

## **Female Entrepreneurs: Fresh Face of Women in India**

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### **Abstract**

A hushed revolution has been sweeping at present among women. Distinct from the Quiet Revolution that set in motion in the 1970s which saw women abscond the home and enter the workforce in troop, female today are leaving the workforce in group in favor of being at home. However unlike generations of women before, these women are opting to work in the home not as homemakers but as job-making entrepreneurs. Female entrepreneurs are sprawling all over the world, from up-and-coming markets in Latin American and Africa, to more developed places like the United States and Europe. The number of female entrepreneurs is escalating all through the world but the entrepreneurial endeavors in developing countries are pretty low compared to the developed countries. Female entrepreneurship is budding at a more rapid pace in countries like U.S, U.K and Canada and it is being pondered that if women continue to mount at the same velocity then in a flash their proportion will increase to 50 percent. Unfortunately such is not the case in countries like Albania, Ethiopia, Tanzania, Zambia and India where female entrepreneurs are emerging at a very slow rate of knots. The role of Female Entrepreneur in economic development is inevitable. In this day and age female cross the threshold not only in selected line of work but also in professions like trade, industry and engineering. Female are furthermore eager to engage in business and have a say in the Nation's growth. There position is also being acknowledged and steps are being taken to endorse female entrepreneurship. Women entrepreneurship must be shaped appropriately with entrepreneurial persona and skills to congregate the changes in trends, face global markets and also be proficient enough to sustain and strive for excellence in the entrepreneurial arena. Female entrepreneurship is well thought-out an imperative tool in enabling female empowerment and emancipation.

This paper looks at the literature around female entrepreneurs, focusing on female entrepreneurship in the developing world-more specifically in India.

**Keywords:** Female Entrepreneurs, Women Entrepreneurship, Economic Growth, Global Rise, Developing countries.

## 1. Introduction

Till the turn of the century, man has enjoyed a governing position. Although change in position, technological advancement and contemporary way of thinking can trim down the discrepancy between man and women, and lead to equality and equity between them, the need of the hour in women empowerment both through stipulation of employment and enterprise conception. Typologically, the earlier bring about endogenous empowerment and the latter give rise to exogenous empowerment.

Female entrepreneurs have been making a noteworthy brunt in all segments of the economy in Canada, Great Britain, Germany, India, Australia and US. The areas preferred by women are retail trade, restaurants, hotels, education, cultural, cleaning insurance and manufacturing.

Female Entrepreneurship is the group of women or single women running an enterprise or company in order to earn profit. Now days because of women empowerment women are stepping-stone into the industries and are taking the place of men. Now a day's women's are running several businesses like beauty parlors, switching shops, boutiques, etc.

Women entrepreneurs may be defined as a woman or a group of women who initiate, organize and run a business enterprise. In terms of Schumpeterian concept of innovative entrepreneurs, women who innovate, initiate or adopt a business activity are called business entrepreneur.

The Government of India has defined women entrepreneurs based on women participation in equity and employment of a business enterprise. Accordingly, a woman entrepreneur is defined as an enterprise owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to a woman.

## 2. Fredrick Harbiscon has specified the following five functions of a female entrepreneur:

- Exploration of the prospects of starting a new business enterprise.
- Undertaking a risk and handling of economic uncertainties involved in business.
- Introduction of innovations, imitations of innovations.
- Co ordination, administration and control.
- Supervision and leadership.

In nutshell, female entrepreneur are those women who conjure up a business enterprise, instigate it organize and combine the factors of production, operate the enterprise, undertake risk and handle economic uncertainties involved in running a business enterprise

### **3. The World Desires Female Entrepreneurs Now More Than Ever**

Over the past 100 or so years, we have been solving the problems on our planet as if they are linear, independent, and containable--in other words, as if they are fundamentally technical challenges. And in most if not all cases, our solution is another technical intervention which often creates a new set of problems. Examples abound: The focus on making cars more energy efficient with fossil fuels slowed the introduction of true electric vehicles by decades. Or the current discussion of nuclear as the solution to fossil fuels. It is technology trumping technology with not nearly enough attention to the inadvertent consequences for future generations.

I have nothing against technology. But if, as Einstein said, the problem-solving skills that get you into a mess are not the skills you need to get out of that mess, we need more people with a different perspective on the problem and a new set of skills and abilities.

Becoming an entrepreneur doesn't require any shifts in corporate culture.

What's needed now is a better grasp of (and comfort with) relationships of all kinds. And this is the kind of thinking and problem solving that is most natural to women:

- Women are intuitively systems-thinkers
- Women seek balance
- Women care more about solutions than who gets credit
- Women are the worlds' experts on collaboration
- When they are passionate about something, women never give up

### **4. Female-Driven Economies by Startup Businesses in the World Over**

The number of women starting their own businesses in less developed regions illustrates a trend: that of women who-out of *necessity*-decide to take a chance on opening their own companies. In 2012, an estimated 126 million women started new businesses in 67 economies around the world.

- In Pakistan, only 1 percent of women are entrepreneurs: In Zambia, 40 percent of women are entrepreneurs.
- The highest concentration of women entrepreneurs in 2012 was in Chile, UK, Yemen, Spain, and Uganda.
- The lowest concentration of women entrepreneurs in 2012 was in Saudi Arabia, Japan, Italy, Serbia, and Romania.



Source: Global Entrepreneurship Monitor (GEM)

One of the data points collected in the Global Entrepreneurship Monitor's (GEM), was do women feel that being an entrepreneur is a socially acceptable path for them.

- The countries which women entrepreneurs ranked lowest for social acceptability of women entrepreneurs were: Hungary, Bosnia & Herzegovina, Croatia, Netherlands, and Saudi Arabia.
- The countries ranked highest for social acceptability of women entrepreneurs were: Iceland, Norway, Latvia, and China.

Extensive data on global women entrepreneurship has only been collected by GEM since 2010.

Little comprehensive research has been done on women entrepreneurs and the conditions they face. In 2005 The Global Entrepreneurial Monitor, otherwise known as GEM, began to survey and study women entrepreneurs throughout the world.

Now, every year, the GEM Women report assesses entrepreneurial activity throughout the world.

According to GEM's 2012 Women Report, there was a 37 percent global average of women-led startups in 2012 which equates to more than 126 million women who started or were running new businesses in 67 countries in 2012.

## 5. Significance of Fostering Female Entrepreneurship

Various researches and reports prove that female entrepreneurship significantly contributes to economic development and poverty reduction worldwide. The findings also reveal that female-led companies often perform better than male-led ones. The growth rate of women owned enterprises in the US for example is more than twice higher than the rate of all the other enterprises. Hence, fostering female businesses simply means creating jobs and fostering growth.

Female entrepreneurship is especially important in developing economies. Self-employment of women often represents the only alternative to generate or improve household income in order to reach minimum living standards. Empowering women in less-developed societies helps addressing urgent issues such as child malnutrition and mortality.

## **6. India Has Millions of Female Entrepreneurs and They Need Easier Access to Money**

While there may not be many women occupying the executive offices of India, the country is home to literally millions of female entrepreneurs, in charge of their own tiny businesses, according to estimates by the International Finance Corp.

The number of women running their own businesses in India is expanding and banks need to find more ways to serve them, said a report this week from the IFC, which is the private-sector arm of the World Bank.

Women in India fully or partially own around three million small enterprises across the country. Their businesses include everything from tea stalls and vegetable stands to laundries and cell phone shops. The women-backed businesses employ over eight million people in India, according to the IFC report.

A large majority of these budding businesses depend on informal avenues to raise money. That means that they have to turn to family members, friends and loan sharks to get the capital they need to start and expand.

The report estimates that the total financial requirement for women entrepreneurs was \$158 billion in 2012 but they only had access to around \$42 billion from formal lenders. Only 27 percent of their money needs were met through formal lending institutions such as banks, cooperatives, micro lenders and other non-banking finance companies.

Male entrepreneurs get as much as 70 percent of their financing from formal lenders, depending on which industry and state they operate in.

Financial institutions need to adapt to accommodate women, the IFC said. While close to 80 percent of women-owned enterprises are in the service sector, most bank lending is for manufacturing. Another obstacle for women entrepreneurs is that banks often require collateral for loans, which women often don't have here because of social, legal and cultural restrictions on inheritance and land ownership.

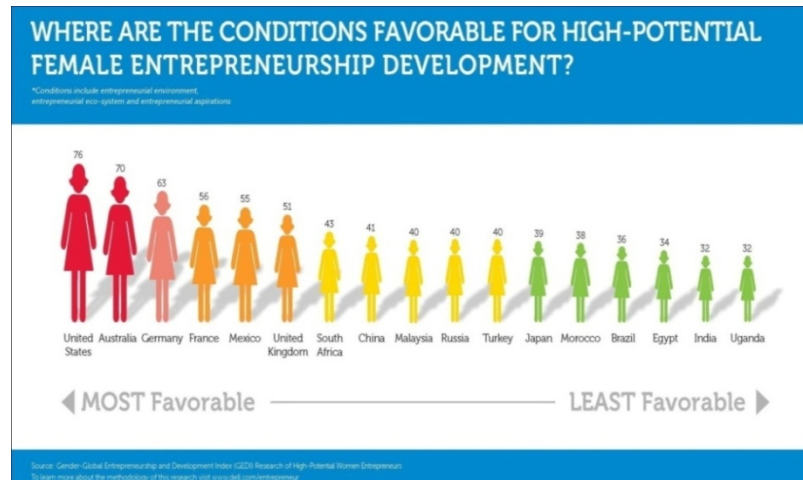
More than 90 percent of India's 90 million plus microfinance clients are women, according to the report. But microfinance is not enough. While the tiny loans serve the needs of tiny enterprises, they are not sufficient to help women grow their businesses and generate more employment.

## **7. Female Entrepreneurs: An Untapped Driver of Economic Growth**

A Goldman Sachs report issued earlier this year noted the win-win of women's economic inclusion. "Enabling women, particularly as entrepreneurs, benefits future generations because women tend to spend more on their children's education and health, which should boost productivity as well," the report argued. The report also cited Brazil, Mexico, and Nigeria as three emerging market countries in which women's participation in the economy has expanded in the last two decades.

GEDI's women's entrepreneurship index—the Gender GEDI—measures the development of high potential female entrepreneurship worldwide. Defined as "innovative, market expanding, and export oriented," this gender specific Index

utilizes GEDI's unique framework, methodology, and global approach in order to capture the multi-dimensional aspects of entrepreneurial development. The index was launched in June in Istanbul, Turkey at the annual meeting of the Dell Women Entrepreneurs Network (DWEN) and covered by Forbes Magazine.



Dell recently ranked seventeen countries in its Gender Global Entrepreneurship and Development Index. Some of the factors included in the ranking were entrepreneurial environment, entrepreneurial eco-system, and entrepreneurial aspirations. “Female entrepreneurship is a key driver of a country’s prosperity; by creating the conditions for women entrepreneurs to flourish, countries are investing in their national well-being and competitiveness,” the report’s foreword noted. “Yet many women founders struggle to access the capital, technology, networks and knowledge that they need to start and grow their businesses.”

**Table 1:** The overall gender GEDI ranking for 17 countries.

Rank	Country	Overall score	Rank	Country	Overall score
1	USA	76	10	Russia	40
2	Australia	70	11	Turkey	40
3	Germany	63	12	Japan	39
4	France	56	13	Morocco	38
5	Mexico	55	14	Brazil	36
6	UK	51	15	Egypt	34
7	South Africa	43	16	India	32
8	China	41	17	Uganda	32
9	Malaysia	40			

Source: Gender-GEDI Executive Report (2013)

Indeed, access to skills remains an obstacle facing women. For example, the report found that “Malaysia, ranked in 9th place, exhibits the highest percentage of opportunity-driven female entrepreneurs, but at the same time, has a low percentage of female business owners who are highly educated in comparison with the overall female population. This is a trend seen in other developing and emerging economies as well, where the desire to exploit an entrepreneurial opportunity is high amongst the less-educated female population, yet the abilities (in terms of skills, networks, access to resources, etc.) are missing and so these entrepreneurial aspirations rarely move beyond a subsistent, small-scale business phase.”

Access to capital is also among the leading challenges confronting women entrepreneurs. “Worldwide, women receive less outside funding for their businesses than men,” the Dell report noted. “The gap becomes even more apparent for high-potential female entrepreneurs in need of greater amounts of risk capital typically provided by Venture Capital (VC). Comparative, sex-disaggregated data on VC funding is not widely available, but for the 7 countries for which data is available, men still dominate the top management positions in VC investments firms, and in some cases, such as Japan, women are almost entirely missing.”

Booz Allen’s recent report on the “Third Billion” also focused on the untapped economic potential half the population represents. “In both advanced and emerging economies, women’s empowerment will require investing in female entrepreneurs at all funding levels,” argued the report. “The emphasis may be different depending on a country’s state of economic maturity—e.g., advanced countries may emphasize access to technology and energy, whereas emerging markets may focus on factors such as support and training for small business owners—but this need for investment applies worldwide.”

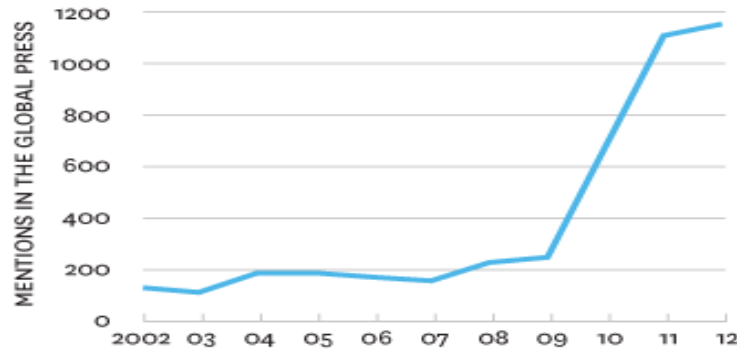
One potential solution for this lack of funding and need for investment may soon come from the International Finance Corporation, the private sector arm of the World Bank. In a recent report on private equity, the IFC raised the possibility of a fund that would “seek to invest in women-owned businesses globally through private equity funds” and would target small- and medium-sized businesses in India, Africa, and Southeast Asia.

“They drive job creation and economic growth, but are stuck in the middle: too big for microfinance, too small for commercial banks, and having few ways to build the management skills or industry knowledge they need to grow,” the IFC report writes of women. “The goal is contributing to the development of women-owned businesses as a sub-asset class in their own right, and encouraging more investors to look at investments through a gender lens.”

## **8. Global Rise of Female Entrepreneurs**

Female entrepreneurship has hit a media tipping point. Women-owned entities in the formal sector represent approximately 37 percent of enterprises globally—a market worthy of attention by businesses and policy makers alike.

**WOMEN'S ENTREPRENEURSHIP IN THE GLOBAL PRESS**  
How often female entrepreneurs were mentioned in the global press.



SOURCE LEXIS-NEXIS GLOBAL, ASPEN NETWORK OF DEVELOPMENT ENTREPRENEURS, 2012

HBR.ORG

While aggregated data is often challenging to find, the recent Global Entrepreneurship Monitor (GEM) found 126 million women starting or running businesses, and 98 million operating established (over three and a half years) businesses. That's 224 million women impacting the global economy—and this survey counts only 67 of the 188 countries recognized by the World Bank.

**ON AVERAGE, MORE THAN A THIRD OF GLOBAL FIRMS HAVE WOMEN OWNERS**

The percentage of female-owned firms around the world.



SOURCE IFC- BANKING ON WOMEN, 2013

HBR.ORG

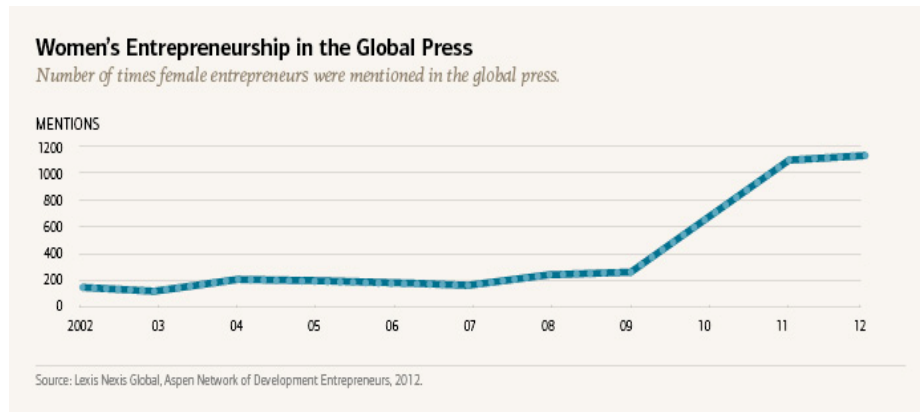
These entrepreneurs cross the spectrum of micro to high growth—from supporting life to creating wealth. They include hair salon owners, high tech visionaries and everything in between, all making critical economic contributions.

Smart companies are watching this trend. They see that women—including the billion women entering the formal economy as employees and entrepreneurs—will dictate their business success. Coca-Cola sees five million women entrepreneurs as part of its global supply chain by 2020. Wal-Mart understands the power of women-led firms to innovate compelling products. Itau perceives the 50 percent of Brazilian entrepreneurs that are women as a core market, and other members of the Global



Banking Alliance for Women think similarly. And all firms should realize that in the war for talent, women are increasingly seeing entrepreneurship as a compelling alternative if a career path appears stunted.

Entrepreneurial activity creates growth and prosperity—and solutions for social problems. And today’s trends show that women will be a driving force of entrepreneurial growth in the future.



## 9. Conclusion

Developing countries are beyond doubt in dire need to persuade female entrepreneurship as women workforce is swiftly accessible to exploit the uncultivated dimensions of business ventures. Developed nations should first and foremost focus on entrepreneurial educational programs in order to develop female entrepreneurs. Investing in women also encourages economic and social development as women plow in their communities and homes. In both developed and developing economies, savings rise and spending shifts toward food, health, and education as women gain power over household income.

Generally speaking, worldwide business fraternity has realized and is working on war footing to create entrepreneurship as the final remedy to overcome all types of business and market challenges and optimistically in the future, there will be no female leaders. There will just be leaders. As women in business all over the world impenitently and assertively rise to their highest potentials, many acknowledge the undercurrent of positivity in these times as an elevating indication of things to come.

The need for awareness, motivation and courage to correct the faults of male counterparts is great challenges today. It is, therefore, encouragement of the growing intensity of motivation amongst educated young women for coming in the entrepreneurial stream and extends support with scientifically designed package of the technical and financial assistance. The non-governmental organizations have a bigger role in stimulating and nurturing the spirit of entrepreneurship among women.

Towards this end, an integrated approach is necessary for making the movement of female entrepreneurship a success.

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