The Gender Gap in Entrepreneurship and How to Overcome It? A Study of Women Entrepreneurship Promotion in Uttarakhand State

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Abstract

In today’s era the businesses are flourishing and important point to note is the increasing number of business headed or owned by women, even there is increment in the initiatives, policies and resources designed to promote and develop women's entrepreneurship, but entrepreneurship still is being dominated by males and this is the reason why gender gap still persists in entrepreneurship. Efforts are made through this paper to find: Why does the gender gap in entrepreneurship exist? And what does the literature suggest about the best possible ways to promote women’s entrepreneurship in Uttarakhand state? Based on a feminist’s perspective this paper argues that promotion policies to promote women's entrepreneurship, certainly policies have benefitted women’s but still the gender biasness exists in the environment where women’s still struggle to find their way.

Keywords: Entrepreneurship, Gender gap, Uttarakhand

Introduction

The growth in the number of women entrepreneurs in India has drawn the interest of both the academic and the development sector. Business associations, International public institutions, National and local institutes, and NGOs have initiated programs or policies to promote and develop women’s entrepreneurship. Programs have been initiated by them for capacity-building of entrepreneurial skills, traits, provide finance
and trainings, strengthening women’s networks, or design policies that enable more and concrete start-ups and business growth. They all claim that women entrepreneurship is essential for growth and development. However, despite this rising number of initiatives and resources made accessible to promote and develop women’s entrepreneurship, women still possess and manage fewer businesses than men, they earn less money with their businesses that grow slower, are more likely to fail and women tend to be more necessity entrepreneurs.

**Gender Gap in Entrepreneurship**

An important resource of data is the Global Entrepreneurship Monitor project, which estimates that more than 187 million women are engaged in entrepreneurial activity [GEM, 2012]. On a global scale, men make up 52% of all entrepreneurial activity, compared to 48% of women entrepreneurs. However, at the country level, the gender gap varies greatly in size across the world. It ranges from 1.5% to 45.4% women of the adult population actively operating a business as entrepreneurs or who are thinking about starting a business. The only economy with currently more female than male entrepreneurs is Ghana where 55% of entrepreneurial activity is conducted by women [GEM, 2011]. Although Eastern European countries have relatively low rate of women entrepreneurs, countries with exception are Russia, where women represent 44% of total entrepreneurs. Singapore and Switzerland exhibit comparatively high levels, while France and the Republic of Korea report low rates - about one fourth of the entrepreneurs are women there [GEM, 2012]. Women entrepreneurs comprise about 10% of the total number of entrepreneurs in India and it is expected to cross 20% in next 5 years. Even though women own about 10% of the total enterprises in the small sector, the gross output of these units is just 3.5% of the total output of SSI sector. Most of the women owned entrepreneurs in India are found to be concentrated in few states of Kerala, Tamil Nadu, Karnataka, West Bengal and Uttar Pradesh.

**Gender Differences in Motives: Opportunity or Necessity**

Worldwide, women are much more likely to be driven by necessity than men when starting a business [GEM, 2011]. In developing countries, the vast majority of women are engaged in entrepreneurial activity driven by pure survival - out of necessity rather than opportunity - because there are no jobs or any other options for income generation. This partly explains why globally women are overrepresented in the informal economy and own no more than 25% of formal sector businesses, and stands in contrast to the vast majority of women in high-income countries, where 2/3 of women start a business because they see opportunities or want to be independent [Minniti, 2009; GEM, 2011]. However, the gender gap in entrepreneurship measured by motive may slowly disappear as recent data display that as economies develop and grow, and job opportunities become available, this gap may be closing with time [GEM, 2011]. Thus, the proportion of women with necessity motivations declined in recent years, especially in Brazil and China and some of the countries in Eastern Europe, thereby contributing to a narrowing of the gender gap [GEM,
Entrepreneurial orientation and industry choice:
Women tend to pursue certain businesses due to their natural inclination towards services and customer interaction. For example, they are virtually absent from the manufacturing and construction sector while they are overrepresented in the consumer sector and mostly engaged in retail businesses.

Business performance and growth expectations:
Women are not only less likely than men to start a business, their businesses also tend to be smaller, have fewer staff and less growth expectations. Furthermore, women generate relatively lower revenues than men, and earn less income from entrepreneurial activity. Finally, maintaining and growing the business beyond start-up is a serious challenge for all women entrepreneurs. Even though the exit rate of new businesses is high everywhere (40 – 50 %), exit rates of women-owned businesses are even higher. Some reasons mentioned for high exit rates among women entrepreneurs are lack of financing, inadequate profitability, and family responsibilities. Improvement of macroeconomic conditions (higher wages, increase of available jobs, lower discrimination) is also a factor, and retirement.

Explaining the gender gap:
- Access to financial resources
- Insufficient training and access to information
- Work-family interface
- Women’s safety and gender based violence
- Lack of societal support
- Legal barriers and procedures

An overview of different analytical perspectives
It is widely agreed that there is still a lack of reliable and consistent data on women entrepreneurship to explain both commonalities and differences across and within countries. In the 1980s and ‘90s it was common to set out from micro-economic factors and characteristics to explain the gender gap in entrepreneurship [Minniti, 2009; Ahl, 2006]. Some scholars even sought for answers in the psychological makeup of women. In 1989 Nelson for example argued that the gender gap is due to ‘irrational behavior’ of women entrepreneurs as they tend to turn to their unqualified family members for help, which, he observed, has consequences for business performance. Others have argued that women are less entrepreneurial because they are risk-averse and lack the necessary skills, attitude and education for entrepreneurship [Ahl, 2006]. In an overview of the more micro-level approaches to the gender gap in entrepreneurship, Jamali [2009] lists a number of studies that
identify differences between men and women entrepreneurs – e.g. with respect to self-perception [Anna et al., 2000], opportunity recognition [Eckhardt and Shane, 2003], decision-making styles [Baker and Nelson, 2005] and networking behavior [McManus, 2001]. Therefore, it is now more and more accepted that micro-level explanations of the gender gap in entrepreneurship cannot stand on their own but need to take into account contextual factors at other levels of explanation [Brush et al., 2009].

Gender equality: push & pull factors
Baughn, Chua and Neupert [2006] describe how the institutional context produces gendered push & pull (defined by the levels of gender equality) that contribute to entrepreneurial activity. Their study finds evidence that gender inequality is an inhibitor for development & growth whereas negative gender attitudes in societies can restrain or hinder individual choices and chances. Gender inequality then functions as an inhibiting pull factor for entrepreneurship; a barrier for successful start-up as a result from lack of access to financial and social capital. Gender equality on the other hand functions as an enhancing pull factor that may increase the level of women’s participation in entrepreneurship. Other push factors that drives men or women into entrepreneurship are survival, unemployment (especially in transitional countries and emerging economies), the idea that self-employment provides flexibility and enables a good balance between work and family care responsibilities, dissatisfaction with current job, frustration with the ‘glass ceiling’ in salaried careers. Pull factors are mostly shaped around the pursuit for satisfaction and independence: autonomy, creativity, status attainment, financial gains, personal success. Based on the Model of Effectuation [Sarasvathy, 2001], both men and women start a business based and built upon existing skills, knowledge and networks usually acquired in a paid job or enjoyed education. Compared to men, the majority of women start a business while still employed in a paid job. This is both the case in low-income countries (74%), middle income countries (91%) and high-income countries (82%) [Minniti, 2010].

Women Entrepreneurship in Uttarakhand: Uttarakhand a 27th state of Republic of India is still a young state and was formed in the year 2000. The state is doing decently well since inception, but due to its geographical conditions still faces a number of problems, of which a key area, women entrepreneurship is an important one. Efforts have been made by the Central Government and the Government of Uttarakhand to overcome the problem by introducing various schemes/programmes declared by the different departments are as follows:

- Department of Rural Development focuses on economic self-reliance as an indicator of women’s entrepreneurship;
- The Agriculture Department endeavors to make women better agricultural workers by increasing their understanding about the use of technology in agriculture as women’s play an important role in agriculture of Uttarakhand;
The Horticulture Department aims to provide training to women for vegetable and fruit production and preservation and link them to the market so that they can become economically self-reliant;

The Dairy Department, in the name of Women’s Dairy, has started a new scheme whereby women are given training in animal care, a traditional occupation followed by them, and are encouraged to set up their own dairy and thereby become economically self-reliant;

The Social Welfare Department offers various scholarships and pension schemes and thereby provides economic support to certain vulnerable groups to bring about their upliftment by helping them start something of their own;

The Education Department, in order to bring about gender equality, has initiated special programmes for girls whereby they can be mainstreamed with the existing programmes;

The Adult Education programme of the Education Department considers women’s literacy as the first step towards their empowerment and is pursuing the Continuing Education programme through the self-help groups (SHGs) in order to bring about their economic self-reliance;

The Department of Women’s Empowerment and Child Development is running various schemes and programmes for the empowerment of women by setting up self-help groups (SHGs) with the help of NGOs.

Based on these findings, policy measures to support women’s entrepreneurship can go along some different lines. Policy makers can:

- Increase the capability of women to participate in the labour force by ensuring at par treatment in the work place. In general, improving the position of women in society and promoting entrepreneurship generally will have benefits in terms of women’s entrepreneurship.

- Take note to the voice of women entrepreneurs. Concerned offices could have programme responsibilities such as providing women’s business centres, organising information seminars and meetings and/or providing web-based information to women who are already entrepreneurs and who have important insights into the changes needed to improve women’s entrepreneurship.

- Incorporate a women’s entrepreneurial dimension in the formation of all SME-related policies. This can be done by ensuring that the impact on women’s entrepreneurship is taken into account at the design stage.

- Promote the growth of women entrepreneur networks. These are major sources of knowledge about women’s entrepreneurship and important tools for its development and promotion. Co-operation and partnerships between national and international networks can facilitate entrepreneurial endeavours by women in a global economy.

- Periodically evaluate the impact of any SME-related policies on the success of women-owned businesses and the extent to which such businesses take advantage of them. The objective should be to identify ways to improve the effectiveness of those that should be retained. Good
practices that are identified in this way should be disseminated and shared.

- Improve the realistic and analytical underpinnings of our understanding of the role of women entrepreneurs in the economy. This requires strengthening the statistical basis for carrying out gender-related cross-district comparative analyses and longitudinal studies of the impact of important developments and policies, especially over time.

**Feminist Perspective**

Feminist scholars consider this an undue perpetuation of a ‘liberal’ view of gender, which either tends to turn women’s disadvantages into advantages or frames women’s disadvantages as barriers that can be overcome with the right measures. The main problem is that entrepreneurs, men and women alike, operate in patriarchal economies and societies that are biased towards women over men. This gender bias can be subtle or explicit but in most cases will result in a context that values men over women, based on privileges and oppression, which may result in small or large consequences. According to Ahl [2006] and Calas et al [2009] this explains why serious change and real reform for women entrepreneurs has not yet occurred and the gender bias in entrepreneurship continues to persist.

**Conclusion:**

The efforts of public and private institutions to promote or develop women’s entrepreneurship in Uttarakhand will definitely continue to benefit individual women entrepreneurs. But, as long as the gender bias in the context in which entrepreneurship is embedded is left intact, our efforts may remain in vain and without any significant macroeconomic and social impact. With all the money in the world, combined with an accumulation of ‘good intentions’ and ‘great ambitions’ perhaps not much will change as long as those that enjoy the powers and privileges of the gender biased context will either step aside, make room or engage in this endeavor for social change. Here, taking on a feminist perspective is promising due to its ‘political’ nature in the sense that it intrinsically calls for change and alternatives. Because like poverty, the gender bias in entrepreneurship is not inevitable: people have created it, and thus can be overcome, and it is not the only responsibility of the government to take initiative but all of us who can bring the change.

**References:**


