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ORIGINAL SCIENTIFIC PAPER

# Contributions Made by Women Entrepreneurs in Augmenting Socio- Regional-Economic Growth of Emerging Market Economy



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## ABSTRACT

*Women entrepreneurs have played significant role in the worldwide pursuit for sustained economic development and social progress. Despite all the hurdles, women stood tall and are applauded for their achievements in their respective field. In this context the current study was taken up to (1) review the relevance of women entrepreneurship, (2) examine the contribution made by the women entrepreneurs` in the social and regional development and (3) explore the role played by the women entrepreneurs` in economic development. The aim was to investigate the working of eighteen women entrepreneurs working in Uttar Pradesh, the most populous state of the Republic of India, who have provided employment to hundreds of illiterate, un-skilled, unemployable and under privileged women living in poverty conditions in their local community. The objective was to analyze their contribution towards the society, region and economy. It will also motivate and inspire others to replicate such businesses in their regions. The study aims to provide useful insights to the potential entrepreneurs, policy makers and other stakeholders to evolve mechanism to*

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*promote employment generation, poverty alleviation, and socio-economic empowerment at the grass root level, to stimulate inclusive growth.*

**KEY WORDS:** *women entrepreneurship, socio-economic empowerment, social development, regional development, economic growth*

## **Introduction**

Entrepreneurial activities influence economic growth and development (Naude, 2008). The Global Entrepreneurship Monitor (1999) argues that there are substantial evidence of positive relation between high rate of entrepreneurial activities and economic growth. Entrepreneurship creates wealth, utilizes local resources, creates employment opportunities and has potential to reduce poverty. Entrepreneurship has been recognized as engine of economic growth (Josiane, 1998; Galbraith, 2008). The significance of entrepreneurship incorporation in the people of a nation cannot be overstressed particularly, women who are not substantially appreciated for developing economies. Women play crucial and vibrant roles in economic life, they easily adapt to change and are highly innovative. As agents of change and development, women entrepreneurs play significant role in all societies, both in formal and informal sector. Women have gained substantial significance in the socio-economic growth of not only the developed economies but also the developing economies, because they constitute substantial share of micro, small and medium enterprises (Kjeldsen and Nielson, 2000).

## **Objective of the Study**

Women entrepreneurs have played significant role in the worldwide pursuit for sustained economic development and social progress. Despite all the hurdles, women stood tall and are applauded for their achievements in their respective field. In this context the current study was taken up to (1) review the relevance of women entrepreneurship, (2) examine the contribution made by the women entrepreneurs` in the social and regional development and (3) explore the role played by the women entrepreneurs` in economic development. The aim was to investigate the working of eighteen women entrepreneurs working in different areas of Uttar Pradesh (India), who have created employment opportunities for the people, especially

women, living at grass root level and analyze their contribution towards the society, region and economy.

## **Research Methodology**

An empirical research was conducted to find out the contributions made by women entrepreneurs to the emerging economy. Interviews were conducted with eighteen women entrepreneurs who are involved in the manufacturing of jute bags and other jute products, home-made traditional snacks, pickles, spices, embroidered clothes, bedsheets, doormats, handicrafts and pottery items etc. in different areas of Uttar Pradesh (India), the most populous state in the Republic of India. These entrepreneurs have provided employment to hundreds of illiterate, un-skilled, unemployable and under privileged women living in poverty conditions in their local community. Some of the questions put forth to these women entrepreneurs were: (1) What motivated you to start a venture of your own? (2) From where did you arrange the necessary funds to start your venture and the other vital resources to run your business? (3) Why did you choose the specific business idea which you are pursuing? (4) What was the basic objective of initiating such a venture? (5) Do you feel that you have been able to attain your objective? (6) From where do you arrange your necessary resources such as raw material, human resource, funds, etc.? (7) What type of people do you employ in your organization? (8) What impact have you been successful in creating on the people and the region?

The employees working in those enterprises and the local residents were also asked questions to validate the findings. The questions asked to them include the following: (1) What is the education and skill that you have? (2) Are there enough employment opportunities for you in your region? (3) Before you joined this organization what work did you do? (4) Why did you join this organization? (5) Is this organization doing any good to you and your family? (6) Do you think there should be more such organizations in your region? And why?

The above mentioned questions helped us to understand the vision and mission with which these women entrepreneurs started their venture. It also helped us to find out that how they arranged their funds and other necessary resources, whether their initiatives empowered the people living at grass root level, improved their standard of living, enhanced their social wellbeing, whether they were able to prevent people from migrating to

neighboring regions in search of jobs, what impacts were created by their ventures on the local residents, the region and the economy.

The secondary data was collected from journals, reports of government and private agencies, surveys, and websites.

## **Research Implication**

The study aims to provide useful insights to the potential entrepreneurs, policy makers and other stakeholders to evolve mechanism to boost employment generation, poverty alleviation, and socio-economic empowerment at the grass root level, to stimulate inclusive growth. It will also motivate and inspire other women to replicate such business their regions. The study shall provide food for thought to the academicians and researchers, who can design future studies to scrutinize the effect of women entrepreneurship on reduction of poverty, social well-being and inclusive growth.

## **Theoretical Framework**

Boettke et. al., (2009) stated that growth of economy will be restrained if entrepreneurs are not encouraged, as development of entrepreneurship is a global phenomenon for poverty alleviation. Worldwide women constitute nearly half the population, and they can be a strong resource for sustainable socio-economic development (Iheduru, 2007). Earlier studies emphasized there existed intricate relationship between the domestic responsibilities of women and their inherent potential to be successful in business (Boserup, 1970; Boulding, 1983; Dube, 1997). Thus women entrepreneurs must be constructively engaged in meaningful economic growth.

Research have shown that women entrepreneurs are no different from men entrepreneurs (Birley, 1989; Bonte et. al., 2007). According to Jeminiwa (1995), women are the soul of economic growth and development, as they are involved in agriculture, trading, and micro business unit. Nongbri (2008) stated that women do not lack in communication or the ability to carry out their entrepreneurial tasks. If given the opportunity women can contribute more meaningfully to the greater economic development in the area (Hisrich and Brush, 1987; Birley, 1989; Manimala, 1999; Kuratko and Hodgetts, 2007; Zimmerman et. al., 2009).

Women entrepreneurship plays a significant role within the context of socio-economic development (Allen et. al., 2007). Women are crucial for overall wealth creation and creation of employment in all economies (Brush et. al., 2006). Many studies indicated the prominent role women entrepreneurship played in reduction of poverty (Yunus, 2007) and emphasized the profound impact it had on local communities and surroundings (Court, 2012). Women owned businesses increased substantially in the economies across the world. The hidden entrepreneurial potential of women has gradually grown, with the increasing sensitivity to their significant contribution to the society and the economy (Holt, 2006; Acs, 2006; Ghatak et al, 2007). Skill, knowledge and adaptability were the foremost reasons for women to emerge in commercial ventures (Hanushek and Woessman, 2008).

Women entrepreneurs made a significant contribution to national economies through their participation in start-ups and their growth in micro, small and medium businesses. Global Entrepreneurship Monitor (GEM) 2005 confirmed that women across the world, took part in a wide ranging entrepreneurial initiatives and their actions resulted in establishment of numerous business enterprises, for wealth creation and generation of jobs. The role of entrepreneurs as agents for resource utilization, wealth creation, job creation, alleviation of poverty and development of human capital enormously increased the number of women owned ventures across the world (Ojo, 2006; United Nations, 2006).

The impact of women entrepreneurship on economic development process has often been evaluated in terms of gross domestic product and per capita dynamics (Fuller-Love, 2008; Minniti, 2010; Bahmani-Oskooee et al. 2012). Women entrepreneurship contributed more than fifty percent to Gross Domestic Product (GDP) of most nations both developed and less developed (Ojo, 2006). A research by the Centre for Women's Business Research in 2009, having a sample of eight million women-owned enterprises, revealed that their projected economic impact amounted to USD three trillion per year, which created more than twenty three million jobs. In 2010, over one hundred and four million women in fifty nine countries established new ventures and created employment in labour markets (Kelly et. al., 2011). Increased participation of women entrepreneurs has positive impact to a country's gross domestic product (Kantor, 1999). According to Kerta, (1993) it was statistically proven, that more than thirty percent of the

contributions of a country's gross domestic product, comes from women that are self-employed in micro and small sized enterprises.

Nobel laureate, Muhammad Yunus, founder of Grameen Bank, stated that income proves to be the best medicine for people living at grass root level. Women owned businesses generate income which support their households and improve their family welfare (Thomson, 2002). Women support themselves and their families through the returns they generate from their entrepreneurial deeds (Kantor, 1999). As Steinem (1992) noted, women entrepreneurs tend to take a holistic approach to life, they try to balance work, family, economic, and cultural values. They integrate economic techniques in existing social network. Women have access to and control over income and working conditions. This empowered them and encouraged their involvement and participation in economic, social and political activities. This has resulted in reducing gender inequality and discrimination especially in the labour market. Self-employment and entrepreneurship, helped women to gain confidence, self-esteem and decision-making experience, leading to greater control over their lives in social, economic and political spheres (Kantor, 1999).

## **Findings**

The interactions and discussions with the women entrepreneurs, revealed that all these women entrepreneurs were the ones who observed that a large number of women living at the grass root level, were uneducated, un-skilled, unemployable and they lived in extreme poverty. These women entrepreneurs tried to identify such ventures which would be able to absorb such women in job. These women entrepreneurs analyzed that even though a woman may be illiterate still - she would know how to cook food, do basic stitching and embroidery, and this encouraged these women entrepreneurs to establish different types of manufacturing units in their backyards and garages, at micro levels. They established manufacturing units to produce jute bags and jute products, home-made traditional snacks, pickles, spices, embroidered clothes, bedsheets, doormats, handicrafts and pottery items etc. This not only helped the underprivileged women to become employable and financially independent, but also helped them to gain self-confidence, self-esteem, ability to take decision, and this leads them to take greater control over their lives in social and economic domains.

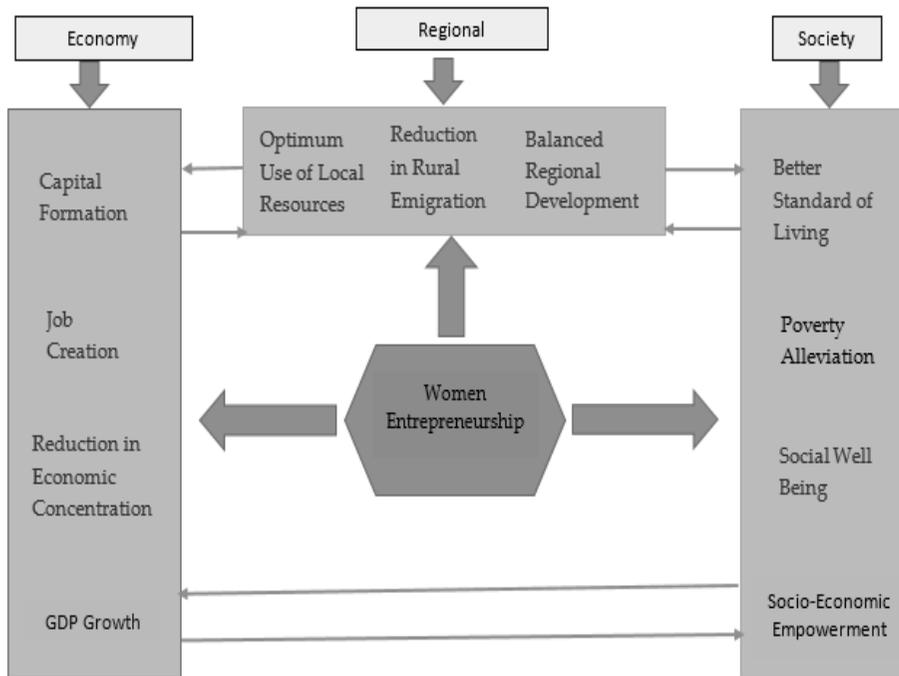
It was also observed that women entrepreneurs laid special stress on the family welfare of their employees. They educated the staff about health and hygiene, rendered support for the education of their employees' wards and gave medical re-imbursments etc. The improved level of earnings gave socio-economic empowerment to the women at grass root level. They could use the basic amenities and public utilities and enjoy improved standard of living. Through these projects employment opportunities were generated in the semi-urban and rural regions, which helped in checking rural emigration and undesirable urbanization and resulted in boosting balanced regional growth.

The research also showed that the women entrepreneurs mostly set up micro and small enterprises, which required low capital and usually utilized untapped indigenous resources. Their entrepreneurial initiatives lead to value addition and creation of wealth, which is very crucial for the development of regional economies. Women entrepreneurs not only created large-scale direct employment opportunities for the people, especially women, living at grass root level but also generated indirect employment opportunities for other local residents in the region.

## **Discussion**

In this research the contributions made by these women entrepreneurs were studied in three different dimensions, that is, in the perspective of the society, region and economy (**Figure 1**).

*Figure 1: Contribution Made by Women Entrepreneurs in the Socio-Regional-Economic Growth of Emerging Market Economy*



**Social Development:**

- i. **Poverty Alleviation:** The women entrepreneurs created employment opportunities for under privileged women living in poverty condition in the society, largely regarded as unemployable, and thus helped in poverty mitigation.
- ii. **Improvement in Standard of Living:** Livelihood generated by these women entrepreneurs enabled people living at the grass root level to avail basic necessities of life which consequently resulted in improvement of their standard of living.
- iii. **Socio-Economic Empowerment:** As women entrepreneurs were holistic in their approach they not only created job opportunities but also made their employees understand the relevance of savings, hygiene, physical wellness and education. This socio-

economic integration helped the people living at the grass root level, to join the mainstream, boosted their self-esteem and confidence and provided a sense of financial independence and security.

- iv. Engine of Social Well-being: Women entrepreneurs' fuelled prosperity, which in turn improved health, nutrition, family welfare and social well-being of the people living at the grass root level.

The All India Report of 6<sup>th</sup> Economic Survey, Government of India which stated, that the total number of persons employed in establishments owned by women was 13.45 million. Further, 8.2 million (61.46%) persons were employed in establishments located in rural areas and 5.18 million (38.54 %) in establishments located in urban areas, ratifies the above observations.

### **Regional Development:**

- i. Utilization of Local Resources: These women entrepreneurs established micro and small enterprises, which required low capital and utilized unexploited human and physical resources available locally. This promoted optimum utilization of indigenous resources.
- ii. Reduction in Rural Emigration: Women entrepreneurs established their ventures in the regions in which they lived and created new employment opportunities for semi-skilled as well as unskilled people, this was instrumental in holding back people and lead to the reduction in rural emigration.
- iii. Promotes Regional Development: Most of these women entrepreneurs established industries in under-developed and backward regions. The growth of business generated demand for public utilities such as road transport, health, education etc. This promoted regional development and reduced the urge in the residents to migrate to city.

The All India Report of 6<sup>th</sup> Economic Survey, Government of India which stated, that the total number of establishments owned by women entrepreneurs were 8,050,819 out of which 5,243,044 establishments constituting about 65.12 % of the total establishments were located in rural

areas and the remaining nearing three million 2,807,775 (34.88%) were located in urban areas, endorses the above observations.

### **Economic Development:**

- i. **Promotes Capital Formation:** Most of these women entrepreneurs established their enterprises by employing their past savings, so they were successful in channelizing the idle funds towards new venture creation and thus contributed in the capital formation in the economy. Bank borrowings were used only when they succeeded in their pilot phase. The entrepreneurial initiatives lead to the creation of value and wealth, which is crucial for the development of industry and economy. This is in concurrence to the All India Report of 6<sup>th</sup> Economic Survey, Government of India, which stated that almost 79% of the women establishments were self-financed. The next important source - donation or transfer from other agencies contributed 14.65%. The other sources were government assistance and bank borrowing of 3.4% and 1.1 % respectively.
- ii. **Creates Employment Opportunities:** Women entrepreneurs created large-scale direct and indirect employment opportunities for the unemployed. In this way, women entrepreneurs play an effective role in reducing the problem of unemployment, which is a chronic problem of the economy. This is in consensus with the All India Report of 6<sup>th</sup> Economic Survey, Government of India, which stated that the total number of persons employed in establishments owned by women was 13.45 million. Further, 8.2 million (61.46%) persons were employed in establishments located in rural areas and 5.18 million (38.54 %) in establishments located in urban areas. Report also stated that in Uttar Pradesh the total number of persons employed in establishments under women entrepreneur are 929,105 which constituted 6.91% of the total employment employed in establishments under women entrepreneur in the country.
- iii. **Increases Gross National Product:** Entrepreneurial initiatives by women entrepreneurs generated additional economic activities and created positive impact on the regional as well as national economy. This is in corroboration to the All India Report of 6<sup>th</sup> Economic Survey, Government of India, which stated that it has

been observed that 8.05 million out of the total 58.5 million establishments were run by women entrepreneurs in India which is around 13.76 % of the total number of establishments. Total workers engaged in women owned and run establishments were 13.48 million persons, which is 10.24% of the total number of workers engaged in India under different economic activities

- iv. **Reduces Concentration of Economic Power:** These women entrepreneurs created job opportunities for those who were considered unemployable by the society and stimulated equitable distribution of income and wealth among the people and geographic areas, thus benefitting the larger sections of society and nation.

The economic health of a nation usually gets determined by its gross domestic product. It was observed that women entrepreneurs, were vital to GDP equation, because of the ventures they create and the employment opportunities they generate. On one hand women entrepreneurs enhance socio-economic empowerment and on the other hand they help in the growth of gross domestic product. As the socio-economic empowerment and gross domestic product are interrelated and closely integrated concepts, improvement in one automatically leads to the growth in the other and vice versa.

## **Conclusion**

Entrepreneurship in general, and women entrepreneurship in particular, are vital for economic development and poverty reduction. Economic growth necessitates an increased participation of women entrepreneurs, as they act as change makers and also inspire others to become self-dependent. Women plough back their income in their families' nourishment, well-being and education thus helping their families, communities and nations. Numerous socio-cultural and political factors are responsible for gender biases. Governmental intervention by way of policies of equal opportunity for women have initiated change, but it is gradual and not adequate. The government of a country is required to provide the enabling environment for women entrepreneurs by facilitating easy availability of funds, infra-structural support, favorable economic and regulatory policies and procedures. As women constitute half of population worldwide, economic growth and social development will be elusive without involvement of

women in generating growth and sharing the paybacks of growth. Growth will not be sustainable, short of, increased participation of women in productive activities.

## **Limitations and Future Research Agenda**

The limitation of the current research was that it studied some women entrepreneurs in the state of Uttar Pradesh, the most populous state of the Republic of India. In future such study can be conducted in the other regions of the country to get a more holistic perspective. Research can also be taken up to understand the efforts made by women entrepreneurs to combat the challenges posed by globalization, technological disruption and global slowdown; difficulties faced by women entrepreneurs in doing cross-border trade and other such topics.

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