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Employment Guarantee Scheme and the Workers – A Case Study Approach for Identifying a Woman Entrepreneur’s Challenge

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Abstract:

The case aims at bringing relatedness to the otherwise independent terminologies yet practically a trilogy of matter to business as far as small business units are concerned. This case study tries to unearth the challenges women entrepreneurs face particularly such units which are labour intensive and are developed as support centres to large reputed organizations. The time bound activities and the seasonal swings together keep the planning and forecast of this units robust. Since such units runs on practical wisdom most now has to account for the ever unpredicted worker scarcity as against the foresight for availability of workers from in and around the place of establishment of such units. The study is based on one of the umbrella making units in Alappuzha district run by a woman entrepreneur who have started with the noble cause of providing a livelihood to the deserving women of the neighbourhoods as well to find an additional source of income for the family. The immediate challenge faced by the unit is fluctuating availability of workers as the employment guarantee scheme has influenced these women workers. The study is to bring about a connectedness between women entrepreneur, employment guarantee scheme and the worker availability as a challenge for women led small enterprises.

Keywords: Women entrepreneurs, Employment guarantee scheme, MSME challenges

1. Introduction

Women entrepreneurs are always in the limelight as they bring in scope for livelihood for the destitute and the needy in the locality. Moreover the passion, dedication and empathy shown by such women entrepreneurs are worth appreciating and any society will appreciate the goodness of such small enterprises. Mrs Suja also consider herself as a women entrepreneur because she believes in the fact that an entrepreneur is someone who extends a helping hand for those who are in need of a job to uplift their family and she sees herself as part of this noble dutifulness as an entrepreneur. Mrs. Suja has started a small umbrella assembly unit in Alappuzha district of Kerala in the southern tip of the Indian subcontinent where the umbrella giants like “Johns” and “Popy” had made remarkable brand equity. Mrs. Suja identified an opportunity in setting up a small assembly unit in her own house for these giants. The start-up was well supported by the umbrella companies and the necessary equipments and tools were provided as against the mortgage of their house property deed which will be returned on winding up. She was contended with the enterprise, its activities and the availability of workers. The unit kept growing without many challenges.

2. Women Entrepreneur

Women in business are a recent phenomenon in India. By and large they had confide themselves to petty business and tiny cottage industries. Women entrepreneurs engaged in business due to push and pull factors. Which encourage women to have an independent occupation and stands on their own legs. A sense towards independent decision-making on their life and career is the motivational factor behind this urge. Saddled with household chores and domestic responsibilities women want to get independence under the influence of these factors the women entrepreneurs choose a profession as a challenge and as an urge to do something new. Mrs. Suja apart from these factors found that there are plenty of households in need of additional income to keep themselves afloat and there are women available in the neighbourhood who could freely spare time from their regular chores to earn some additional income to support the family.

Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. (Dr. AmanDeep Singh, 2013) (Adki, 2014). Government of India has defined women entrepreneurs as an enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of employment generated in the enterprise to women. A woman entrepreneur engages in all possible functions in establishing and running of her enterprise. She should explore the prospects of starting new enterprise; undertake risks, introduction of new innovations, coordination administration a, control of business and providing effective leadership in all aspects of business.

Kamal Singh who is a woman entrepreneur from Rajasthan, has defined woman entrepreneur as “a confident, innovative and creative woman capable of achieving self-economic independence individually or in collaboration, generates employment opportunities for others through initiating, establishing and running the enterprise by keeping pace with her personal, family and social life.” (Devi.C.N, 2014)

As an entrepreneur, a woman entrepreneur has also to perform all the functions involved in establishing an enterprise. These include idea generation and screening, determination of objectives, project preparation, product analysis, and determination of forms of business organization, completion of promotional formalities, raising funds, procuring men, machine and materials, and operation of business. Mrs. Suja could get along with all the responsibilities of the business alongside her responsibilities as a homemaker.

3. Problems of Women Entrepreneurs in India

One of the greatest challenges faced by women is that most of the socially relevant cultures identify them as weak in many aspects, including business. In this prevailing scenario where the male dominance exists there are rare chances for women to be part of this challenging entrepreneurial community, not because they are incapable but the social perception is so that they are less accepted? Thus they lack investment support. Family support and support from other business investors and stake holders.

The financial institutions stay focused on the precautions for extending financial support to women entrepreneurs. One reason is that the level of tangible assets held by women entrepreneurs are very limited to the loans required. This reduces the capacity to find capital and working capital for the enterprise. Even though many schemes have been introduced for the support, there still lack measures to ensure proper dissemination of such support is made. Women to start their own business require support from their own family members which for many is not available. This is yet another reason why financial institutions caution themselves while considering the financial support requests. The financial institutions perceive such women entrepreneurs as vulnerable to own family pull-back and they may return to their status of a home -maker sooner or later..

There is a mounting challenge that restricts most women in scaling –up the business they have ventured into despite several challenges. The social conditioning they receive while they grow up remain a stigma that pulls them back from venturing into the streets selling or doing marketing. They have to rely on intermediaries who may scoop maximum out of the revenue generated and this may in long run reduces the achievement motivation of many women entrepreneurs. Freedom of expression and freedom of mobility hampers the wisdom of women entrepreneurs as they tend to confine themselves to their own locality and develops a myopia in seeing the best practices that is well adopted in similar businesses.

Many Indian women tend to possess a low-risk appetite. This reduces the level of adventure they could have in expanding their business opportunities. Strict negotiation with suppliers who are mostly male reduces the chances of optimizing sourcing profits, coupled with lack of confidence in negotiating may also reduce the chances of gaining from the deal. Thus a complete transformation from the conditioned women personality is a requirement which most women may find difficulty in.

4. Mrs. Suja and Her Umbrella Unit

Mrs. Suja Joseph started an umbrella unit in Pollethai, Alappuzha in the year 2006. The intention of this venture is to provide employment for unemployed women in the neighbourhood in the age group of 18-40 years. The entry into this venture was well facilitated by the family members and the Company which has sanctioned the unit to assemble umbrella for them. The initial stages found no financial constraints as well as the space constraints. Company supplied all the necessary machines, tools, trainers and the raw materials.

Her expectation about this unit is that, unit will act as a “job shelter” for many women who are really facing unemployment. The unit started with 24 employees, most of them were from nearby locality itself and the unit received support locally. The unit systematically identified its requirements of management and recognized issues faster. One of the issues that troubled the unit in the early stages was the number of defective units produced. Most of the defects went unnoticed within the unit inspection and this get noticed when the defectives are returned from the mother company. As the number of defectives carries a remarkable dent in the reputation of the unit, this situation was identified critical. As there is cohesiveness among the unit members it was discussed among the workers and under the leadership of Miss. Suja, measures were adopted within the process of assembly and each working member took this as their individual responsibility to reduce the number of defectives which led to a faster rectification of the problem. Internal motivation and individual training was provided along with strict monitoring at every end to ensure quality output. The effort made results as the number of defectives was reduced almost to zero within a short span of time. This resulted in more orders and the unit flourished.

4.1. The Process Followed in Umbrella Assembly

Each morning between 10.00AM-11.00AM the van will arrive from company to provide the raw materials and also to take finished goods. After receiving the load, one person will do the first step of the assembly that is “fixing frame” it’s the first step because without doing this no one in that unit can proceed with the assembly process. This frame fixing will be done by 3.00 PM. The assembled frame is ready for dispatching and the workers can arrive at any time for collection of their share of frames for further assembly of parts. The share of work and the items are recorded while the worker takes their share. Each worker can take the frames to their respective homes and in their convenience fix it. the condition laid is to return the frames completed with other assembly items fixed without defects before 8.00Am the next day. After that their works will undergo checking, after inspection and checking the finished umbrella is folded properly and bundled for despatch. The collection van will arrive at the designated time and collect the finished umbrella and deliver the next lot for assembly.

Company give wages to workers every Saturday. The company is very sincere and punctual on wage system they will never say any excuses for wages so the workers are very happy and trust the company thereby the trust is extended towards the unit also as the wages is considered an yardstick for continued association with the unit.

Payment scale	Amount (INR)
12 units of three fold umbrella	Rs. 43
12 units of two fold umbrella	Rs. 58
Bonus for every Rs. 100 earned	Rs.10

Table 1

4.2. The Challenge at Present

Current issues and problems faced by this unit is lack of employees. There were 24 employees at the time of starting. At present there are only 10 members. Many workers left the unit for varied reasons and one among the prominent issue that emerged is that many of the workers are convinced with the employment guarantee scheme introduced and the benefits are considered better than any other alternative employment options available in the locality. Some have moved to explore possibilities of better employment to other sectors like coir, mat making, etc. Some have returned while others don't. Those returned and joined back the unit comment that umbrella making was found better than any other possibilities available to them in terms of convenient and flexible timing, workload, work pressure, work-life balance, wages and security. Work seasons of this unit are months of December, January, February. This critical time raises great challenge of getting the work and executing it due to inconsistent availability of workers. The workers may seem available while the order is fetched but by the time the assembly starts there may be work-call based on EGS and the workers may give priority for EGS related work and the umbrella assembly may remain pending. This will hinder the smooth operation of the unit as well creates difficulty for the company. The future association with the company may be affected if the unit does not complete the scheduled tasks on time. The chances for defectives rise as the work pressure mounds due to lack of workers and the work load increase for the available few. Miss Suja and the loyal employees of the unit are worried of the future if the workers are inconsistent and are not available as required. The question remains as to what will the future of the unit be?

5. Employment Guarantee Scheme

National Rural Employment Guarantee Act 2005 was implemented by the government of Dr. Man Mohan Singh former Prime Minister of India, later it was renamed as the "Mahatma Gandhi National Rural Employment Guarantee Act", is an Indian labour law and social security measure that aims to guarantee the 'right to work'. It aims to ensure livelihood security in rural areas by providing at least 100 days of wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

5.1. How Employment Guarantee Scheme works?

Employment Guarantee scheme in every panchayath aims to ensure livelihood security by providing at least 100 days of wage employment in a financial year. Every day their works starts from 9.00AM and the morning session will end by 1.00 PM. after the lunch break, the afternoon session starts from 2.00 PM and the whole day's activity ends by 5.00PM. Employees receive a payment of INR 229 for a day's work. Employees are eligible to receive the daily wage (INR 229) if only they work both forenoon and afternoon. Employment Guarantee Scheme does not provide compensation to the worker if they claim even a half day leave, a half day leave will be considered as a full day leave. If there is a genuine reason for their leave, the reason should be marked in the "site diary". This will be considered by the officials during the next visit and that employee will be paid for that day as per their discretion. "Site diary" is the book which carries the details of the employees assigned to a particular work –site. The reasons for leaves are marked in a separate space provided in the "site diary".

There is no limit for the number of members from a single family who can be part of this scheme at a given period of time. The remuneration is for the women employees and this is conditional for those who complete their 100 days of work without any leave. There will not be any remuneration for male employees. In the case of a family where both husband and wife together participate in the scheme and put together the work if they complete 100 days' of work the wife will be remunerated. (If husband works for 20days and wife works for rest 80days, it will be counted as, 100days of work done and the wife will be remunerated). Remunerations will be cash, and may be in kind which includes umbrella, sari etc. as bonuses

Those who have "Thozhil Card" only can be a part of the employment guarantee scheme. People those who are employed in other sectors may also participate in this scheme and avail the stipulated benefits if they pose the "Thozhil card" and complies the minimum requirements of the scheme.

There will be maximum six monitors under a ward in a panchayath. At the being of the year the monitors will collect the details of the work assignments at their assigned locality in a ward. They will submit this work details to the panchayath. The panchayath will divide the different work assignments into 100 days in a year. There is a paper called 'muster roll' where the names of the workers and the workplace are mentioned. Each 'muster roll' carries only the names of 10 workers only and separate 'muster rolls' will be provided for additional workers. This 'muster roll' will be updated in an interval of seven days. Employees need to sign and their signature in 'muster roll' is considered as their daily attendance. Panchayath calculates the wages eligible for each worker based on the signature count in the 'muster roll'. A 'muster roll' becomes authorized only after the approval from Block Development Officer

or Village Extinction Officer, Panchayath ward member and an overseer. VEO is entitled for surprise checks and if any workers of monitors are found guilty, sufficient punitive action will be taken as per the rules and regulations laid in this regard.

Wage system is very slow. Earlier the wages was distributed to the workers through monitors, but this system encouraged corruption among monitors. So to avoid this, the officials asked every worker to start either a post office account or a bank account. Even though workers have started the accounts either in post office or in bank the condition of the wages payment remained the same. The only difference is that those who started accounts in bank will receive their wages little bit earlier than those who have accounts in post office. The post office accounts of the workers will take nearly one month to credit with wages of a week.

Employees those who opt for this employment guarantee scheme generally belongs to BPL families'. Their general perception and attitude towards this scheme remains positive and they prefer this to many other available jobs as they are struggling to meet their ends daily. Hence they go for this work without any thinking. They wouldn't think that it's only for 100 days in a year and their thinking is limited to the immediate benefit they foresee out of this scheme, they don't think what they will do after the completion of 100 days. Many small scale units, which had enough workers to keep it going, face acute challenges in finding enough workers for their daily routines. Most of these workers prefer to spread their days to Employment guarantee scheme as their perception to this is as if they have a central government job and their attitude for pension keep them from wanting to participate in this scheme while sacrificing the regular paid job at a nearby small scale business unit. Thus one of the key sources of employee scarcity at many micro, small and medium enterprises could be traced down to such schemes.

6. The Shift in the Bargaining Power – A Challenge!!

Through the case it is evident that apart from every challenges cited yet another issue faced by many women entrepreneurs in Kerala is the inconsistent availability of workers. Most women entrepreneurs establish their unit with an understanding of the available workers who could join the venture. Most women entrepreneurs begin the idea of own enterprise with a noble cause of providing employment to poor neighbourhood families. This poor neighbourhood is seen as the source of workers for the unit. Recently many women entrepreneurs have raised an issue in common that they find paucity in the running of their enterprise because of non-availability of workers. The common denominator underlying the cause is cited as the alternative employment available that too within the panchayat they reside in. Workers who associate with such women entrepreneurs find EGS as a better source of income for their family hence their focus is on being part of the works provided under the scheme as and when it is available and they are called in for. This creates irregularity of presence at the women entrepreneur's unit resulting in pending work logs per day.

The women entrepreneurs who have started the enterprise for the neighbourhood destitute women now finds at the lower end of the bargaining scale where the dependency has shifted from the worker to the women entrepreneur. The Employment Guarantee Scheme thus was brought into the limelight among the various challenges the women entrepreneurs face in the current scenario.

7. The Days Ahead

Women entrepreneurs today are facing more challenges even though they have lot more opportunities. The challenges have increased due to the increasing bargaining power of the workers; EGS has set a benchmark and increased the aspiration of destitute women. Earlier nano enterprises could source labour and had only other nano enterprises to compete with when it came to paying wages and retaining workers, today we see that schemes have actually elevated the expectation and demands of people which is good but women entrepreneurs of nano enterprises have a challenge to retain them on continuous basis as these destitute women have an option to enjoy EGS without taking into consideration the impact that their leave would have on the functioning of the unit and they always expect to be back in the unit when EGS is not available. Thus it seems like the workers have the right and the entrepreneur the obligation to provide work. This opens challenges for the entrepreneur and government. Amidst this Mrs. Suja is planning ahead and is more worried than ever about the days ahead.

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Appendix

NREGA statistics for Kerala state and the case area				
	2011-12	2013-14	Case area (2013-14)	Case Area (2011-12)
Total households applied for job card	1886774	3028114	Mararikulam South	Mararikulam South
Total job cards issued	1877027	3013184	7000	5197
Total households demanded work	1418062	1565150	7000	5197
Total persons demanded work	1565111	1747573	4585	4420
Total households allotted work	1418055	1565046	4997	4595
Total persons allotted work	1565095	1747359	4584	4420
Total persons worked	1562991	1513195	4996	4595
Total households reached 100 day limit	124821	98651	14	175
Total person-days worked by women	58828359	54258544	121098	211556
Total person-days	63309610	58872387	127298	218047
Total bank accounts	1673450	2425080	3459	2621
Total individual bank accounts	1658470	2415499	3434	2553
Total joint bank accounts	14980	9581	25	68
Amount disbursed to bank accounts	7707894255	14041392960	11705640	15052475
Total post office accounts	175058	150167	2612	2472
Total individual post office accounts	173881	149755	2610	2463
Total joint post office accounts	1177	412	2	9
Amount disbursed to post office accounts	889940347	873208847	11185796	15793789