



Success Status of Women Entrepreneurs in a Globalized Environment- A Micro Level Study

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Abstract:

Countries that do not capitalize on the full potential of one half of their societies are misallocating their human resources and undermining their competitive potential” (World Economic Forum, 2005). In the era of globalization, societies need to see women as a promoter of economic growth and social transformation. Moving forward on gender equality and empowerment of women would have a tremendous impact on development in areas of peace and security, effective and democratic governance, human rights and poverty reduction (IDLO, 2007).The present study aims at understanding the performance of women entrepreneurs by estimating the sales turnover and profit model for the women in business and service sectors and to assess the success status of the sample women entrepreneurs.

Introduction

“Countries that do not capitalize on the full potential of one half of their societies are misallocating their human resources and undermining their competitive potential” (World Economic Forum, 2005). In the era of globalization, societies need to see women as a promoter of economic growth and social transformation. Moving forward on gender equality and empowerment of women would have a tremendous impact on development in areas of peace and security, effective and democratic governance, human rights and poverty reduction (IDLO, 2007).

Gender equitable enterprise development and women’s empowerment are essential components of pro-poor growth. They are essential to economic growth because of the increasing numbers of women entrepreneurs. Millions of women at all income levels in developing, transition and industrialized countries are setting up enterprises. In some countries, particularly in Africa, women entrepreneurs now outnumber men in the small-scale sector. The numbers and scale of women’s enterprises are increasing at a faster rate than those of men. Increasing the profits and efficiency of women’s enterprises is therefore essential to growth within the economy as a whole for poverty eradication and employment creation because women are generally poorer than men, spend more of their income on their families and operate more labour-intensive enterprises using female labour (Linda Mayoux). In the advanced countries of the world there is a phenomenal increase in the number of self-employed women. In USA when women won 25 percent of all business, in Canada 1/3rd of small business are owned by women and in France, it is 1/5. In UK the number of self-employed women has increased three fold as fast as the number of self-employed men (www.employmentnews.com).

It is estimated that women entrepreneurs presently comprise about 10 per cent of the total number of entrepreneurs in India, with the percentage growing every year. If the prevailing trends continue, it is likely that in another five years, women will comprise 20 per cent of the entrepreneurial force. With corporates eager to associate and work with women-owned businesses, and a host of banks and non-governmental organizations keen to help them get going, there has rarely been a better time for women with zeal and creativity to start their own business. Endowed with the famous female intuition that helps them make the right choices even in situations where experience and logic fail, women have innate flair for entrepreneurship. Although men and women may be motivated by

different goals and expectations women entrepreneurs are just as competent, if not better, than their male counterparts. Women are natural net workers and relationship builders, forging powerful bonds and nurturing relationships with clients and employees alike. They are also more inclined to seek out mentors and develop supportive teams. In business this translates into establishing rapport with clients and providing great customer service. This perhaps is the reason why many women tend to launch businesses that are client based or service-oriented (tsummit, 2008).

Literature Review on Entrepreneurs Success

Latha and Murthy (2004) made a study of 100 business entrepreneurs in Tirupathi region and found that success of the business was due to the motivation from the family members. According to Vaijayanti Pandit (2005), the pull factors are located in the genetic make-up and the push factors are in the entrepreneurial environment that fosters and nurtures business growth. Entrepreneurial success is a combination of inborn factors and congenial entrepreneurial environment, the mix and proportion can vary.

The study by Singh Sehgal, Tinani and Sengupta (1986) on “Successful Women Entrepreneurs: Their Identity, Expectations and Problems” was based on 60 successful women entrepreneurs of Delhi. It was found that 39.6% of the successful women entrepreneurs had training whereas 60.4% had no training. About 18.7% of the women entrepreneurs perceived no operational problems whereas 81.3% indicated problems of varied nature like managing workers (23%), marketing (20.5%), recovery of dues (17.9%), financial constraints (10.2%) and mobility (13%). On the query of operational problems faced by virtue of being a woman, 48% had no problems, 8% faced fewer problems and 44% women had to fight harder in the entrepreneurial world to succeed.

The study by Madhulika Kaushik (1994) on “Entrepreneurial Competencies and Gender wise Variation” was based on 40 women and 30 men entrepreneurs from Delhi. The study analyzed the concept of entrepreneurial competencies as determinants of entrepreneurial success and traced the gender wise variation in entrepreneurial competencies. The findings indicated conclusively that, on the whole, successful female entrepreneurs were more like the successful male entrepreneurs and were significantly different from unsuccessful female entrepreneurs. Gender could therefore not be a determinant of competence levels and in turn entrepreneurial success. Similar findings were found in the study “Micro Women Entrepreneurs” by Rathakrishnan and

Sellammale (2002), which revealed that women generated more income than men owing to dynamism in selling their products in the open market.

Prasad and Venkateswara Rao (1998) in their study “Socio-Economic Background of Women Entrepreneurship-A Case Study of Andhra Pradesh”, based on 125 women entrepreneurs, observed that the first generation entrepreneurs and units established by women before marriage were not successful. Units promoted by entrepreneurs after marriage and having grown-up children and technically educated were doing business successfully.

The various studies enumerated above covered various dimensions. Based on the literature reviewed and inference drawn by an in-depth study, it was found that the earlier studies had not concentrated much on the performance of the women entrepreneurs. Keeping in view with the above research gap, the present study aims at understanding the performance of women entrepreneurs.

The study aims at realizing the following objectives

1. To estimate the sales turnover and profit model for the women in business and service sectors and
2. To assess the success status of the sample women entrepreneurs.

Hypotheses

The hypotheses tested were, the women entrepreneurs did not differ significantly.

1. In operating cost and sales made by them, and
2. In their net profit.
3. There was no association between the success level and caste, type of family/ marital status/ educational level/ occupation/ investment made/ years of experience and age of the women entrepreneurs.

Selection of Sample Units

The sample unit consists of 200 women entrepreneurs. Out of 200 respondents 100 each were engaged in business and service sectors. Only those women entrepreneurs, who had set up the units within the Coimbatore Municipal Corporation limits, were selected. Convenience sampling technique was adopted in the selection of sample units. The occupations of the respondents were divided into two categories such as business and service. The occupations considered under ‘business’ are ‘provisional stores’, ‘textiles’, ‘fancy stores’, ‘petty shops’ and miscellaneous. The occupations falling under ‘service’

include 'tailoring', 'mess', 'computer centres', 'beauty parlours', 'dry cleaning' and miscellaneous.

Costs

Once a unit has started functioning, expenses are to be incurred to carry out the day- to-day operations. It becomes essential to make an estimate of the cost incurred by the units. The costs incurred by the women entrepreneurs in terms of transportation, electricity, wages, materials and other expenses are analyzed. The details of the item wise cost met by the women entrepreneurs of the study group are given in the following table1.

(in Rs.)

Occupation Input	Business	Service	Total
Labour	165	488.27	315.4
Transport	118.2	44.43	87.85
Electricity	178.6	193.6	184.88
Rent	511.5	595.87	553.04
Materials	2331.3	1567.95	1996.80
Others	31.2	112.78	64.79
Average cost	3335.8	2475.25	2905.5

Table 1: Average Cost

Source: Calculations based on field survey

On an average, the cost incurred by the women in the business and service sectors were Rs.3335.8 and Rs.2475.25 respectively. The cost incurred for materials procured was high for the women in business sector (Rs.2331.3) compared to the women in service sector (Rs.1567.95). The amount that the women had to pay towards rent and wages were high among the women in service sector compared to the women in business sector. On an average, the women in service sector had to pay Rs.595.87 towards rent and Rs.488.27 as wages. These costs for women in business sector were Rs.511.5 and Rs.165 respectively. The calculated t-values (2.126) showed that there was significant difference in the average cost, incurred by the women in business and service activities.

Sales

Sales focus the needs of the seller. Sales are the last link in business with the customer (Philip Kotler, 2001). Sales are the end product of the activities being carried out by self-employed women. This section analyses the monthly sales made by the women

respondents. The average monthly sales were Rs.12492.4 and Rs.9601.87 respectively among the women in business and service sectors. Women in business sector comparatively made high sales than the women in the service sector.

To find out statistically whether there is any significant difference in the sales made by the women in business and service sector 't' test was applied. It can be inferred that the calculated 't' value (2.617) was greater than the theoretical value and hence there was significant difference in the sales made by the women in business and service sector of the study group.

Model Estimation on Sales

An analysis was carried to find out the factors which have greater influence on sales. An increase in the fixed and working capital and total investment of a firm would increase the sales. With work experience one can expect an increase in sales. Total workers also can contribute to an increase in sales. It is essential to compare women in business and service sectors in order to find out the extent of increase in sales by both the groups. The factors included in the analysis were total sales, working capital, total workers which include family and hired labourers, fixed capital, experience, total investment and training. To find out the extent of influence of the variables on the sales made by the women in the business and service sectors, step wise multiple regression equations were estimated. The ordinary least squares method was applied. The estimated multiple regression equations are given in the following table 2.

Eqn. No.	Variables Occupation	Constant	Fixed capital	Working capital	Labour	Training	Investment	Experience	R ²	F*
1	Business	-4609.913 (-0.992)	-	0.128* (2.671)	9087.9** (2.124)	3382.55** (2.478)	0.075* (3.504)	-	0.654*	44.857
2	Service	8944.68* (3.329)	0.104* (3.184)	-	2033.5** (2.025)	7626.22* (5.398)	-	-2340.23* (-4.058)	0.390*	15.204
3	Total	5067.88* (3.244)	0.091* (3.278)	-	-	7517.1* (6.846)	.055* (3.093)	-969.158* (-2.716)	0.417*	34.871

Table 2 : Determinants Of Sales – Multiple Regression Analysis

Source: Estimates based on field survey data.

*Statistically significant at 1 percent level. **Statistically significant at 5 percent level.

Figures in brackets denote 't' value of the parameter estimate. Dependent variable - Sales

From the derived results, it can be seen that in the business sector, about 65 per cent of the variations in sales was explained by working capital, total workers, training and investment (equation 1). Fixed capital and experience did not have any significant impact on sales. In the case of women in service sector, 39 per cent variations in sales were due to fixed capital, labourers and training (equation 2). But experience had an inverse impact on sales. Working capital and investment was not a significant factor for women in service sector. When both business and service were combined, it was found that fixed capital, training and investment could explain about 41 per cent of the variations in sales (equation 3). Experience had an inverse impact. The above analysis brought out the importance of providing training to women entrepreneurs for enhancing their sales.

Net Profit Analysis

The health of a business enterprise is related to its growth and profit earned. Profit earned by fair means becomes an acid test of performance of a business enterprise, for; profit depends upon successful accomplishment of the social obligations relating to the selling of quality products, its price and popularity in the society in which it is functioning. Thus, the crucial importance of profit of a unit cannot be overstressed. Moreover, profit earned provides the money for repaying the debts incurred, to contribute a substantial amount to the household income and to expand the business (Yadav, 1996). Therefore the profit earned by the women entrepreneurs within the sectors and across the sectors was analyzed in order to explore the causative factors which determine this divergence.

The average profit earned by the women in business was Rs.9206.5 and for women in service sector it was Rs.6684. To find out whether the profit earned by the women in business significantly differed from the profit earned by the women in service, 't' test was applied. From the calculated 't' (2.684) it can be inferred that there was significant difference in the profit earned by the women in business and service sectors of the selected sample study.

Determinants of Net Profit

An analysis was carried out to find out the factors which contribute to the profit of the study group. The chosen variables of the analysis were year of entering the business, age of the self-employed women, marital status of the women, educational level, number of hired labourers, total investment, total monthly sales and location.

To find out the extent of influence of the variables on the profit made by the women in the business and service sectors, step wise multiple regression equations were

estimated. The ordinary least squares method was applied. The estimated multiple regression equations are given in the following table 3.

Eqn. No.	Variables Group	Intercept	Sales	Location	Labour	R ²	F*
1	Business	905.264** * (1.723)	0.738* (43.235)	- 486.68** (-2.080)	-	.951 *	944.87
2	Service	1144.681* (4.882)	0.727* (64.008)	- 464.584* (-3.264)	- 351.395* (-3.663)	.983 *	1855.2 1
3	Total	1167.69* (3.806)	0.736* (71.159)	- 453.783* (-3.48)	-373.52* (-2.648)	.965 *	1783.8 7

Table 3: Determinants Of Profit– Multiple Regression Analysis

Source: Calculations based on field survey. Dependent variable- Profit

* Statistically significant at 1 % level

Figures in brackets denote 't' values

**Statistically significant at 5 % level

*** Statistically significant at 10 % level

Applying step wise multiple regression analysis, the variables which significantly determine the profit of the self-employed women in the business and service sector was, total sales. The other variables, viz, year of establishment, age, marital status, educational status, and total investment were insignificant and hence omitted from the analysis. For the women in the business sector, with increase in sales, the monthly profit of the entrepreneurs also increased (eqn 1). This was also reflected in the equations estimated for the women in the service sector (eqn 2) and combining the women in the business and service sector (eqn 3). In all these equations, sales alone could explain more than 90 percent of the variations in the profit of the women entrepreneurs. Apart from sales, the number of labourers employed and location also had a significant negative impact on the monthly profit earned by the women entrepreneurs of business and both combined. This was reflected in equations 2 and 3. These self-employed women, who are in the poorer income strata, while hiring labourers, had to pay wages from their profit. This automatically reduces their profit. Hence, the negative significant impact. For a labour hired, profit was found to decline atleast by Rs.350 per month in the service sector. For the entire group, profit declined by Rs.370. But for the women in business sector labourers did not have a significant impact. Apart from these two variables, location is yet another

variable having a significant impact on the profit level (eqn 1,2 and 3). Since most of the units were on rental premises the profit declined by Rs. 450. The educational level of the self-employed women of the study group had no significant impact on their profit. It calls for providing skill training to the self-employed women. The insignificant impact of investment on profit is the result of the lesser investment made by the self-employed women. Hence, if the investment limit is increased, it can exercise a greater influence on the profit generated by the women.

Success Status

Based on the classification of Akhouri (1996) a woman entrepreneur is classified as 'very successful' if he/she can make a net profit of 20 per cent of total investment. The woman entrepreneur is said to be 'successful' if he/she can make a net profit of 10 per cent of total investments. The self-employed is 'unsuccessful' if he/she fails to make a net profit of atleast 10 per cent of total investment. The above said criteria were used in locating sector wise 'very successful', 'successful' and 'un successful' entrepreneurs. The following table gives the success status of the women entrepreneurs based on the above criteria. The performance was assessed on net profit to total investment and the results are given in the following table 4.

(in %)

Occupation	Business	Service	Total
Performance			
Very successful	61	47	108
Successful	26	12	38
Unsuccessful	13	41	54
Total	100	100	200

Table 4: Performance of the Self-Employed Women Based On Net Profit to Total Investment

Source: Calculations based on field survey

Among the women entrepreneurs in the business sector, 61 per cent of the units were able to make a net profit exceeding 20 per cent of total investments and hence were 'very successful'. About 26 per cent of the units were able to make a net profit of 10 per cent of total investments and hence were 'successful'. The remaining 13 per cent of the

units fail to make a net profit of at least 10 per cent of their total investment and hence were 'unsuccessful'. Based on the net profit to total investment criteria, the percentage of units under service sector, deemed to be 'very successful', 'successful' and 'unsuccessful', were 47 per cent, 12 per cent and 41 per cent respectively. Comparing the performance of women in the business sector and service sectors it can be inferred that the percentage of 'very successful' women was high among the women in the business sector.

Determinants of Success Status

This section analyses whether the success status of the women entrepreneurs were dependent on socio-economic factors. The following social and economic variables were considered for carrying out the analysis. The chosen variables were caste, type of family, marital status, educational level, occupation, investment made, years of experience and age of the women entrepreneurs.

Occupation Variables	Business	Service	Total
Caste	6.954	8.465	9.624
Type Of family	0.137	2.515	1.902
Marital status	3.962	3.937	5.075
Education	0.203	2.243	1.166
Occupation	-	-	23.452*
Investment (Rs)	116.4**	178.331*	255.587*
Years of	18.362**	59.958*	92.645*
Age (years)	40.639	53.423**	67.605*

Table 5: Association Of Success Status With Selected Variables - χ^2 values

Source: Calculation based on filed survey.

*Statistically significant at 1% level **Statistically significant at 5% level

The above table 5 provides the calculated χ^2 values. From the table it could be seen that the calculated χ^2 value for investment is greater than the theoretical value. Hence the null hypothesis was rejected. Therefore, there is a relationship between investment and success level. Investment has influenced the success level of the women in business and service sectors and both combined.

For the women in business, success status was dependent not only on their investment but also years of experience. The other chosen variables had no influence on the success status.

For women in service sector, the success status was found to depend on investment, years of experience and age since the calculated χ^2 values for these variables exceeded the theoretical χ^2 values.

When both were combined, for the total population, the success status was dependent on investment, years of work experience, age and occupation. Thus the success status of the women entrepreneurs was dependent on social and economic factors.

Conclusion

Women's participation in the informal sector activities is necessary to serve lower income groups. It is essential to impart training to the women entrepreneurs through governmental and non-governmental agencies, not only to increase their marketing skills and but also to raise their economic status. Institutional credit for the women entrepreneurs has to be strengthened. There is a need to adopt an integrated approach towards the empowerment of women.

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