

**FACTORS INFLUENCING FEMALE ENTREPRENEURSHIP****A.L.N.S. KALYANI**Associate Professor – MBA  
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*Entrepreneurship has currently occupied an important place in the list of rewarding career options. In many nations across the world, there has been a significant growth in the level of female entrepreneurship and it has been estimated that women own and manage up to one third of all businesses in developed countries. The emergence of entrepreneurship is considered to be closely linked to social, cultural, religious and psychological variables and these changes seem to have become acceptable norms in the context of women at work and many more women participating in the economic development. Many factors like urbanization, technical progress, women education etc., have profoundly changed the traditional conditions. The level of Entrepreneurial activity among women increase as levels of education rise. The level of entrepreneurs who could serve as role models are increasing and they are encouraging other women to start their own business. The motivations for women to be entrepreneurs go beyond the established norms of making money, freedom from jobs, personal development and welfare. Most often it is the perceived opportunities in the changing environment, which is the driving force for entrepreneurship. The reason for starting business are as varied as their background; some out serious economic compulsions, some due to quitting of a job and accompanied frustration, using their leisure time, converting their past-times into lucrative activities, inspired by a new idea etc.*

**INTRODUCTION**

Female entrepreneurship has become one of the major driving forces of the economic development in many nations. Global Entrepreneurship Monitor (GEM) on women entrepreneurs stated that about 73 million people are active women entrepreneurs in 34 nations of those 40% are women. Entrepreneurship is one of the best indicators of the country's economic success and a good way to accelerate the pace of entrepreneurial activity is to encourage women to participate.

Female entrepreneurship has attracted increasing attention in recent years in light of concrete evidence of the importance of new business creation for economic growth and development (Acs et al., 2005; Langowitz and Minniti, 2007). Not only does female entrepreneurship contribute to economic growth and employment creation, but it is increasingly recognized to also enhance the diversity of entrepreneurship in any economic system (Verheul et al., 2006) and to provide avenues for female expression and potential fulfillment (Eddleston and Powell, 2008).

Empirical studies aiming to analyze the individual factors of entrepreneurial activities are numerous and frequently stress the following factors:

- (i) Demographic – gender, age, education, employment and income
- (ii) Psychographic – role model in family, entrepreneurial experience, knowledge and abilities, propensity to risk, ability to perceive the opportunities etc.
- (iii) Organization and industrial – factors and strategies of operation, ambitions and passion to growth and to be competitive, etc.
- (iv) Socio – cultural perceptual – perception of cultural values, entrepreneurship as a career option or status in the society

**Female entrepreneurship**

According to Schumpeter, “women who are innovative, initiative or adopt a business activity are women entrepreneurs”. Women entrepreneurs 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 woman, who is willing to take risks with the unknown because of the adventurous spirit she possesses.

Women entrepreneurship can be a base for women's empowerment. The ‘Women Entrepreneur’ has been defined in three different ways – it can refer

- (a) To someone who has started a one-women business
- (b) To someone who is a principal in a family business or partnership or

(c) To someone who is a shareholder in a publicly held company, which she runs

### **Need for Female Entrepreneurship**

Entrepreneurship is a useful financial development tool in difficult economic times, and female entrepreneurs are often an untapped and undervalued resource with the potential to boost economic success (Allen et al., 2007).

From a Human Resource Management Perspective, the rise in female entrepreneurship is vital for the economy. According to Alvarado and Lynham (2005), as organizations become diversified, they will have to pay attention to women and ethnic minorities to serve better their future needs and remain competitive. In addition, research demonstrated that economies and organizations suffer when skilled and talented women leave their jobs (Hewlett and Luce, 2005)

Entrepreneurship is believed to enable women to balance work and family commitments at home while fulfilling their business objectives. Married women with greater family responsibilities are more likely to be self-employed, and that in turn the impact is stronger for more educated women (Wellington, 2006).

Entrepreneurs emerge in the society mainly due to two reasons – forces of circumstances or change and ambition or choice. Some women enter into entrepreneurial field due to forces of circumstances that is merely by chance. But, there are others whose aim to undertake entrepreneurial career. Thus, entrepreneurship is their only choice and there is no second option of some other career.

### **Growth of Female Entrepreneurship**

Globally, the number of women business owners is gradually increasing, and it has been estimated that firms which are run and owned by women account for between 25% and 33% of all businesses. It is suggested by Tominc and Rebernik (2003: 781) that apart from generating an important amount of GDP, women are also influencing how the business community, the public, officials and the media see and responds to them. An important point to be noted here is that female entrepreneurs are not taken as a very large group in business sector. They are treated as a varied and intricate group with wide-ranging backgrounds, situations and worldviews. The result of this is that the study of women and entrepreneurship is emerging (McKay, 2001). As per 1991 census, only 185900 women accounting for only 4.5% of the total self-employed persons in the country were recorded. Majority of them are engaged in the unorganized sector like agriculture, agro based industries, handicrafts, handlooms, and cottage based industries. There were more than 295680 women entrepreneurs claiming 11.2% of the total 2.64 million entrepreneurs in India during 1995-96. This is almost double the % of women (5.2%) among the total population of self-employed during 1981.

The present rate of 30% success of EDP training was likely to go up to 45% with growing experience and improved techniques of training and follow up. The women were to be given training in self-employment/entrepreneurship of shorter duration as well as some training in trade and skill areas.

In order to mobilize such of women entrepreneurs, a number of activities such as motivational drive; preparation of information material; conducting training; creation of women industrial estates/areas/sheds; creation of common marketing exposition centers, training of trainers/ promoters; use of mass media, etc are required. Combined effect of all these is bound to accelerate the process of women entrepreneurship development.

### **Factors influencing the Female Entrepreneurship:**

(i) **Internal and External Factors:** Entrepreneurship is the discovery, evaluation, and exploitation of future goods and services which involves the study of opportunities (Shane and Venkataraman, 2000).

#### **Internal Factors:**

Among internal factors that have been attributed to successful entrepreneurs are self-efficacy and risk

taking. Self-efficacy refers to the “beliefs in one’s capabilities to organize and execute the courses of action required producing given attainments” (Bandura, 1997, p. 3).

Self-efficacy is known to impact entrepreneurial intentions (Sequeira et al., 2007) and entrepreneurial success (Bandura, 1992). Some studies (Chen et al., 1998; Chowdhury and Endres, 2005; Gatewood et al., 2002; Kourilsky and Walstad, 1998) suggest that women have lower entrepreneurial self-efficacy compared to men and this may negatively impact their growth.

Risk taking is recognized as another internal factor attributed to successful entrepreneurs (McClelland, 1987). Van Praag and Cramer (2001) mention that since entrepreneurship is a risky business whether one becomes an entrepreneur depends on their ability to take risks. As Slovic (2000) mentions, the majority of research on risk perceptions has shown that women are more concerned about risks of starting a business than men. Since risk taking is an important quality of successful entrepreneurs, risk averseness of women entrepreneurs may be viewed as a barrier to their growth.

### **External Factors:**

The two external factors we examine are gender stereotypes and culture and traditions of the society. Studies (Nel et al., 2010; Winn, 2005) refer to gender stereotypes as one of the severe barriers women entrepreneurs face. Such stereotypes not only influence the perceptions of women entrepreneurs by others but it also impacts women’s desire to start their own businesses (Gupta and Bhawe, 2007). Further, as Brush et al. (2009) argue, in examining women entrepreneurs it is important to pay attention to the environmental factors such as expectations of society and cultural norms. The culture and the traditions of a society may limit women entrepreneurs’ exercise of choices (Brush et al., 2009).

### **(ii) Pull and Push Factors**

Pull factors women entrepreneurs choose a profession as a challenge as adventure with an urge to do something new and to have independent occupation.

Autonomy is one of the ‘pull’ factors, which influence a woman to be entrepreneur.

Push factors, women take up business enterprises to get over financial difficulties when responsibility is thrust on them due to family circumstances.

Frustration and Boredom in their past jobs are the ‘push’ factors, which make women undertake entrepreneurship as their career.

### **(iii) Opportunity Entrepreneurship Vs. Necessity Entrepreneurship**

Given this definition, the academic field of entrepreneurship incorporates, in its domain, explanations for why, when, and how entrepreneurial opportunities exist; the sources of those opportunities and the forms that they take; the processes of opportunity discovery and evaluation; the acquisition of resources for the exploitation of these opportunities; the act of opportunity exploitation; why, when, and how some individuals and not others discover, evaluate, gather resources for, and exploit opportunities; the strategies used to pursue opportunities; and the organizing efforts to exploit them. (Shane and Venkataraman, 2000)

**Necessity entrepreneurs** are individuals in developing countries who start small enterprises out of **necessity**. While they range from street sellers to educated hopefuls with little access to formal employment, the one thing that unites them is the need to survive. An estimated one billion individuals in both developed and developing nations can be defined as necessity entrepreneurs; individuals who have no other viable option for licit income than to start a small, income-generating activity. However, unless these ‘necessity entrepreneurs’ have access to meaningful education, they will never realize the powerful, economic potential to impact the economic development of their respective nations. This volume is the foundation upon which the budding discipline of necessity entrepreneurship can be built.

**(iv) Micro and Macro views of Entrepreneurship :**

According to macro view, some external environment includes availability of finance, venture capital etc., displacement (economic, social and political displacement) and availability of venture opportunities etc.

According to micro view, it is the individual who can control her destiny to become an entrepreneur or salaried person. The micro view emphasises the personality trait of the person, capability of planning etc.

**(v) Other factors in the emergence of Entrepreneurship:**

There are four factors in the emergence of entrepreneurship

- a. Self-sphere system: it defines how an individual gathers knowledge, skill and motivation to become entrepreneur.
- b. Socio-sphere system: it relates to family expectations, value orientation to independence, work initiative or innovations etc., which ultimately affect the self-sphere system
- c. Resource system: Technology and Technical Manpower, existing industries and enterprises, transport and communication facilities, power, raw materials, market etc.,
- d. Support system: the support, including banks and financial institutions, their policies and programs and the organizational climate to help or hinder in the growth of entrepreneurship in a society

**(vi) Locational, Motivational and Discouraging factors for the choice of Entrepreneurship:**

The locational factors for starting an enterprise can be summed up as follows in respect of Industry, Service and Business:

Industry: Power Supply, industrial environment and credit facilities;

Service: Raw Material availability, skilled manpower and credit facilities

Business: Market facilities, raw material availability and skilled manpower.

The motivational factors in establishing and managing the enterprise:

Industry: to be self-employed, to achieve higher income and professional expertise

Service: providing employment to others, prestige status and profit motive

Business: to achieve higher income, to be self-employed and profit motive

The discouraging factors in establishing and managing the enterprise:

Many factors create disillusionment among women entrepreneurs, both at the time of starting the enterprise, and more so over a period while managing the enterprise to ensure its success. A determined entrepreneur has to persevere, withstand all the problems, and find solutions with the cooperation of everyone concerned.

Industry: discouragement from the family, competition and labor problem

Service: inadequacy of credit, discouragement from the family and difficulty in getting technical know-how;

Business: inadequacy of credit, labor problem and discouragement from the family.

Discouragement from the family is thus the major problem to be overcome by women entrepreneurs.

**(vii) Others:**

**Human Capital:** Another important factor influencing the choice and performance of women is human capital such as educational background and previous work experience. Human capital plays an important role with respect to entrepreneurial know-how as well as access to external resources (NEPAD, 2003).

Kourilsky (1980) and Bates (1986b) showed that educational attainment levels are positively associated with self-employment and new business formation while the probability of self-employment increases with education.

Also, individuals with prior work experience in related business have significantly higher entrepreneurial



intentions than those without such experience (Kourilsky, 1980).

**Individual Motivation and Goals:** There are a variety of reasons investigated by various researchers of why women leave the mainstream labour market in order to step into the field of entrepreneurship. It has been discussed in previous studies that some motivations, such as achievement, independence, having one's own authority and making one's own decisions, and the locus of control over one's work are broadly examined regarding their affect at the start-up stage (Brockhaus and Horwitz, 1986). There are, however, only a few studies which investigate their effect on venture performance. In a study conducted by the US researchers Hisrich and Brush (1987), it was observed that personal motives and goals have a connection to performance in female enterprises, whereas opportunity motivation was connected to survival and independence was associated with no growth.

**Social Learning Theory:** Numerous theoretical approaches have placed an emphasis on the importance of entrepreneurial socialization that is attached to the social learning theory (Bandura, 1977) as a sort of clarification of entrepreneurial behavior and business growth. It has been illustrated that social learning is likely to occur when the behavior of others is observed and these others are often referred to as role models. The importance of the social learning theory to elucidate business career choices was discovered in various researchers. Hisrich and Brush (1989) also described how parents can exercise a positive impact on female entrepreneurs.

**Network Affiliation:** According to this standpoint, entrepreneurship is embedded in an intricate network of social relationships. Networking is vital in enabling women entrepreneurs to perform well. Aldrich and Zimmer (1986) have suggested that within such networks, entrepreneurship is supported or inhibited by connections between aspirant entrepreneurs, capital and opportunities. This perspective suggests that the performance of entrepreneurs is influenced by the presence or absence of networks, such as membership in organizations, which is crucial for the growth of a business. However, certain divisions and constraints can limit women's access to networks, which can have significant consequences for the performance of female entrepreneurs (Aldrich, 1989).

**Environmental Influences:** With regard to entrepreneurial activity, many researchers have pointed out that environmental factors influence women's entrepreneurship. It is presumed that there are certain crucially determining factors, such as a differential structure of opportunity, site, sectorial activities and socio-political variables (i.e., access to government support), in the performance of entrepreneurs. According to Lerner et al. (1997), positive environmental factors improve the performance of women entrepreneurs.

**Social Capital:** Gender, along with socio-demographics, influences access to different forms of capital, and capital, in turn, influences entrepreneurial success. The important determinants of social capital are network contacts, entrepreneurs in the family, and spousal emotional support (Putnam and Feldstein, 2003). Bourdieu's theoretical framework focuses on the influence of socialization processes and cultural capital in developing individuals' aspirations (1993). Social capital refers to "social networks, norms of reciprocity, mutual assistance and trustworthiness" (Putnam and Feldstein, 2003: 2). The dimensions of social capital are defined by Narayan and Cassidy (2001) in terms of group characteristics, generalized norms, togetherness, everyday sociability, neighborhood connections, volunteerism and trust. Various researches have differentiated between bridging and bonding social capital (Kretzmann and McKnight, 1993; Woolcock and Narayan, 2000; Putnam, 2000). In bonding social capital, people who have similar interests or are similar in some respect are brought together. In bridging social capital, individuals with different interests are brought together.

## CONCLUSION

The study reveals that women want to start their units to earn money, to be self-dependent, to utilize their skills and talents, to get recognition, to get satisfaction and to get better status in the society.

Women entrepreneurs are inspired by the guidance from their parents or husbands for starting their enterprises. Increased financial assistance from Banks and Financial Institutions, Subsidies and Incentives from the Government and Training by NGOs affected the performance of the enterprises of the female entrepreneurs.

The survival and sustainability of the women's microenterprises depend overwhelmingly on external supports, all the way from generating appropriate production technologies and skills to financial support and access to credit to marketing and enterprise management. In one sense, these factors hold true for all enterprises, whether micro, small, medium, or large. However, the capabilities of the women living in poverty are the crucial factors. Those who are capable and possess the skills and knowledge have fought through the non-conducive environment and have progressed.

Real empowerment can come only through capacity building and independence. women entrepreneurship development programs help enterprises to graduate from being basic income-generating projects to sustainable businesses at preservation levels, and then gradually to enterprises that are focused on growth and raise expectations for economic development and the alleviation of poverty in developing nations.

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