

Increasing women entrepreneurs: Challenges and solutions:

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Women, today play multiple economic roles in our society. They are consumers, farmers, labourers, teachers, bankers, innovators, scientists, pilots and astronauts. Many are self employed while some are turning entrepreneurs.

Entrepreneurship provides the most powerful economically empowering avenue for women, for the community, and the nation. Yet, it is estimated that globally there are only roughly 9.34[1] million women-owned formal small and medium enterprises (SMEs) in over 140 assessed countries, which is approximately one third of all formal SMEs. In India, as per the [Business Report 2014](#) and Survey conducted by IFC, women-owned enterprises contribute 3.09% of industrial output and employ over 8 million people. About 98% of women-owned enterprises, however, are micro enterprises. The bulk of the businesses, roughly 78%, are in the [services](#) sector.

A mere 6%[2] of start-ups in India's tech capital, Bengaluru, are women-owned. So why are there so few women entrepreneurs? Basically there are four main barriers to women becoming entrepreneurs.

INTRINSIC AND CULTURAL BARRIERS

The first set of limiting factors are intrinsic i.e. within the self and family. I call it the three S's Self, Support Systems and Society & Stereotyping.

- **SELF** - Most educated women are tuned to take up jobs; it's easy and lends the stability of a fixed salary. That part of an attitude that has to do with innovation, questioning mentality to find problems and risk-taking – to do the unexpected and uncertain and reap windfall gains – is culturally unconventional in India. Here Marwaris, Gujaratis and Sindhis think differently (risk and returns) and therefore we see most successful businesswomen from these communities.
- **SUPPORT SYSTEM AND SOCIETY/STEREOTYPES**: There are pressures from within the family, competing roles women play within the household, opposition from within the family due to societal stereotypes, and lack of child care support systems. These make

women guilt-ridden and inhibit them from turning entrepreneurs. But with more women leaders coming to the forefront on corporates boards and as entrepreneurs, like Indra Nooyi, Chanda Kochar, Kiran Majumdar Shaw, Neelam Dhawan, Sulajja Firodia Motwani hopefully these intrinsic pressures will slowly fade away. But the drive has to begin from within, with the SELF affirmation to succeed.

ACCESS TO RESOURCES

The second set of problems is the most critical, especially for the micro and SME sector. These include lack of access to resources like credit, technology and markets. Lack of access to formal, easy, collateral free and transparent financing for women start-ups is a major problem area. The gap between women and men in access to formal financial services is vast. It is estimated that over 90% of finance requirements for women-owned enterprises is met through informal channels, as per the IFC Business Report.

Coupled with this, women also lack access to latest technologies that could enable them to overcome drudgery, improve efficiency/productivity, or enable them climb up the value chain. In agriculture, for example, women do not own much of the land. They have little information about better quality of seeds, diverse cropping mechanisms, farming produce trends and technology, tools, and market demand and prices. Due to these factors women have lost out on many opportunities (e.g. food processing). This, despite the fact that they toil the most in the farms.

Technology ranges from very basic and easy to use to very complex and high end. For example, post-harvest Engineering & Technology (CIPHET) [3], Ludhiana, have created several ready-to-use technologies like automatic litchi peeler, tomato grader, pomegranate oil extractor, groundnut de-skinner, ber (berry) fruit grader, and automatic custard apple peeler, among others. It has been proven time and again (e.g. through Gujarat experience) that when women are trained in better farming techniques and technology adaptation, the success rate of ventures has been better.

Another key obstacle to entrepreneurship is poor linkages to consumers and markets. Poor infrastructure (especially in rural India) further hampers connectivity to markets.

SKILL GAP

The third factor that is a hindrance is that women are not always equipped with adequate knowledge and skills to tap opportunities. They lack exposure to practical aspects of running a business. This further deepens their isolation and lowers their self-esteem for achieving success. It is crucial to address these gaps in knowledge, skills and attitudes through capacity building programmes. These entrepreneurship development and management programs must have the rigour and adequate hands-on components that are supervised by existing successful entrepreneurs themselves. Technical aspects of finance and accounting, technology and systems and leadership and negotiation skills are important elements to any capacity-building initiative.

Another important aspect for nurturing successful start-ups is handholding support services (legal formation, license, clearances, scaling up, marketing strategies and market and credit linkages) in the first six months of starting an enterprise. This will enhance the success rate of women-owned start-ups. Information dissemination of women specific schemes is also vital in order to increase awareness among potential women entrepreneurs.

NETWORKING

The fourth issue is that of networking. Creating wide and sustainable network of women producers and consumers is essential to build and nurture women entrepreneurship. All successful and premier institutions across the world will vouch for their alumni and brand network multiplier effects for fostering entrepreneurship.

The change can come through collaborative efforts of business associations, organisations and individuals. Also through affirmative action wherein, for example, organisations implement a procurement policy where a certain percentage of their goods and services will be compulsorily sourced from women-owned businesses. Six companies[4], Accenture, Intel, Marriott, HP, Wal-

Mart and IBM, are now looking to align their procurement policy towards women-owned businesses.

So, the corrective measures that need to be taken can be summed up as “Amplify and Simplify”.

- Amplify the women’s support systems like child care and family support.
- Amplify skill development and capacity building processes for soft skills, technology and management skills. Here it is important to make these measures effective through a focussed region- and individual-specific approach. A bottoms-up approach in choosing a business venture, starting with the mapping of the individual profile to the business opportunities and industry/sector, and ultimately linking this to the regional advantages like natural resources, manpower etc., will enhance the success rate.
- Amplify mentoring and market linkage to support for women owned enterprises through networks like women entrepreneur associations. Another good practice is to share resources and document and spread entrepreneurial success stories.
- Simplify the external entrepreneurial ecosystem by enabling ease of doing business, including easy access to credit facilities such as collateral-free loans from banks, FIs and MFIs.
- Simplify government schemes eligibility criteria, documentation and clearance mechanisms. Bring in smarter technology, single-window clearances and better inter-departmental co-ordination to enable simpler, faster, transparent and effective service delivery for women start-ups.