

CONSTRAINTS OF WOMEN ENTREPRENEURS IN SALEM DISTRICT

DR. (MRS.) R. TAMILARASI

ASSISTANT PROFESSOR IN ECONOMICS,
MINERVA COLLEGE OF ARTS & SCIENCE,
KATTAMPATTI, JALAKANTAPURAM,
METTUR TK, SALEM DT, TAMIL NADU

ABSTRACT

Women entrepreneurship has a tremendous potential in empowering women and transforming society. Studies, however, show that a host of barriers prevent women from realizing their full potential as entrepreneurs. An important question in entrepreneurship studies is whether women entrepreneurs face any specific constraints in setting up a business that are different from those faced by men. In Salem District, many women entrepreneurs have been carrying on various businesses – manufacturing enterprises, trading enterprises and service enterprises. Despite the challenges faced by the women entrepreneurs, many of them have been found to be successful in their respective ventures. The problems which are peculiar for a particular women entrepreneur could be resolved by taking up a brief case study. However, if the constraints faced by the most of the women entrepreneurs commonly have been resolved, the rate of successful women entrepreneurs would further go up. Hence, an attempt has been made in this study to examine the constraints faced by women entrepreneurs of service industry in Salem district.

INTRODUCTION

It has been observed from the secondary source that women are largely engaged in the entrepreneurial activities like tailoring, wet grinding, binding, photostating and sago manufacturing in Salem district. This district is, however, more popular for mango cultivation, poultry farming and stainless steel. There is a promising scope for the development of women entrepreneurship in mango-based agro-enterprises and poultry farming where value addition is relatively more. Further, there is a vast scope for women entrepreneurship in exporting stainless steel from the district. This has motivated the researcher to choose Salem district as the study area for examining the performance of women entrepreneurs and the constraints faced by them in venturing into entrepreneurial activities.

Most of the entrepreneurs hail from business communities. It has been shown by empirical studies that the number of sons/daughters following their fathers into the business is significantly higher than the number of fresh entrepreneurs. Entrepreneurs hailing from a business family get better exposure to the business traits. They have a good network of business relations by their contacts with others in the business. The family itself is a training school for them. They have easy access to productive resources which they can employ to promote their business ventures. It is clear that ancestry influences entrepreneurial performance positively.

Manpower support is another important determinant affecting entrepreneurial performance. It is quite true that small entrepreneurs cannot produce profitable goods without skilled labour input. Credit support plays a vital role in the process of development of any business. Schumpeter points out that an efficient entrepreneur employs productive resources optimally through credit.

The importance of credit support for the establishment of a micro/small scale enterprise and for its effective running has been pointed out by many social scientists.

There is conflicting evidence with regard to the influence of ownership of organization on entrepreneurial performance. Sole proprietorship is one in which an individual invests his own capital, uses his own skill and intelligence in the management of the enterprise and is responsible for the results. The greatest disadvantage of such a form of ownership in the micro/small scale enterprise is that an individual cannot be expected to possess knowledge of every branch of management. When the business becomes more complex and competitive, an individual may suffer from wrong decisions. On the contrary, with increasing number of partners in the enterprise, the responsibilities get shared and the correct decisions can be taken through consultation. The increase in the number of partners may lead to better performance.

Some social scientists, however, opine that an individual owner may be able to take quick decisions because he enjoys freedom in conducting the business affairs and he has to consult none. Quick decision-making may help him achieve higher performance. Educated head of the family, being more exposed to the outside world, can foster entrepreneurial qualities in their family members. They can act as a source of motivation and awareness. They can guide their wards during critical stages of the enterprise. It may help the entrepreneur achieve better performance.

A family is a group of persons united by the ties of marriage, blood or adoption. It is the foundation of social life and forms the nucleus of the social structure. The available literature suggests that family's interference might turn a handicap rather than a help in the case of women entrepreneurs. Family support at the entry stage is, however, essential and crucial for women entrepreneurs.

STATEMENT OF THE PROBLEM

The literature points out that those women-owned enterprises, in general, have a higher probability of failure. Not because they are owned by women, but because they are in general young and relatively small enterprises. The following questions have been probed in this study:

1. What are the gender-neutral constraints faced by service enterprises run by women enterprises in the start-up phase?
2. What are the gender-neutral constraints faced by service enterprises run by women enterprises in the growth phase?
3. What are the gender-related constraints faced by women entrepreneurs of service industry during the start-up phase?
4. What are the gender-related constraints faced by women entrepreneurs of service industry during the growth phase?

OBJECTIVES OF THE STUDY

The following are the objectives of the present study:

1. To analyse the gender-neutral constraints faced by service enterprises run by women entrepreneurs in the start-up phase.
2. To examine the gender-neutral constraints faced by service enterprises run by women entrepreneurs in the growth phase.
3. To identify the gender-related constraints faced by women entrepreneurs of service industry during the start-up phase.

4. To study the gender-related the gender-related constraints faced by women entrepreneurs of service industry during the growth phase.

RESEARCH METHODOLOGY

The researcher identified from the available literature the various constraints common to service enterprises. Based on the literature, these constraints were divided into gender-neutral and gender-related. The respondents were asked to assign ranks to these constraints in descending order during both start-up and growth phases of their enterprises. These constraints have been analysed in the study using Garrett ranking technique.

The study uses both primary and secondary data. The primary data have been collected from women entrepreneurs of Salem district by the field survey method. A well structured interview schedule was prepared and used to collect the primary data. Academicians, leading entrepreneurs, officials of banks and DIC were consulted for finalizing the schedule. The data were collected by the researcher herself during the months of May and June, 2012.

The secondary data relating to the number of registered micro and small scale enterprises, employment and capital investment in Salem district have been collected from the District Industries Centre (DIC), Salem. Other statistics about the district have been collected from government published reports.

SAMPLE DESIGN

As on 31-3-2009, there were 1,692 service and manufacturing enterprises run by women entrepreneurs in the district. The enterprises were then stratified by the industrial category namely service industry and manufacturing industry. A sample of ten per cent of the total enterprises has been chosen using systematic random sampling method from 'service industry' category. The researcher tried to utilize the DIC as a source to extract the list of service enterprises run by women in the district. It was found that as on 31-3-2009 there were 973 service enterprises owned by women in the district. A sample of 97 service enterprises was chosen using systematic random sampling method.

The following table gives the details of the sample enterprises chosen for the study.

TABLE 1: Details of Sample Enterprises Owned by Women in Salem District

Sl. No.	Category	Total Enterprises Registered with DIC as on 31.03.2007	Sample Enterprises 10 per cent of total Units
1.	Service enterprises	973	97

Source: DIC, Salem District.

FRAMEWORK OF ANALYSIS

Garrett's¹ ranking technique has been applied to bring out the major problems faced by women entrepreneurs in the business venture. Women entrepreneurs were asked to rank the major

¹ Henry E. Garrett and R.S.Woodworth, "The Scaling of Mental Tests and Oher Psychological Data", Statistics in Psychology and Education, Vakils, Feffer and Simons Ltd., Bombay, 1981, pp.309-336.

constraints faced by them in both start up and growth phases of their enterprises. The ranks assigned to each constraint by the sample women entrepreneurs have been converted into per cent position by using the formula:

$$\text{Per cent position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where,

R_{ij} = Rank given by the j th women entrepreneur for the i^{th} constraint, and

N_j = Number of constraints ranked by the j^{th} women entrepreneur.

The per cent position of each rank thus obtained has been converted into scores by referring the table given by Garrett. The scores of all respondents for each constraint have been added together and divided by the number of respondents experiencing that particular constraint. The mean score of each constraint have been arrived and ordering has been made based on the mean scores.

LIMITATIONS OF THE STUDY

The present study is subject to the following limitations:

1. Due to time and economic constraints of the researcher, the study is confined to 97 service enterprises of women entrepreneurs only.
2. The study is conducted in Salem District only and hence care should be taken while generalizing the findings of the study to other districts.

RESULTS AND DISCUSSION

The gender-neutral constrains have been analysed for entrepreneurs in service industry using Garrett ranking method and the results are provided in Table 2.

TABLE 2: Gender-Neutral Constraints Faced during the Start up Phase

Sl. No.	Constraints	Mean Score	No. of Entrepreneurs Reported	Rank
1	Poor access to finance	79.83	60 (98.36)	1
2	Poor business skill	69.03	58 (95.08)	2
3	Choice of business	31.50	45 (73.77)	8
4	Govt. policy / regulations	18.00	40 (65.57)	10
5	Cumbersome registration procedure	50.20	50 (81.97)	5
6	Lack of knowledge on available options	20.00	43 (70.49)	9
7	Tax harassment	55.35	51 (83.61)	4
8	Poor access to information	42.75	48 (78.69)	6
9	Finding qualified labour	61.54	55 (90.16)	3
10	Unhealthy competition through price reduction	32.00	46 (75.41)	7

Source: Field Data

Figures in the brackets are percentages to total number of respondents in the respective category of entrepreneurs in service industry.

Table 2 reveals that the most severe gender-neutral constraint faced by women entrepreneurs was poor access to finance, followed by poor business skills during the start-up phase of their service enterprises. This finding corroborates with the results of previous studies done by Nabeel (2002) and Roomi (1999). The third major constraint during the start-up phase faced by women entrepreneurs was 'finding qualified labour'. Around 95 per cent of the women entrepreneurs are of the view that their business skill was poor during the start up phase of their service enterprises. It is also important to note that nearly 98 per cent of the women entrepreneurs feel that access to finance has been poor for them at the time of establishing their service enterprises. The same technique has been used to analyse the gender-neutral constraints faced by women entrepreneurs in service industry, during the growth phase of their enterprises. Eight constraints were identified from the literature and examined their severity using Garrett ranking scores. The results are given in Table 3.

TABLE 3: Gender-Neutral Constraints Faced During the Growth Phase

Sl. No.	Constraints	Mean Score	No. of Entrepreneurs Reported	Rank
1	Poor access to finance	79.37	58 (95.08)	1
2	Poor business skill	44.14	41 (67.21)	6
3	Govt. policy / regulations	32.0	38 (62.30)	7
4	Lack of knowledge available options	20.0	36 (59.02)	8
5	Tax harassment	69.2	50 (81.97)	2
6	Poor access to information	50.55	45 (73.77)	5
7	Finding qualified labour	61.34	47 (77.05)	3
8	Unhealthy competition through price reduction	55.17	46 (75.41)	4

Source: Field Data

Figures in the brackets are percentages to total number of respondents in the respective category of entrepreneurs in service industry.

Again poor access to finance was the most difficult challenge faced by entrepreneurs during this phase also. A careful analysis of the data collected from the respondents reveals that most of the women entrepreneurs have been shy to approach banks because they have been unable to provide collateral security for the loan from the financial institutions. This is also due to their inability to develop viable business plan and social unacceptability of their interaction with the men professionals in the banks. Further, their restricted interactions with men limit the opportunities of acquiring management and business skills. 'Tax harassment' was the second severe constraint faced by the women entrepreneurs during the growth phase of their service enterprises. Nearly

95 per cent of the women entrepreneurs are of the view that their business has been affected by poor access to finance. The respondents were asked to describe the gender-related constraints (challenges) they faced during the start up and growth phases as well. The results of the analysis of these challenges faced by women entrepreneurs in service industry are provided in Table 4 and Table 5.

TABLE 4: Gender-Related Constraints Faced during the Start up Phase

Sl. No.	Constraints	Mean Score	No. of Entrepreneurs Reported	Rank
1	Spatial mobility	78.07	56 (91.80)	1
2	Poor family support	42.51	43 (70.49)	5
3	Poor net working and contact	57.47	46 (75.41)	3
4	Fear of failure	20	38 (62.30)	8
5	Customers' credibility	32	40 (65.57)	7
6	Suppliers' credibility	34.23	42 (68.85)	6
7	Time distribution between family and business	65.91	48 (78.69)	2
8	Non-acceptance of women's authority	50.88	45 (73.77)	4

Source: Field Data

Figures in the brackets are percentages to total number of respondents in the respective category of entrepreneurs in service industry.

The analysis brought out the point that entrepreneurs found difficulty in spatial mobility at the time of starting their service enterprises. It is quite true that women are not allowed in Indian society to move around freely to conduct their business. The problem of mobility may be due to this social rigidity. Those women entrepreneurs in service industry report that difficulty in the time distribution between business affairs and family has been the other major challenge faced by them during the start up phase. Approximately 92 per cent of the women entrepreneurs point out that restriction on their mobility has been the most severe constraint faced by them during the start up phase.

TABLE 5: Gender-Related Constraints Faced During the Growth Phase

Sl. No.	Constraints	Mean Score	No. of Entrepreneurs Reported	Rank
1	Spatial mobility	23.25	32 (52.46)	7
2	Poor family support	33.1	40 (65.57)	6
3	Poor net working and contact	57.07	52 (85.25)	3
4	Fear of failure	20.0	28 (45.90)	8
5	Customers' credibility	50.58	48 (78.69)	4
6	Suppliers' credibility	42.95	42 (68.85)	5
7	Time distribution between family and business	78.03	58 (95.08)	1
8	Non-acceptance of women's authority	65.5	56 (91.80)	2

Source: Field Data

Figures in the brackets are percentages to total number of respondents in the respective category of entrepreneurs in service industry.

Women entrepreneurs in service industry revealed their difficulty in the distribution of the time between the family affairs and business during the growth phase of their service enterprises also. This constraint is followed by non-acceptance of women's authority in business. Women entrepreneurs feel that their employees refuse to accept their authority. Difficulty in ensuring wide contact and network has been the next major challenge faced by the women entrepreneurs in developing their service enterprises in the district.

The study brings out the point that nearly 95 per cent of the women entrepreneurs are unable to distribute their time between family affairs and business during the growth phase.

CONCLUSION

The present study has identified that at the time of start-up phase, the women entrepreneurs suffer a lot due to poor access to finance and poor business skill. During the growth phase, the major constraints affecting the women entrepreneurs are poor access to finance, tax harassment and finding qualified labour. In respect of gender-related problems, spatial mobility and time distribution between family and business have been severely affecting the women entrepreneurs at the initial phase while time distribution between family and business and non-acceptance of women's authority have been the major problems of women entrepreneurs at the growth phase. Thus, the policy makers have to consider drafting policies to ensure easy access to finance for women entrepreneurs. Business skills could be developed through experience only and hence they could be educated to face the challenges with courage and confidence. Time distribution between family and business affairs has been the most significant constraint for women entrepreneurs both at the starting up phase and growth phase.

REFERENCES

1. Akhouri, M.M.P. (1979): Entrepreneurial Economic Success Index for Assessing Entrepreneurial Success, SEDME, Vol.IV (2), March.
2. Anna, V. (1990): Socio-Economic Basis of Women Entrepreneurship, SEDME Vol.17 (1).
3. Barney, J. (1991): Firm Resources and Sustained Competitive Advantage, Journal of Management, March.
4. Bharti K. and Panika J. (2005): A Reflection of the Indian Women in interracial world, Research Publications, IIM, Ahmedabad, Aug, Vol.08 (07).
5. Chaganti, R. and Parasuraman, S. (1996): A Study of Impact of Gender on Business Performance and Management Partners in Small Business, Entrepreneurship Theory and Practice, 21(2).
6. Fischer, E. (1992): Sex differences and Small Business Performance among Canadian Retailers and Service Providers: Journal of Small Business and Entrepreneurship 9(4).
7. Henry E. Garrett and R.S.Woodworth, "The Scaling of Mental Tests and Other Psychological Data", Statistics in Psychology and Education, Vakils, Feffer and Simons Ltd., Bombay, 1981, pp.309-336.
8. Kalchetty, E. (1989): Management of Finance in Small Scale Industries, Vohra Publishers, Allahabad, pp.245-250.
9. Kalirajan, K.P. and Shand, R.T. (1994): On Modelling Agricultural Entrepreneurship, Indian Journal of Agricultural Economics", Vol.49 (1).
10. Kallebegg, A.L. and Beicht, K.T. (1991): Gender and Organisational Performance: Determinants of Small Business Survival and Success, Academy of Management Journal 34(1).
11. Lakshmana Rao, V. (1986): Industrial Entrepreneurship in India, Chugh Publication, Allahabad (India), pp.185-203. Padmanabhan, K.H. (1990): Franchisor Power – Reality or Mirage? Proceedings of ENDEC International Entrepreneurial Conference, Singapore, March 21, Vol.26, p.276.
12. Pathak, H.N. (1972): Small Scale Industries in Ludhiana, II MA. Reprint Series, Published in Economic and Political Weekly (EPW), Vol. VIII (45).
13. Peter Drucker, (1984): Our Entrepreneurial Economy, Harvard Business Review, Jan-Feb. Vol.1.
14. Pratap Reddy S. and Akhouri, M.M.P. (1985): A Study of Productivity and Health of Engineer Entrepreneur's Small Industry, Small Enterprises Development, Management and Extension (SEDME). Vol.XII.
15. Rosa, P. Carter S. and Hamilton D. (1996): Gender as a Determinant of Small Business Performance: Insights from a British Study, Small Business Economics, Vol.8 (4).
16. Sharma, K.L. (1978): Entrepreneurial Growth and Industrial Development Programmes in Punjab and Uttarpradesh – A comparative Study of Small Entrepreneurs, Sociological Bulletin, Vol.27 (1).
17. Thangamuthu C. and Manimekalai, N. (1989): New Entrepreneurs of Engineering Industry in an Ancillary Industrial Estate – A Profile, SEDME, Vol.24 (1).