

A Study on Challenges Faced by Rural Women Entrepreneurs in Rajasthan

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Abstract

Women entrepreneur is defined by Ahmad and et al (2011) as a woman who have initiated a business and is actively involved in managing it, and owns at least 50% of the firm and have been in operation one year or longer. Women-entrepreneurs have been making a considerable impact in almost all the segments of the economy. In India "Entrepreneurship" is very limited amongst women especially in the formal sector, which is less than 5% of all the businesses. Entrepreneurship is a state of mind which every woman has in her but has not been capitalized in India in the way in which it should have been. Women were earlier perceived as weaker sections that are not capable enough to take leadership role. But due to recent change in socio- economic and political environment, now people have started to accept leading role of women in our society and women empowerment has become the buss word for ensuring sustainable economic development. The Self Help Groups (SHGs) are considered to be the institutional innovation that fosters empowerment of economically and socially deprived women in India. Rural Women are involved in different micro entrepreneurship through different SHG's thereby enabling them to become economically independent. Still these women are faced with many challenges and the study was undertaken to analyze the problems faced by rural women entrepreneurs. Interview method was used to collect data from women. From the collected data attempt was made to find out the most significant challenges faced by them and to suggest appropriate strategies to over come the same

Introduction

Entrepreneurship refers to the act of setting up a new business or reviving an existing business so as to take advantages from new opportunities. Entrepreneurs are generally considered to play significant role in the economic development of the country; they are the people who convert ideas into action. Economic growth of India is indebted to large group of entrepreneurs starting from Tata to Biocom. The emergence of women entrepreneurs in a society depends to a great extent on economic, social, religious, cultural and psychological factors prevailing in that society. An entrepreneur is considered as a person who has the ability to scan and identify opportunities in his or her environment, gather the resources necessary to take advantage of the opportunities and implement successful action to utilize the opportunities. Thus, entrepreneurs shape the economy by creating new wealth and new jobs and by inventing new products and services.

Women Entrepreneur

Ahmad, Xarier, perumal and Nor (2011) defines women entrepreneur as a woman who have initiated a business, is actively involved in managing it, and owns at least 50% of the firm and have been in operation one year or longer.

Government of India has defined women entrepreneurs as those individuals who own & control an enterprise with women having a minimum financial stake of 51% of the capital and giving at least 51% of the employment to women (Ali Ashraf, 2012). Increasing globalization, impact of technology, media, social, economic, and political cross currents of the world and unforeseen & unanticipated events across the world gave birth of women entrepreneur.

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Encouraging women to become entrepreneurs are considered to be an effective mechanism for the economic development and empowerment of women. According to Common wealth secretariat (2002) women entrepreneurs around the world are making a difference. They contribute numerous ideas and a great deal of energy and capital resources to their communities, and generate jobs as well as create additional work for suppliers and spin-off business linkages. As stated by Siwadi and Mhangami (2011) women entrepreneurs contribute to economic development and are becoming increasingly visible in the local economies of the developing countries. Promoting women's economic and political empowerment has gained greater attention over the last three decades (Yeshiareg Defene, 2007).

It has been observed that most women entrepreneurs in India were either housewives or fresh graduates with no previous experience of running a business. Some of them are involved in traditionally women oriented business like garment industry, beauty care, and fashion designing etc which require slightest formal training. Some women entrepreneurs have converted their hobby or an interest into a business.

Githeko Jason (2005) has identified certain characteristics of a women entrepreneur as innovative, ability and willingness to take calculated risks, determination, insight, total involvement, independence, need for achievement and leadership skills. Women entrepreneurs in India are also found to showcase these qualities.

Status of Women Entrepreneurs in India

The Indian economy has witnessed a drastic change since mid -1991, with new policies of economic liberalization, globalization and privatization initiated by the Indian government. Till 1990's majority of women entrepreneurs were engaged in un-organized sector like agriculture, agro-based industries, handicrafts, handloom & cottage based industries. Ever since 1991, the status of women in India has been changing dramatically as a result to growing industrialization & urbanization, and social legislation. Despite all the social hurdles, India is overflowing with the success stories of women entrepreneurs. They stand tall from rest of the crowd and are applauded for their achievements in their respective

field. The transformation of social fabric of Indian society, in terms of increased educational status of women and varied aspirations for better living, brought forth a change in the life style of Indian women. The economic status of women is now accepted as an indicator of India's stage of economic development.

Factors Motivating Rural Women Entrepreneurs

According to R. A. Sharma (1980) various factors internal as well as external motivate a person to become an entrepreneur. These factors are - ambition factors, compelling factors and facilitating factors. In addition to these factors, economic independence, economic interest, opportunities and necessities, usage of idle funds, market potential, family background (Jesurajan and Gnanadhas 2011), self determination, expectation for recognition, self esteem and career goal are found to be other key drivers encouraging entrepreneurship among women. Sometimes, women chose such career path for unleashing their inner potential and caliber hence to achieve self satisfaction.

Problems Faced by Rural Women Entrepreneurs

Even though women entrepreneurs are encouraged by government and other supporting agencies they are faced with many challenges. Major challenge faced by women entrepreneurs is that the potential clients/ customers perceive that the women entrepreneurs does not have the ability to provide high quality products and are not competent enough to take more than one critical projects simultaneously. Due to this perception larger companies are often selected by major clients for doing business, ignoring small entrepreneurs (Amyx, 2005). Women owned businesses are known for their low start up and working capital (Siwadi et al 2011, Glen 2003), they also found that under normal conditions women's enterprises have low growth rate and limited potential due to the type of business they are involved in. According to Kimathi (2009) small businesses are held back by tough local conditions and some of them are unable to raise huge collaterals demanded by banks as a condition to access loans. It is perceived that they are too big for microfinance institutions but too small for conventional banks.

Irrespective of the support extended by Government and NGO's, the women entrepreneurs are faced with many challenges. The aim of this paper is to analyze the major issues faced by rural women entrepreneurs and to suggest a model to overcome the challenges.

Objectives of the Study

- To study the problems/ challenges faced by small- scale women entrepreneurs in Rajasthan.
- To suggest certain remedial measures to solve the problems of rural entrepreneurs in Rajasthan.

Methodology

The study is exploratory in nature. primary data was collected using survey method using interview schedule. Women entrepreneurs were identified using quota sampling method. Secondary data was taken from the sources like economic survey, reviewed articles, books and websites.

Universe of the Study: The study was carried out in alwar and kota district of Rajasthan. These districts in total have 628 gram panchayats. From these gram panchayats four gram panchayats were randomly selected two from each district. Data was collected from women entrepreneurs in these gram panchayats.

Sample: 60 rural women entrepreneurs were selected randomly for the study. Data was collected from them using interview schedule.

Analysis of Data: The information gathered from rural women entrepreneurs was tabulated and analyzed using different statistical tools.

Result and Discussion

General Information about Rural Women Entrepreneurs:

Table I gives general information about the socio economic condition of rural women entrepreneur's. Data shows that 80 percent of the respondents lives in pucca houses. This indicates higher economic status of the family. It came to light from the interview that women entrepreneurs and their enterprise played a major role in the financial up

gradation of their family and hence in converting their kachha houses to pucca houses.

The occupation, possession of land, livestock and other sources of income indicate the economic stability of the families of women entrepreneurs. It has been found that most of the women entrepreneurs started with their enterprise out of necessity with inspiration from SHG members and family. But now the output from the enterprise is motivating them to continue with the same.

Problems Faced by Rural Women Entrepreneurs:

Rural women entrepreneurs are faced with many problems while running their business. Major problems faced universally by women entrepreneurs are lack of enough capital, difficulties in transportation and marketing, the perishability of commodities and competing demand related to household chores, difficulties in licensing procedures, finding employees with the right skills, lack of time on the part of women entrepreneurs in updating their skills in alignment with the drastic changes happening in the business environment.

Lack of finance, lack of social support system, marketing problems, balancing of life, lack of education and technical knowledge were found to be the major problems that women entrepreneurs face from the inception to the growth of the organization.

Major Challenges Faced by Women Entrepreneurs in Rural Rajasthan:

20 major factors causing challenges to rural women entrepreneurs in Rajasthan were enumerated through pilot study. The data was collected related to these challenges using interview schedule. On these identified factors factor analysis was performed and effort was made to find the major problem faced by them. **Table II** Kaiser –Meyer–Olkin (KMO) measure of sampling adequacy was used to find out the sampling adequacy. Many of the variables were removed systematically on the basis of low KMO value, anti image score and low mean score. After systematic removal of irrelevant variables 17 factors were found to be relevant for studying the challenges and problems faced by women entrepreneurs.

High KMO **Table III** value calculated with these 17 factors shows that the factor analysis will be useful with the data. Bartlett's test of sphericity indicates whether the correlation matrix is an identity matrix. Very small significant value of Bartlett's test indicates that there is significant relationship among the problem variables and factor analysis can be conducted between these factors. **Table IV**

Out of seventeen major problems found among rural women entrepreneurs, seven major factors were extracted through rotated component matrix. These seven factors (Social discrimination, Production and marketing, Labor management, Finance, Lack of awareness, Lack of support system and Lack of experience and skills) were found to explain 63.38% of the major factors causing problems to women entrepreneurs.

Social Discrimination

The major factor that was creating hurdle was discrimination faced by women entrepreneurs. Women who were studied were expected to fulfill all family and social responsibilities along with their enterprise. This attitude of the society and family members usually drained away all energy from these women. Sheer need for achievement and independence was found to motivate these women to continue with their enterprise, irrespective of all hurdles. Gender and caste stereotyped perception about these women was found to be other social barrier. The study found that rural women are less educated than men, because of this they are less equipped to manage a business thus making them dependent on others. This finding is supported by the observation made by Common wealth secretariat (2002) that women are usually less educated than men, making them less equipped to manage a business. Namusonge (2006) noted that entrepreneurial education and training play a key role in stimulating entrepreneurship and self-employment.

Production and Marketing

Another key problem faced by women entrepreneurs was related to Production and marketing of their products. Even though majority of the products produced by women enterprises are innovative they are found to lack the skills to withstand the

competition raised by complementary products. Most of the women try to market their products within the rural market which is being explored by new competitors such as mini-super markets with wide varieties of complimentary products. Because of inadequate marketing they are not able to find out proper market for their products and are depended on middle men who take away the chunk of the profit. Procuring cheap raw material with high quality and marketing the products was found to be a challenge for them.

Labour Management

Labour management is another challenge faced by rural women entrepreneurs. Finding and retaining good employees is essential for the success of a business. Majority of the women enterprises are skill based so women sometimes find that employees try to have an upper hand because of the unique skills that they have. Since women owned enterprises are small, they often find it difficult to provide job security and measures to ensure talent retention, in turn affecting the long term sustainability of the business. This finding is similar to the findings of Athanne (2011) who concluded that some women entrepreneurs think that they are not taken seriously by their employees, especially in non-traditional sectors, and have to make a special effort to win their respect.

Financial Management

The greatest barrier facing women entrepreneurs is access to finance because of prerequisite of collateral. In Rajasthan rural areas only 1% of women own property and that makes it very difficult for women to provide collateral for banks. According to United National Industrial Development Organization (UNIDO), although loan repayment pace of women is higher than men, women still face difficulties in obtaining credit. The financial institutions discourage women entrepreneurs as women do not in general have property on their own names to use as collateral securities for obtaining loans/funds from banks and financial institutions.

Lack of Awareness

Rural women entrepreneurs were found to lack awareness about government programmes. They also

lacked knowledge about concessions available for women with respect to different government policies and programmes.

Lack of adequate support system and lack of experience and skills were found to be other problems faced by rural women entrepreneurs in Rajasthan

Suggestion for Solving Problems of Women Entrepreneurs.

- To fight poverty and social discrimination in Rajasthan the critical place of women in society needs to be accepted and supported by the society, family and women itself.
 - Social sensitization programmes should be initiated by government and NGO's through SHGs to change the mindset of the family members and spouses towards these entrepreneurs.
 - Family members should be sensitized and motivated to accept the changing role of women entrepreneurs at home and to extend their support in handling multiple responsibilities.
 - Women entrepreneurs need to be provided with capacity building programmes for enhancing their self confidence and life skills. Technical training programmes in functional areas like finance, literacy, book keeping, logistics, marketing, production and managerial skills.
 - Production and marketing being one of the key issues, women entrepreneurs should be provided with adequate training programmes so that they will be able to withstand the challenges posed by big and organized sectors.
 - Government should Support and guide women entrepreneurs with respect to Research and Development and should provide them with adequate and up to date information about technological changes and about the changing government policies, programmes, schemes and concessions so that they can avail these facilities and to keep themselves abreast with technological and environmental changes.
- Credit to rural women entrepreneurs should be made possible through pioneering programs and financing arrangements that surpass the conventional modes, which usually require collateral and capital securities.
 - Links need to be created among these entrepreneurs in the form of entrepreneurial association so that they will get a platform to exchange their learning and problems. This association should act as the support system which will enable weaker enterprises to face the challenges and to discuss the problems, grievances, issues, and complaints against constraints or shortcomings. They should stand together towards the economic progress path of women entrepreneurs by giving suitable decisions in the favor of women entrepreneurs and taking strict stand against the policies or strategies that obstruct the growth of women entrepreneurs.
 - The government experts from MSME should act as facilitators who will lead them in the right path and in helping them to prepare proposals for getting funds from banks and even providing a guarantee for them. Strategies should be put in place with different instruments to address the financial issues of women.
 - Women entrepreneurs should be taught the value and need of being independent both economically and psychologically. This will make them strong and will motivate them to realize their inner potential.

Conclusion

Rural women entrepreneurs can play a significant role in the socio-economic development of country like India whose heart lies in rural India. Empowerment of women has a rich payoff in economic development and egalitarian goals of the society and entrepreneurship is the most viable option for empowering women. The overall scenario of women and its society has changed; the Indian economy witnessed a drastic change after 1991 with new economic policies, liberalization, globalization of activities. Women across regions have started showing interests to be economically independent.

Women have the potential and the determination to set up, uphold and supervise their own enterprises in a very systematic manner. Rural women entrepreneurs are faced with many challenges, but with right kind of assistance, support and guidance from experts, family, society and Government these Women Entrepreneurs can become a part of the mainstream of economy contributing significantly for the economic progress of our country.

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Table I : Socia Economic Condition of Women Entrepreneurs

Indicators	N= 60	Percentage
Land asset		
Landless	8	13.33
2.5 Acre	32	53.33
2.5-5 Acre	15	25
5 Acre	5	8.3
House		
Kachcha house	6	10
Partial Kachcha-Pacca house	6	10
Pacca house	48	80
Source of Income other than enterprise		
Wages	14	23.33
Family occupation	8	13.33
Agriculture	12	20
Business	16	26.66
Service	10	16.66
Live stock		
0 - 10	56	93.33
11-20	3	5
21-30	1	1.66

Table II : Rotated Component Matrix

Variables	COMPONENT						
	1	2	3	4	5	6	7
Multiple responsibilities	0.885						
Gender discrimination	0.706						
Caste discrimination	0.671						
Lack of education	0.668						
Problem in marketing and selling		0.824					
High external competition		0.657					
Arranging raw material		0.513					
Lack of skilled employees							
Labour management problem			0.617				
Interference of family members			0.573				
Arrangement of finance at all stages of business				0.789			
High rate of interest				0.301			
Lack of awareness about govt. programmes					0.778		
Lack of knowledge about concession					0.706		
Lack of support system						0.801	
Middle men						0.612	
Lack of experience and skills.							0.756
1. Social discrimination, 2. Production and marketing, 3. Labor management, 4. Finance, 5. Lack of awareness, 6. Lack of support system and 7. Lack of experience and skills							

Table III : KMO and Bartlett's Test

Kaiser - Meyer - Olkin measure of sampling adequacy	0.651
Bartlett's test of sphericity	Chi-square : 107.00
Significance	0.000

Table IV: Eigen Value and Cumulative Percentage Value of Extracted Factors

Factors	Eigen value	Percentage of variance	Cumulative percentage of variance
Social discrimination	2.785	15.465	15.465
Production and marketing	2.007	11.143	26.609
Labour management	1.646	9.150	35.758
Financial management	1.356	7.540	43.298
Lack of awareness about government prog.	1.278	7.094	50.392
Lack of support system	1.216	6.759	57.151
Lack of experience and skills	1.122	6.228	63.380