



## Short Communication

# Women Entrepreneurship - Factors leading to Success of Women Led Enterprises

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## Abstract

*The economic environment of any nation depends mainly upon the enterprising spirit of its people. The increase in the entrepreneurial activity in India has given a major boost to the economic environment of the nation. The turn of this century saw an increasing participation of women in the entrepreneurial scenario of Indian business. Creating and leading a successful and flourishing business is the ultimate goal of any entrepreneur. This paper aims to determine the effect of personal factors on the success of women led entrepreneurial setups. The factors analyzed in this paper are Risk taking behaviour, Innovativeness (of the women entrepreneur) and Entrepreneurial competencies (of the women entrepreneur).*

**Keywords:** Women entrepreneurship, Risk taking behaviour, Innovativeness, Entrepreneurial competencies.

## Introduction

The International Labor Organization in a 2006 report said that “The role of entrepreneurship and an entrepreneurial culture in economic and social development has often been underestimated. Over the years, however, it has become increasingly apparent that entrepreneurship indeed contributes to economic development”<sup>1,2</sup>.

Entrepreneurship is an essential prerequisite for economic development, productivization, creativity, employment and social change. From the conception of industrialization any entrepreneurial activity has been a male-controlled institution. Changing times and social structure has motivated many women to foray into this new territory of entrepreneurial activity. S. Saidapur has said that “It is estimated that women entrepreneurs presently comprise about 10% 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% of the entrepreneurial force”<sup>3</sup>.

In this emerging entrepreneurial environment, women are fast becoming important contributors in entrepreneurial ventures for the past few decades. The overall thought process of the society has also changed, and women who manage family with careers are considered as capable enough to handle the dual demands of business and family on their.

The economic growth of a country depends mainly on its enterprising vitality. Our country's economic system is ready for a booming entrepreneurial activity. A necessary prerequisite for entrepreneurial growth is a thriving business environment.

For achieving success in an entrepreneurial venture a favourable mix of market factors, entrepreneurial competencies and personal traits is required.

This study aims to find the impact of personal factors on the success of women entrepreneurs. Personal factors are the factors that are related to the individual self. The various factors included in the study are:

**Demographic factors:** Age, Marital Status.

**Personal factors:** Innovativeness, Risk Taking Behaviour and Entrepreneurial Competencies.

**Objectives of the study:** This study aims at analyzing the determining factors for success of women entrepreneurs. This study focuses on the following factors for success: i. Risk taking behaviour, ii. Innovativeness (of the women entrepreneur). iii. Entrepreneurial competencies (of the women entrepreneur).

The objectives of the study are as follows: i. To study the relationship of ‘Risk taking behaviour’ as a factor leading to the success of women entrepreneurs. ii. To study the relationship of ‘Innovativeness’ as a factor leading to the success of women entrepreneurs. iii. To study the relationship of ‘Entrepreneurial competencies’ as a factor leading to the success of women entrepreneurs.

**Review of Literature: Entrepreneur:** This study focusses on the factors that make a successful women entrepreneur. Before we delve deep into the factors associated with a successful enterprise, we must define who is an entrepreneur?

The literature available to us describes an entrepreneur in various ways. Following are some of the definitions.

J.S. Mill, the British philosopher and civil servant, was the first to utilize the term “entrepreneur” among economists. J.S Mill proposed that “risk bearing is the main distinguishing feature between managers and entrepreneurs”<sup>4</sup>.

Schumpeter stressed on the role of innovation as a distinguishing factor for entrepreneurs, since he believed that both managers and entrepreneurs experienced risk. Schumpeter also argued that entrepreneurs cause radical restructuring of, until then, stable markets, but also gradually and inevitably invite followers who bring about new institutions and a new stability (and the arrival of managers)<sup>5,6</sup>.

In 1982, Kirzner said that “Identification of market opportunities is the fundamental function of the entrepreneur”<sup>7</sup>. In 1968, Penrose stated that “identifying and exploiting opportunistic ideas for expansion of smaller enterprises is the essential aspect of entrepreneurship”<sup>7</sup>. Similarly, in 1961, McClelland believed that “An innovative manager with decision making responsibility is as much an entrepreneur as the owner of a business”<sup>7</sup>.

Entrepreneur is a person who takes benefit of an opportunity by forming a business. As the sole decision taker, this entrepreneur decides as to what, how, and how much of a good or service will be manufactured. An entrepreneur provides capital, and supervises and controls the business activities.

For the purpose of this study a women entrepreneur will be defined as a person, who creates or evolves a business venture through her hardwork and determination and ability to be innovative<sup>1</sup>. Various studies are conducted which have found Self-fulfilment, knowledge; skills and experience, as important factors for the development of women entrepreneurs<sup>1</sup>.

Successful female entrepreneurs exhibit entrepreneurial competencies such as: taking initiatives, seeing and acting on opportunities, persistence, information seeking, concern for high quality of work, commitment to work contract, efficiency orientation, self-confidence, persuasion and the use of influence strategies. Successful female entrepreneurs have higher level of education. Furthermore successful female entrepreneurs have: family support, social networking, government support, business background, entrepreneurial family background as an important factor for their success. Other factor such as internal motivation is another important factor that can contribute to success in business<sup>8,9</sup>.

Various factors lead and motivate women to enter into business activity or start a business venture on her own. The following table provides an idea as to what motivates women for entrepreneurship.

**Table-1**  
**Factors influencing women to enter to entrepreneurial activity<sup>10</sup>**

S. No.	The Factors	Percentage (%)
1.	Personal growth	39
2.	Economic reasons	30
3.	Desire for achievement	15
4.	Recommendations from friends or family	11
5.	High self-esteem	9
6.	Creativity	4
7.	Did not answer	5

**Risk Taking Behaviour:** Risk taking is almost synonymous with entrepreneurship and therefore in this study we have considered Risk taking Behaviour (of the entrepreneur) as a factor which affects the success of enterprise.

Before proceeding we must define risk. Risk can be defined as the probability of loss intrinsic in an organization's transactions, dealings and external environment. The external environmental risk may consist of business competition, unfavourable economic conditions, governmental policies etc. These factors may impair the ability of the business to provide returns on investment<sup>11,12</sup>.

A risk taking individual can be defined as a person who takes decisions in a way that can lead to economic loss, but at the same time holds an intrinsic opportunity of a profitable outcome.

Risk taking behaviour is an important characteristic of an entrepreneur, but one should be cautious while taking risky decisions. Successful entrepreneurs specifically select risks that avoid large speculations. It is very important to determine the level and extent of risk that one can safely take. Ability to match, potential reward inherent in the risk and the personal capacity to manage uncertainty, is a welcome trait in any entrepreneur. First generation entrepreneurs who head start-up firms must honestly and carefully evaluate their level of expertise and preparation, their ability to take risks, and then realistically analyze these factors with the rewards and the risks given by the selected entrepreneurial strategy<sup>12,13</sup>.

**Innovativeness:** Entrepreneurship goes hand in hand with innovation. A new idea, a new product or a new service are all results of the creativity and imagination of the entrepreneur.

In this study we are looking at Innovativeness as a factor that could lead to Success of the enterprise. An entrepreneur is one who is innovative, can assess the current or future need of the society and act accordingly to develop a product or service that caters to this new need. Converting an idea or invention into some physical product or a service that creates value for the customers, which makes their lives more easy or comfortable, which saves their time and for which the customers will pay can also be defined as innovation.

An innovative activity involves careful use of existing information, realization of the concerns and problems faced by the customers and ideas and thoughts about providing greater, unique and different values from the same resources. In business scenarios, innovation usually results out of ideas that are applied in order to further satisfy the needs and expectations of the customers. An innovative product can also create an entirely new market of its own.

**Entrepreneurial Competencies:** Literature review suggests that definitions of competency may be drawn from the domain of knowledge, skill, attitude and performance indicators. The term competency has a number of definitions which depend on the specific task to be performed by individuals under different conditions<sup>14</sup>.

The term "Entrepreneurial Competencies" means the primary characteristic traits that every entrepreneur must possess in order to lead a successful and flourishing business enterprise.

## Research Methodology

**Data collection-** Data was collected from respondents using a self developed, structured questionnaire. The questionnaire was standardised.

**Sample Size:** 100 women entrepreneurs in Indore.

**Sampling Technique:** Convenience sampling was used.

**Tool for Statistical analysis:** For this research co-relation analysis was used.

**Hypotheses Design:** The following points define the null hypothesis ( $H_0$ ) and alternative hypothesis ( $H_1$ ) of the significance test for co-relation,

*Two-tailed significance test:*  $H_0: r = 0$  ("the population correlation coefficient is 0; there is no association"),  $H_1: r \neq 0$  ("the population correlation coefficient is not 0; a nonzero correlation could exist").

For this study the hypothesis will be as follows:

**Case I:** Testing for correlation between 'Risk Taking Behaviour' and Success of Enterprise.  $H_0: r = 0$  The co-relation

coefficient between 'Risk Taking Behaviour' and 'Success of Enterprise' is 0; there is no association.

$H_1: r \neq 0$  The co-relation coefficient between 'Risk Taking Behaviour' and 'Success of Enterprise' is not 0; a nonzero correlation could exist.

**Case II:** Testing for correlation between 'Innovativeness' and 'Success of Enterprise'.  $H_0: r = 0$  The co-relation coefficient between 'Innovativeness' and 'Success of Enterprise' is 0; there is no association.

$H_1: r \neq 0$  The co-relation coefficient between 'Innovativeness' and 'Success of Enterprise' is not 0; a nonzero correlation could exist.

**Case III:** Testing for correlation between 'Entrepreneurial competencies' and 'Success of Enterprise'.

$H_0: r = 0$  The co-relation coefficient between 'Entrepreneurial competencies' and 'Success of Enterprise' is 0; there is no association.

$H_1: r \neq 0$  The co-relation coefficient between 'Entrepreneurial competencies' and 'Success of Enterprise' is not 0; a nonzero correlation could exist.

## Results and Discussion

For demographic variables: The following frequency distribution shows that a majority of women (72%) are in the age group of 36-60. Whereas a smaller percentage (21%) is also in the age group of 25-35.

**Table-2**  
**Frequency distribution for factor 'Age Group'**

		Age Group			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25 to 35	21	21	21	21
	36 to 50	33	33	33	54
	51 to 60	39	39	39	93
	61 to 85	7	7	7	100
	Total	100	100	100	

The following Frequency distribution shows that the majority of women (88%) are married.

**Table-3**  
**Frequency distribution for factor 'Marital Status'**

Marital Status					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Unmarried	3	3	3	3
	Married	88	88	88	91
	Divorcee	6	6	6	97
	Widow	3	3	3	100
	Total	100	100	100	

**For Personal Variables:** The statistical tool used for this research is Correlation Analysis. The correlation coefficient 'r' measures the strength and direction of a linear relationship between two variables. The value of r is always between +1 and -1.

**Table-4**  
**r-values for co-relational analysis**

S. No	Value of r	Interpretation
1	-1	A perfect negative relationship
2	-0.70	A strong negative relationship
3	-0.50	A moderate negative relationship
4	-0.30	A weak negative relationship
5	0	No linear relationship
6	+0.30	A weak positive relationship
7	+0.50	A moderate positive relationship
8	+0.70	A strong positive relationship
9	+1	A perfect positive relationship

**Table-5**  
**Result of Correlation analysis between Risk Taking Behaviour, Innovativeness and Entrepreneurial competencies with Success of Enterprise**

Correlations					
		Entrepreneurial Competencies	Innovativeness	Risk Taking Behaviour	Success of Enterprise
Entrepreneurial Competencies	Pearson Correlation	1	.455**	.502**	.806**
	Sig. (2-tailed)		0	0	0
	N	100	100	100	100
Innovativeness	Pearson Correlation	.455**	1	.889**	.520**
	Sig. (2-tailed)	0		0	0
	N	100	100	100	100
Risk Taking Behaviour	Pearson Correlation	.502**	.889**	1	.602**
	Sig. (2-tailed)	0	0		0
	N	100	100	100	100
Success of Enterprise	Pearson Correlation	.806**	.520**	.602**	1
	Sig. (2-tailed)	0	0	0	
	N	100	100	100	100

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Hypothesis Testing:** Case I: The value of  $r = +.806$  which is  $\neq 0$ , therefore Null hypothesis is rejected and alternate hypothesis is accepted. As the value of  $r$  is  $+.806$ , there is a strong positive association between Entrepreneurial Competencies and Success of Enterprise.

Case II: The value of  $r = +.520$  which is  $\neq 0$ , therefore Null hypothesis is rejected and alternate hypothesis is accepted. As the value of  $r$  is  $+.520$ , there is a moderate positive association between Innovativeness and Success of Enterprise.

Case III: The value of  $r = +.602$  which is  $\neq 0$ , therefore Null hypothesis is rejected and alternate hypothesis is accepted. As the value of  $r$  is  $+.602$ , there is a moderate positive association between Risk Taking Behaviour and Success of Enterprise.

**Implications of the study:** This study confirms the association between Entrepreneurial Competencies and Success of Enterprise, between Innovativeness and Success of Enterprise and between Risk Taking Behaviour and Success of Enterprise. The results of this study have a number of implications. As we have discussed the role of various factors contributing to the success of women led enterprises, it will help in the policy formation matters related to development of entrepreneurial skills amongst women. Any policy or programme focussing on ways to increase entrepreneurial success of women can use this study as a basis for formulating their strategy.

**Limitations:** This research paper has utilized only 100 cases of women entrepreneurs in Indore area; thus, this data cannot be generalized. If we increase the sample size, then the results and outcomes of this study may be applicable to a larger population of women entrepreneurs.

Association does not necessarily mean causation; therefore regression analysis can be used in further studies to analyze the relationship.

Currently we have looked at only 3 factors effecting success of women entrepreneurs. Further studies can be done to find out more factors pertaining to external and internal environment that have an impact on the success of a women led enterprise.

## Conclusion

Women entrepreneurship is fast becoming a major partner in economic growth and development of the country leading to a stable and sustainable society. By providing support and assistance in terms of training programmes, skill development programmes, financial assistance etc., a more conducive environment can be developed for encouraging women to take up entrepreneurial activity. The need of the hour is to focus on policy development which will aid and encourage more and more women to enter in to entrepreneurial domain.

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