

### III. PROFILE OF WOMEN ENTREPRENEURS

#### A. Motivation for start up

Many studies have observed that there are certain differences between men and women in their reasons for starting a business. For example, Lavoie (1992), in a study based on women entrepreneurs in Canada found that financial gain is not the primary motivating factor for women, who are more likely to start a business for the challenge and opportunity for self-fulfilment. In contrast, studies from developing countries (Patel, 1987; Das, 2000), suggest that there are three categories of women entrepreneurs – “chance”, “forced” and “created” entrepreneurs – based on how their businesses got started. Chance entrepreneurs are those who start a business without any clear goals or plans – their businesses probably evolved from hobbies to economic enterprises over time. Forced entrepreneurs are those who were compelled by circumstances (e.g., death of a spouse, the family facing financial difficulties) to start a business, their primary motivation, hence, tend to be financial. Created entrepreneurs are those are “located, motivated, encouraged and developed through Entrepreneurship Development Programmes”. Many other studies on women entrepreneurs have attributed broadly the same reasons for starting a business. According to one study by Das (2000), the most common reasons given were either “financial” or “to keep busy”. Only about one fifth of women were drawn to entrepreneurship by “pull” factors, for instance, the need for a challenge, the urge to try something on their own and to be independent and to show others that they are capable of doing well in business.

**Table 4: Categories of women entrepreneurs (by reasons for starting the business)**

<p><b>Chance Entrepreneurs</b></p> <ul style="list-style-type: none"><li>• Had time / to keep busy</li><li>• Was hobby / special interest</li><li>• Family / spouse had business</li></ul> <p><b>Forced Entrepreneurs</b></p> <ul style="list-style-type: none"><li>• Money / needed the money</li><li>• To help family financially</li></ul> <p><b>Created or Pulled Entrepreneurs</b></p> <ul style="list-style-type: none"><li>• Control over time, flexibility</li><li>• Challenge, try something on one’s own</li><li>• Show others I could do it</li><li>• To be independent</li><li>• Self satisfaction</li><li>• Example to children</li><li>• Employment to others / do something worthwhile</li></ul>
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*Source: Das, 2000.*

## **B. Personal characteristics of women entrepreneurs (age, education, marital status)**

In India, a majority of women entrepreneurs in SMEs fall within the age group of 25- 40 years. Most SME women owners are married. They have a good educational background, with most of them at least graduates, and have an above average record in education and participation in extra-curricular activities. Most have an urban background and have lived in small nuclear families, both before and after marriage. A majority of women entrepreneurs in SMEs are from Hindu forward communities, with Brahmins being the largest proportion. In the northern part of the country, it is mainly women belonging to communities which have traditionally been in business e.g., Bania or Punjabi Khatri. Among the states, Gujarat, Maharashtra and Karnataka have more women entrepreneurs. These women are either from families which are already in business or have service backgrounds. They have highly educated fathers or husbands (Lalitha Rani, 1996; Sharma and Dhameja, 2002; Walokar, 2001; Ganesan, 2003; Das, 2000).

Studies from other South Asian countries show the same trends. A survey of women entrepreneurs in the formal sector in Pakistan in 2002 showed that most entrepreneurs were in the age group of 20-39 years (Goheer, 2002). It also showed that the likelihood of a Pakistani woman being in business was greater if she lived in a nuclear family structure, while the predominant mode in Pakistan is an extended family structure. Living in a nuclear family structure would mean that women have relatively less interaction with the older generation and are less constrained by their social/cultural influence. The literacy rate of women entrepreneurs and their close relatives were well above the national average. While the female literacy rate is 32.6 per cent in Pakistan, 97 per cent of the survey respondents were literate. Information regarding the level of education is revealing as it indicates that the majority of women entrepreneurs belonged to the upper tiers of graduates and post-graduates. Most had supportive husbands and families. The study also showed that the educated woman with an educated family background is much more likely than an average Pakistani woman to start or run a business.

In Bangladesh, a study by Abu Saleh (1995) observes that 75 per cent of women entrepreneurs in the sample were degree-holders. In Sri Lanka, most successful women entrepreneurs belong to families with economic resources (ADB, 1999). Concerning the social background, a study of women entrepreneurs in Nepal showed that women from the Tibeto-Burman communities are socially less constrained than those belonging to the Indo-Aryan communities in terms of entrepreneurial tendencies (ADB, 1999).

In sum, the level of education in combination with a supportive family or social environment seems to be important requisites for women entrepreneurship.

### **C. Ownership structures**

Studies show that SMEs owned by women entrepreneurs mostly are of sole proprietorship in India. Proprietorship ventures are popular because of lower initial investments and availability of tax incentives. Some private limited companies and a very small number of partnership concerns, mainly along with relatives also exists (Sharma and Dhameja, 2002; Walokar, 2001; Ganesan, 2003). In Pakistan, the same trends are evident – most women owned SMEs have legal status of a sole proprietorship, which is the simplest form of business organization requiring few legal formalities. It is interesting to note that the proportion of partnerships in the businesses owned by women in Pakistan is twice the national average. There is also the phenomenon of surrogate ownership as earlier referred to.

### **D. Major sectors**

A majority of women entrepreneurs in India are concentrated in the light manufacturing sector (leather, garments, engineering goods, beauty products). The second most common category is that of services (interior designing, management and placement, consultancy, nursery school). This is followed by the retail trade sector including boutiques, home furnishing, automobile dealing, etc. (Lalitha Rani, 1996; Sharma and Dhameja, 2002; Ganesan, 2003). In the 1970s and 1980s women entrepreneurs were confined to “kitchen-enterprises” – the three Ps: pickle, powder (spices) and papad – or “soft” traditionally feminine enterprises, such as garments, beauty care, etc. However, from the 1990s and onwards, with increased levels of education, more women have opted for entrepreneurial careers in plastics, electronics and leather related industries. However, overall women entrepreneurs gravitate towards ventures with low investment and lesser technological barriers (Lalitha Rani 1996; Sharma and Dhameja 2002; Lakshmi, 1998).

Some studies also show that at the start-off stage, most are clustered in the service/trade sector, and only after gaining experience here for 8-10 years, they exhibit entrepreneurial mobility to move to the manufacturing line (Sharma and Dhameja, 2002). More service sector entrepreneurs were employed prior to setting up their own enterprises than women entrepreneurs in the manufacturing / trading sector. Moreover, women entrepreneurs in the service sector are more educated than those in the trading sector (Lalitha Rani, 1996).

Service sector units are generally not inherited and are entirely started by the women entrepreneurs themselves (Lalitha Rani, 1996). The ease in setting up an enterprise and availability of technical know-how are considered as priorities by women in trading and manufacturing enterprises, whereas women entrepreneurs in the service sector are influenced by the profession or occupation taken up earlier (Lalitha Rani, 1996). Most women-owned SMEs are “single products/service” ones and no diversification have taken place. In rare cases of diversification, the reason has been more a strategy of survival. They have only one mainline activity with low ambitions for growth (Walokar, 2001; Rajivan, 1997). Manufacturing and service sector women entrepreneurs prefer expanding their present enterprises, while trading sector entrepreneurs aspire more to set up new enterprises as they are easier to set up (Lalitha Rani, 1996). Women entrepreneurs prefer enterprises with lesser gestation periods and

a majority of the units earn a profit before the second year of operation (Lalitha Rani, 1996).

In Bangladesh, most women entrepreneurs are engaged in cottage and small scale enterprises where they can also apply traditional type of technologies (Lakshmi, 1998). In Sri Lanka, they are concentrated in culturally perceived “feminine” areas such as sewing and dress making. A study in Pakistan (Goheer, 2002) shows that most women were engaged in traditional business while a tiny minority were in non-traditional business, with textiles and apparel being the prime area of activity.