

WOMEN ENTREPRENEURS AS A ROLE OF KEY FINANCIAL MANAGERS – A BUSINESS PERSPECTIVE

Dr.G.Jayashree

Assistant Professor, Sona College of Technology, Salem
Correspondence: 64/2, Anna Salai, Chinnathirupathi, Salem – 636008
TAMIL NADU (INDIA), Ph : +91-9746759650

Abstract

Entrepreneurship is a process or an act of looking for investment and invention opportunity, forming and running a business venture, in order to perform production function, organizing all inputs like land, men, material and money, developing new methods and products, sourcing new opportunities for the enterprise. India is a culture-centric economy where women engaging in business were highly opposed by the society. Though she had good capabilities to start a business she was restricted due to many factors. But the scenario is changed. Today the growth of women entrepreneurs is increasing in an increasing trend which is welcomed and women are motivated in various ways. Government has implemented many schemes for the betterment of women entrepreneurs. The paper enables the reader to understand the how women entrepreneurs are the key financial managers in undertaking all business operations.

Keywords : Finance, empowerment, initiatives, competencies, motivation, financial activities

1.1 Introduction

Women Entrepreneurship in India

Today women are competently challenged to survive in the business world. Women do business in small, medium and large scale enterprises. The number of business units run by women entrepreneurs is increasing at a faster pace. This contributes for the economic growth of the economy as well. The Government of India defined women-owned enterprise as an entity/organization where a woman or a group of women owns at least “51% of the capital” and give 51% of generated employment to women. Women are 48% of Indian population but their involvement is still below par as only 34% of Indian women are involved in financial and economic activities, among them many are unpaid or underpaid employees. With gender-bias troubles in few regions of India, women have also become

fatalities of unemployment. This partiality has proven to be beneficial to certain point as women have initiated with entrepreneurship to seal the void and to prove that critics are wrong in their statements.

India is always recognized for its culture and tradition. In earlier days very few women were allowed to get educated and to set out from their home to acquire more exposure in education and work-life. Today the trend has changed and almost every girl child have got the right and voice to get her education. Today many wish to be an independent woman rather dependent on her family members for monetary or non-monetary cause. Gender discrimination is eradicating in our society. This has led many women entrepreneurs to prove their potentiality in numerous activities.

Globalization has paved its way in supporting the entrepreneurs to engage in

trading activities across the globe. Major banks and financial institutions such as EXIM, SIDBI, NABARD, IDBI, ICICI, SFC's, etc. was incorporated with a sole vision to provide financial assistance to the needy business people. Also major nationalized banks have come up with various welfare schemes for providing financial assistance to women entrepreneurs. These banks have developed and designed various schemes specifically for the betterment of women entrepreneurs.

1.2 Some of the interesting facts about Women entrepreneurs in India;

- About 58% women entrepreneurs in India started their own business in the ages of 20-30
- Around 73% of female entrepreneurs reports revenue of Rs 10 Lakhs in one financial year
- Almost 57% of women started their business alone as sole proprietor
- About 35% of women in India had a co-founder
- Roughly 71% of female entrepreneurs employ 5 or less people.

In the country like India where majority women were neglected in the society, there are few women who break the barrier that hinders their self-growth and try to soar higher. Hats-off to those powerful ladies, who have inspired a millions of other women to start their own venture by giving them confident to face the struggles and challenges in their business career. This not only helped the society economically but also proved to expose the potential that a woman holds within her.

1.3 Women Entrepreneurs in managing the financial resources

The most dominating factor for a woman to enter into business is a question of how to source fund and how to manage business at times of financial crisis. When a survey was conducted based on the means of managing the financial crisis it was found that women entrepreneurs highly rely on family in times of crisis. Whereas other part of women replied saying that they borrow from private parties thinking that banks involve high level of formalities in procuring finance. In India Government has taken various initiatives in educating women related to money related problems and how to utilize the financial institutions in managing them. But it is sad to see that today number of women owned

enterprises comes to an end due to financial crisis. Women are not able to resource fund at times of meeting the business financial requirements. But it is high time now to make it a point to educate them because their contribution also forms a major part in the growth of our economy.

1.4 Problems faced by Women Entrepreneurs related to fund;

- Women unlike their male counterparts do not get into good network and hence their access to avail financial resources required for their business is very limited.
- They are reluctant to approach the banks and financial institutions for capital because their state of mind for banks is high formalities and time consuming.
- They borrow money from private money lenders paying a very higher interest rate though banks provide at a comparatively lesser rate of interest.
- Women are restricting themselves in expansion due to poor accessibility of fund.
- Women in SHG's(Self-Help Groups) are able to raise fund easily among their group members so finance is not a big constraint for women belonging to this group.
- Majority of women entrepreneurs belonging to the youth population (age group 25-35 years) gives first priority to borrow from banks and second priority to borrow from private parties for their business requirements.

1.5 Review of Literature

- **Krishnamoorthy V and Balasubramani R., (2014)** identified the important women entrepreneurial motivation factors and its impact on entrepreneurial success. The factors are ambition, skills and knowledge, support from the family, market opportunities; independence, government subsidy and satisfaction are the important for women entrepreneurs. The study also concluded that ambition, knowledge and skills independence are very important for entrepreneurial success. The study focussed more on the major factors which are personal and business related that would affect the women entrepreneur in her carrier

life. Women are more prone to emotions. So for the development and upliftment of women gender in society the importance of entrepreneurship should be enrolled in the minds of female population in our country.

- **Kilonzo J M and Ouma D., (2015)** explained the importance of financial management practices by women entrepreneurs in business. The study proves that only a few women entrepreneurs adopt meaningful financial management practices in their business organization. Various techniques of financial management such as capital budgeting, capital structuring, dividend decision are being highlighted in the study and their application in business in the long-run. Majority of women entrepreneurs lack awareness on these techniques and fail to adopt these in their firms. Moreover it was found from the study that the mean score was least on the implementation of Financial management techniques. The study also reveals that the entrepreneurs should adopt the discounted cash flows before making any investments with the available scarce resources. The paper gave priority to Financial management techniques and its importance in business organization.
- **Lal, Madhurima and Sahai., (2008)** made a multi-dimensional assessment on various issues and challenges faced by women entrepreneurs. The study was carried out among women entrepreneurs in urban area

in Lucknow. The author analyzed various psychographic factors such as degree of work commitment, challenges faced and future plan for business expansion based on demographic factors. The study concluded by saying that though considerable growth in number of women entrepreneurs working in family business but they lack self-esteem, lower in status and various challenges during the business operations.

- **Lam W., (2010)** agrees in his study that the effective management of financial resources leads to both long-run survival and growth of business. The study has focused more on two areas viz. the ability of the entrepreneurs to raise finance and their challenge to supply the same in a fruitful manner. The study concentrates on the term “funding gap” which means every entrepreneur should be able to analyze the finance required (demanded) and what is supplied. The key success of any entrepreneur should be to meet the demand and fulfill the supply of fund in right investment.

1.6 Research Methodology

- A survey was conducted among a sample of 650 women entrepreneurs to study whether they run the business under profit/loss. Women entrepreneurs were categorized based on their Age, Qualification and Nature of business and the level of significance is 1%.

Table 1: Business under Profit/Loss

Groups		Business under profit or loss				Total		Chi-sq.	Table value	Sig.
		Profit		Loss		No.	%			
		No.	%	No.	%					
Age	20-25 years	10	90.9	1	9.1	11	100	74.171	13.277	1%
	25-30 years	106	75.7	34	24.3	140	100			
	30-35 years	229	86.4	36	13.6	265	100			
	35-40 years	75	56.4	58	43.6	133	100			
	above 40yrs	49	48.5	52	51.5	101	100			
Qualification	Illiterate	12	60.0	8	40.0	20	100	107.859	13.277	1%
	Below 12th	214	64.8	116	35.2	330	100			
	U.G degree	196	97.5	5	2.5	201	100			
	P.G degree	41	45.1	50	54.9	91	100			

	Professional	6	75.0	2	25.0	8	100			
	Rural area	424	73.4	154	26.6	578	100			
Place of residence	Urban area	45	62.5	27	37.5	72	100	3.756	3.841	Ns
	Rural area	424	73.4	154	26.6	578	100	30.810	13.277	1%
	Beauty Parlour	141	73.4	51	26.6	192	100			
	Grocery	32	50.0	32	50.0	64	100			
	Tailoring	155	81.2	36	18.8	191	100			
	Others	121	73.3	44	26.7	165	100			
Total		469	72.2	181	27.8	650	100			

1.7 Findings of the Study

The calculated value 74.171 is greater than the table value of 13.277 at 1% level of significance. The null hypothesis is rejected and it can be concluded by saying that there is significant relationship between age wise classification of the sample respondents and business transactions in profit or loss. From the analysis it is clear that 90.9% of women under age category 20-25 years run their business under profit. Whereas 51.5% of women aged above 40 years undergo loss in business.

The calculated value 107.859 is greater than the table value of 13.277 at 1% level of significance. The null hypothesis is rejected and it can be concluded by saying that there is strong association between qualification of the sample respondents and business under profit or loss. 97.5% of Under-Graduated women entrepreneurs manage business under profit. 54.9% of Post-graduated women entrepreneurs run their business under loss.

The calculated value 30.810 is greater than the table value of 13.277 at 1% level of significance. The null hypothesis is rejected and it can be concluded by saying that there is close relationship between nature of business of the sample respondents and business under profit or loss. The analysis reveals that 81.2% of women entrepreneurs doing Tailoring business earn profit. 50% of grocery-owned enterprises enjoy profit in business and balance 50% undergoes business loss.

Brief : The above explanation shows women entrepreneurs in relation to their Business under Profit/Loss. Hence from the analysis it can be clearly noted that the major portion of women entrepreneurs in **all age-categories** and

qualifications residing in rural and urban areas irrespective of **any nature of business** except post-graduated women entrepreneurs **enjoy profit in business**.

1.8 Suggestions

- The development programmes have to be designed to empower the women technologically and politically.
- They have to provide training programmes to educate the women entrepreneurs about modern technologies and sources of finance from various banks and financial institutions.
- Various Awareness campaigns should be created in order to promote awareness on banking schemes and government relaxation measures for women entrepreneurs in procuring fund for business. Thereby eliminating the borrowing from private parties.
- Women entrepreneurs must have a desire to empower themselves by availing the opportunities and training facilities on entrepreneurship development.
- They have to educate the women entrepreneurs who wish to expand their business at the global level about import and export procedures.

1.9 Conclusion

Various studies reveal that the women entrepreneur has contributed to a major economic growth of the country. Therefore in order to motivate them, their growing financial needs and demands a proper channel of communication has to be made. New policies have to be framed to make them an enriched source of income for their family first and latter

to the economy as a whole. Studies also shows that future global businesses handled by women entrepreneurs would be more successful as compared to business undertakings run my men.

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