with higher level of income the firm can reinvest greater percentage of profit for business or firm extension. A firm who shows high profit in balance sheet and a clear past record in terms of repayment of loan can also have access to finance easily. High profit ensures that a firm can clear his debts easily. So finance can also be the reason for the difference in firm size owned by male and female entrepreneurs.

Taxes that are collected from the entrepreneurs in the form of excise duties, sales tax etc. is regressive in nature, and so smaller firms have more burdens of such taxes as compared to large firms. As in regressive tax structure tax rate decreases as the amount subjected to taxation increases. Risk taking ability also differs in male and female entrepreneurs and which can also be the reason for difference in firm size owned by male and female entrepreneurs. Women have to make a balance between their work and family life and so they are not able to devote additional working hours to their business. Due to the difficulties for women entrepreneurs in availability of credit or capital makes them to avoid high risk in business.

Previous studies done shows that in many developing countries women entrepreneurs are bigger victim of crime, as Amin in 2009 analyzed that smaller firm's loss due to crime in terms of percentage sales is greater than the loss of large firms as sales percent. From the data analysis it is judged that majority of women owns either small or medium sized firms in India this can also be the reason for the difference in firm size between male and female entrepreneurs.

Another reason for the difference in firm size may be that the beneficiaries of policies and initiatives that are taken by the government are mainly male entrepreneurs, female entrepreneurs are not able to get benefitted much from the policies that are formed by Indian government to promote entrepreneurship in India. Various support mechanisms that has been designed by the government like SIDBI and IDBI may not able to support and encourage women entrepreneurs as much as male entrepreneurs.

Market linkage can also be responsible for women entrepreneurs to have mainly small and medium sized firms. Women are not as mobile as men; men can travel day and night, to different states or countries more easily as compared to women. So male entrepreneurs can extend the market of their product or service much easily and can have better market linkages as compared to female entrepreneurs.

Difference in size of the firms between male and female entrepreneur can also be due to the difference in age of the firms. Women operated firms can be the newly established firms as before two or three decades women in India were not so prominent in the world of production and trade, were not able to get equal rights in the society, were more illiterate and suppressed as compared to men. But now the women of India share equal status with men and participate in production and trade in impressive number. So this can be the reason for female owned firms to be smaller than that of owned by males.

CONCLUSION

Facts from the analysis done reveal that women are mostly running small businesses in India. Most of the female owned enterprises are small and medium enterprises and such enterprises require more labours as the production process is labour oriented in them. Therefore, female owned firms are creating much employment opportunities in India. This study may help to frame the policies for the gender equality i.e. the policies that are mainly related to the small firms, which in turn will enhance their growth and will minimize the gap between the size of male owned firms and female owned firms.

SUGGESTIONS

- Proper child care units should be developed in the country so that women can invest more time in managing their business.
- Women entrepreneurs should be given tax rebate by the government to promote the business extension and productivity increment for the existing women entrepreneurs.
- The complex legal work in acquiring export license should be made simple by the government so that women can export their produce directly to foreign clients.
- Women entrepreneurial network should be developed so that they can use it as a tool for their development
- Women's right in society should be focused and improved so that they can have better work possibilities and women start turning into entrepreneurs due to pull factors instead of push factors.
- Safety measures should be developed by the government to protect women entrepreneurs from crime and anti-competitive practices.
- Reserve bank of India should make monetary policy by focusing on the need of finance by female entrepreneurs.
- Government should make direct channels to deliver the product produced by women entrepreneurs in market so that the middleman who takes away the profit share from women entrepreneurs gets eliminated.
- Interaction with successful entrepreneurs should be made to inculcate knowledge and to get experiences from them and this facility should be made available to women entrepreneurs on the part of government.
- Government should start more schemes for women entrepreneurs' motivation so that the existing one gets benefitted by them and the other women get attracted to involve in small and medium enterprises.

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