Women Entrepreneurship and Financial Management in India

Dr. Rajkumar B Salgar
Asst Prof Dept of Commerce
GFGC College Sedam

Abstract:

Small to Medium Enterprise sector world over have been the driving force behind economic development. Women entrepreneurship in India has stood the test of time, however, the majority of these women driven enterprises have showed marginal growth signs. Given the absence of growth amongst women entrepreneurs, research aimed to consider financial management (FM) strategies by women entrepreneurs. The study recognized challenges confronted by women entrepreneurs in managing their finances of business. This paper result is shown that entrepreneurs must understand that growth and enterprise survival are fruitless without suitable financial management and must searching for suitable investment management and training to effectively use financial resources.

Keyword: Financial management, women, entrepreneurship.

Women-owned businesses are one of the fastest growing entrepreneurial populations in the world. They make significant contributions to innovation, employment and wealth creation in all economies The Global Entrepreneurship Monitor (GEM) indicates that women entrepreneurs create, run and grow businesses across all industrial sectors. However, women in Asian have not played a prominent role in entrepreneurship for a variety of reasons and traditionally a woman's role has been that of mother and wife, and was always to be found in the kitchen. Gender inequalities and inequities remain pervasive in Asian countries and may presumably have affected women's behaviors who argue that the female entrepreneur archetype is portrayed as maternal, care giving, nurturing and struggling to balance work and domestic responsibilities. Research on the goals of men- and women-led ventures finds that woman business owners frequently pursue both economic and social goals, which may detract from economic performance or growth In his view inequality retards growth partly because it denies large parts of the population access to important resources such as education, health, capital, land and other. Inequality bred poverty.

Problem Statement:

Women generally have several challenges which range from cultural values to how they run their businesses which in general are construed to be micro and small businesses. the micro and small enterprises surveyed exhibited different growth patterns according to the gender of the owner with male owned ventures growing faster than female owned enterprises. The aim of this study is to establish whether women in business in India use business finances for social or business purpose and the effects these have had on overall business performance.

Hypotheses:

1. Confidence in financial management is not determined by education levels.

2. Confidence in financial management is not related to financial management training.

3. Confidence in financial management is not determined by financial management skills.

4. Confidence in financial management is not determined by confidence in ability to manage.

Literature Review:

In order to improve the economic conditions and poverty issue in Asia , small businesses can play a greater role because small and medium enterprises (SMEs) have been regarded as the driving force of economic growth and poverty reduction, He further contends that any strategy for poverty alleviation in Asia must include support, encouragement and promotion of SMEs. In India is coming out of a period of economic turbulence and the turnaround of countries' economies is said to be primarily attributable to the opportunities provided by women owning or operating there.

The growing relevance of female entrepreneurs is clearly outlined by McPherson in Mboko and Smith-Hunter (2009), who point out that of the 845 000 enterprises reported, Indian female owned were close to 67 percent, of the manufacturing micro and small enterprises 78 percent were owned by females, 19 percent of retail business, 24 percent of service businesses were owned by females. However, the study established that most of the businesses were very small and only a very small percentage had grown in terms of employment and turnover in the last ten years. This is also confirmed by Madichie and Makamnebe (2010) who point out that in emerging context outside Asia, women have been identified as a vital part of the economy. The micro and small enterprises surveyed exhibited different growth patterns according to the gender of the owner with male owned enterprises growing faster than female owned enterprises (Mboko and Smith-Hunter 2009). Wood and Davidson (2011) argue that women were motivated by kinship obligations to take on the role of provider not only for their nuclear families but for the extended family as well. Entrepreneurs are faced with many obstacles that limit their growth and survival. According to Okpara (2011) the problems facing small business development are different and unique from those faced in developed countries. These can be generally classified in four broad categories via: Administration, Operating, Strategic, and Exogenous problems

surprising, a finding of this study is those who are just managing from experience, expressed a need to attend courses, implying they assess themselves not to have strong managerial competence." This partly explains the lack of formalized planning in most female run businesses as confirmed by Mboko and Smith-Hunter (2009) when they stated that the overall conclusion is that female entrepreneurs studied have strong entrepreneurial competence but lack the ability to develop their firms to their full potential. They can spot business opportunities with potential but fail to adopt an approach to managing their businesses that would result in significant growth among which is the management of financial resources.

Generally, better FM can lead both business survival and growth given the observation Lam (2010) who points out that what is agreed in the literature is that demand for entrepreneurial finance is unquestionable, meaning that attention has tended to focus on the supply of finance, mainly on gaining access to finance from the business owners' side or increasing supply from lenders, investors or business support agencies.

Methodology:

Eighty (80) female owners of various small and medium enterprises formed the sample of the study, and these were randomly selected from the license database of the Kalaburagi Division of Karnataka . The study focused on the City of Kalaburagi and questionnaires were used in the main to collect data. Questionnaires are effective when it comes to getting opinions, attitudes and descriptions as well as getting cause and effect relationships. Expert opinion was sought from consulting companies dealing with small to medium enterprises in order to validate the structure and content of the questionnaire during the pilot study.

Results and Discussion:

Education:

The research found out that most (32.08%) of the female entrepreneurs in the small and medium sector in Kuala Lumpur have O level as their highest qualification while only 12% and 7.55% have an undergraduate degree and a masters or above respectively. The research sought to test the null hypothesis that confidence in FM is not determined by education levels. Based on the P-value of 0.004 which less than 0.05, the null hypothesis is rejected at 5 per cent confidence level implying that education is a significant factor in confidence building in FM. Lack of formal education and technical education among women has serious implications on the performance and development of female owned SSEs. They state that in general, female owned businesses do not perform well because women entrepreneurs have little knowledge of how to manage their businesses. The businesses in the study seem to confirm the above statement that women business are not generally well managed as evidenced by the way the money generated by the business were applied mostly to social causes rather than re-investment in the business.

Training and confidence:

The study found out that 58% of the participants in the survey had some sort of training in FM while 42% had no such training. The researchers sought to find out if training is an important variable in boosting the confidence of female entrepreneurs in FM by testing the null hypothesis that confidence in FM is not related to FM training. The null hypothesis is not rejected since the P-value of 0.068 is greater than 0.05 implying that there is no significant relationship between training and confidence in FM which is a clear indication that most of the people in the survey had not been trained with FM however evidence from the study shows that although the majority of the respondents were of the notion that they were confident in their FM only as many as 66% of them reinvested less than half of their profits back in the business showing a lack of proper FM considering that the majority of the business are within the first 5 years where financial reinvestment is crucial to growth. Results from study showed that most of the business assets were acquired in year 1 and diminished as the business grew older with less than 10 per cent acquiring business assets in the fifth year. Personal use including other user and home furniture consumed significant business resource which rose from just over 30 per cent in year 1 to over 90 percent in year 5. As such the businesses continued to suffer from lack of investment as reflected 51% of the business maintaining average monthly sales volumes of US$2000 over the same five year period. In addition the lack of growth in business sales volumes due to non-business related investment most of the businesses have not grown in terms of staff complement. On average 80% of the business maintained employee levels to less than 10 workers over the five (5) year period.

Age and Asset acquisition:

Null hypothesis: age does not determine acquisition of assets. The Null hypothesis is rejected on the based on the P – value of 0.002 we are 98% confident that age does determine asset acquisition. 54% of the women entrepreneurs who are less than 30 years old acquired home furniture and other things whilst only 46% acquired business furniture and equipment. We found that 15% of the respondents, who are between 30-39 years old bought home furniture and other commodities whilst 85% bought business vehicle, furniture and equipment. Of those who are between the ages of 40-49 only 14% group bought home furniture whilst 86% bought business equipment. 100% of the 50+ age group bought business furniture and equipment. Hence it can be concluded that there is relationship between age and acquisition of assets.

FM skills and confidence in FM:

Null Hypothesis: confidence in FM is not determined by FM skills. The Null hypothesis was rejected based on the P-value of 0, implying that we are 100% confident that confidence in FM depends on acquired skills in FM either through training or business experience. The research finding indicates that 59% of the respondents had received some training in FM; hence they have the skills and are confident that they can manage business finances. In addition 47% of the women entrepreneurs had business experience of 3 years and above which could have contributed to the confidence in FM skills. Thus the confidence in financial can be hugely attributed to skills acquisition through financial skills training and or business experience exposure.

Confidence in FM and confidence in ability to manage:

Null hypothesis: confidence in FM is not determined by confidence in ability to manage. The null hypothesis was rejected as the P-value is 0 and hence we are 100% confident that one's confidence in FM is influenced by one's confidence in personal ability to manage finances. The research reviewed that 74% of respondents indicated that they had confidence in their ability to manage financial resources which is in turn attributed to the accumulation of business knowledge through previous work experience as 31%of the respondents had been employed for 3 years and above. In addition positive relationship between the confidence to manage business finance and confidence to manage can be attributed to the growing number of years individuals stay in business and the quality of the minimum qualification they hold, the study shows that 47% of respondents had business experience, and 57% of the respondents had a minimum qualification of a diploma

Conclusion:

From the study, women entrepreneurs in India have very limited FM skills which might be behind the inability of their businesses to grow significantly. include two ways that is entrepreneurs can wait until they raise enough money to complete their project or use limited resources to achieve some intermediate milestone. However, in our study we found out that woman entrepreneurs used very little of the money raised to fund the business and a large proportion for other expenses not related to business. Most women have not skills of management for example inventory personnel management, bookkeeping, basic marketing, and management then most business owners finish losing track of their daily transactions and they are not able account for their profits at the end of the argue that once women are educated and properly trained they will become more aware of the issues pertaining to entrepreneurial activities, more adaptable to changes, and less passive to conditions which adversely affect them. This is further confirmed. Some do not save records they have a bank account. They end up spending their capital due to they are not able to distinguish amid profit and business capital.

Reference:

Kibera, F. N. and Kibera, L. W. (1999) Kenya female entrepreneurs in Small Scale enterprises, in n African entrepreneurship and small business development 9Kinunda-Ratashobya and Olomi (Ed) DUP (1996) Ltd Tanzania.

Lam, W. (2010) Funding gap, what funding gap? Financial bootstrapping, supply, demand and creation of entrepreneurial finances, International Journal of Entrepreneurial Behaviour and Research Vol. 16 No.4 Emerald Group Publishing Limited.

Madichie, N. O. and Nkamnebe, A. D. (2010) Micro credit for micro enterprises: A study of women "petty" traders in Nigeria, Gender in Management an International Journal Vol. 25 No 4 Emerald Group Publishing. 12. Mboko, S. and Smith-Hunter, A. E. (2009) Women entrepreneurs in Zimbabwe: A case study, Journal of Global Business Issues; Spring.

Miskin, V., and J. Rose. 1990. Women entrepreneurs: Factors related to success. In Frontiers of entrepreneurship research, eds. N.C. Churchill, W.D. Bygrave, J.A. Hornaday, D.F. Muzyka, K.H. Vesper, and W.E. Wetzel, 27– 38. Wellesley, MA: Babson College.

Ncube L. B. and Greenan (2003) Entrepreneurial Careers of Women in Zimbabwe; Journal of Vocational Education Research, Vol. 28 Issue 3.

Okpara, J.O. (2009) Strategic choices, export orientation and export performance of SMEs in Nigeria, Management Decision Vol. 4 No. 8 Emerald Group Publishing Limited.

Olomi, D. R. (1999) Scope and role of research on Entrepreneurship and small business development, in African.

entrepreneurship and small business development 9Kinunda-Ratashobya and Olomi (Ed) DUP (1996) Ltd Tanzania.

Olsen, B. (1993). New venture start-up success – Factors affecting profitability and growth for new ventures in Norway and Sweden. PhD diss., University of Trondheim.

Orser, B., A. Riding, and K. Maley.(2006). Women entrepreneurs and financial capital. Entrepreneurship Theory and Practice 30, no. 5: 643–67