A Study on Financial Crisis as a Major Problem for Women Entrepreneurs with Special Reference to Tamil Nadu

Dr. J. Kavitha
Assistant Professor, Department of Management and Research, Adaikalamatha College, Vallam, Thanjavur.

Abstract- Women perform an important role in building the real backbone of a nation’s economy. There is considerable entrepreneurial talent among women. Many women’s domestic skills such as people and time management and household budgeting are directly transferable in the business context. The women entrepreneurs add their contribution to the national output and their role is also very much required. As they start new industries they are the job providers so that they mitigate the intensity of unemployment problems to some extent. In metropolitan cities, they start medium and large industrial undertakings; at the same time, they engage small industries in the rural areas. The women entrepreneurs of Tamil Nadu are treated as the population of the study. The multi stage sampling technique has been adopted in the study. Tamil Nadu is divided into three areas such as delta region, industrial region and industrially backward region for the purpose of the research. The present research concludes that the women of the three districts have a wider scope for development if the governmental agencies and banks provide support at maximum possible level; at the same time, it is essential the women entrepreneurs should be active, alert and precautionary for their successes and survival.

Key words: Women entrepreneurs, Financial Problems, Unemployment, Domestic skills

I. INTRODUCTION

Women constitute around half of the world’s population. The same phenomenon prevails in India. They are regarded as the better half of the society. In traditional societies, they were confined to the four walls of houses performing household activities. In modern societies, they have come out of the four walls to participate in all sorts of activities. Now women have emerged as an important part of industrial growth. To achieve equal status with men, women have to come out of their traditional roles and responsibilities and have to create an identity for themselves, assuming a variety of functions. To make this dream a reality, women have to consider their labour as not drudgery but a delight. The participation of women in the economic development process can be mainly categorized into four segments viz., employment in unorganized sector, employment in organized sector, self-employment and entrepreneurs. In this situation discussed about the women entrepreneurs facing major crisis is financial problem. Financial institutions are skeptical about the entrepreneurial activity carried out by women. The bankers consider that the loans granted to the women entrepreneurs are always risk than that of the loans granted to men entrepreneurs. Besides this, low-level risk taking attitude, low confidence level due to male dominance, investing money, maintaining the operations and ploughing back money for surplus generation requires high risk taking attitude, courage, and confidence.

II. IMPORTANCE OF WOMEN ENTREPRENEURSHIP

Women perform an important role in building the real backbone of a nation’s economy. There is considerable entrepreneurial talent among women. Many women’s domestic skills such as people and time management and household budgeting are directly transferable in the business context. Women have the ability to balance different tasks and priorities and tend to find satisfaction and success in and from building relationships with customers and employees, in having control of their own destiny, and in doing something that they consider worthwhile. They have the potential and the will to establish and manage enterprises of their own. These qualities and strengths of women are to be tapped for productive channels. But simultaneous creation and development of small business among women is a difficult task.

III. IMPORTANCE OF THE STUDY

The women entrepreneurs add their contribution to the national output and their role is also very much required. As they start new industries they are the job providers so that they mitigate the intensity of unemployment problems to some extent. In
metropolitan cities, they start medium and large industrial undertakings; at the same time, they engage small industries in the rural areas. So, the rural development depends upon them and their successful performance changes our Indian family systems also. And development of women entrepreneurs is viewed as a transformation of our societal system and it is a sociological change in our country. In this context, the present study gains importance.

Women Entrepreneurs have assumed a key role in the process of industrial development. They have emerged as the integral component and instrument of social change.

But in developing countries a variety of factors like lack of industrial environment, lack of incentives for private initiative, lack of technical knowledge and resources, absence of domestic market, lack of efficient entrepreneurs etc. impede the rate of growth in industrial sector. However, the inadequate supply of efficient and motivated entrepreneurs in developing countries is the most important deterrent of faster industrial development.

IV. NEED OF THE STUDY

In today’s scenario women is walking hand to hand with the men and is being considered equivalent to men in all respects. Women employment is also at increase, but still there is low rate of women’s participation in the family business.

Women now play an active role in the field of business. Many women have turned into entrepreneurs setting up their own businesses. Women in business may be studied on various dimensions especially in the field of finance so that the study is needed.

Women have always played a special role in India since the distant past and in the present. Family has also been an integral element of Indian society. The women and the Indian family values and structure have changed dynamically keeping with the times.

Indian women had undergone a long way and are becoming increasingly visible and successful in all spheres and have shifted from kitchen to higher level of professional activities.

The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures. Hence, Indian women in business may be studied on various dimensions so that the study is needed.

Statement of the Problem

- Lack of finance, particularly working capital, an practical difficulties in raising bank loans
- Lack of education and training
- Lack of family support
- Low level of self confidence
- Spending of more time and energy to prove her merits in the male dominated areas.
- Being woman, they have to follow time limits. So the restriction comes on their business. They cannot spend long working hours outside house. This automatically puts restrictions on their marketing skills, networking skills.
- Being women, there are hindrances like going out with male colleagues for official meets, dinners or entertainment is not welcomed positively by the society. They are looked down or are considered to have an affair with the opposite gender.

V. RESEARCH METHODOLOGY

The present research is a survey on a limited scale. Thanjavur, Tiruchirappalli and Perambalur districts are the geographical areas of the present research. This is an attempt to study the problems, motivation and success factors of the women entrepreneurs in the three districts. The purpose of this chapter is to explain the methods used in this study. Items include the research design, pilot study, dimension of the study, hypothesis of the study, population and sample, instrumentation, reliability and validity of the instrumentation, data-gathering procedures, and the methods of statistical analysis.

Pilot Study

This is preliminary investigation conducted by researchers to find out the scope and possibility for conducting a research on a particular topic. The researcher has conducted a pilot study in various places of Thanjavur. Tiruchirappalli and Perambalur districts at limited level and observed facts and conditions towards the problems, success factors, Motivational factors experienced by the women entrepreneurs. Apart from that, the researcher observed the satisfaction level of the women entrepreneurs. On the basis of experience gained, the researcher has identified the operational aspects of the present research.

A pilot study was conducted at the initial stage on May 2011 in order to know the possibility and scope for this study. During the pilot study, it was felt that the women entrepreneurs are not familiar with the functional areas of business wholly. Their
involvement and participation were intensive but they had to meet loss or earn a little profit. On the basis of perception of this in the pilot study, the present research was undertaken at full-fledged scale.

Sources of Data Used

The research takes both types of data i.e., primary data and secondary data. The secondary data are collected from various secondary sources such as books, magazines and records of the District Industries Centre (DIC) and Tamilnadu Industrial Investment Corporation Limited of the three districts. The primary data are collected from the selected women entrepreneurs.

Tools To Collect the Primary Data

A well-defined questionnaire is constructed for collecting the primary data from the women entrepreneurs. It has two main sections i.e., socio-economic profile and problems, motivation, satisfaction and attitude of the women entrepreneurs. The first section asks the personal details of the women and details of the units relating to the background information and historical data of the business units of the women entrepreneurs. The second section covers all the functional areas of the business such as finance, production, marketing, labour, accounting and other related functions.

Interview Schedule

An interview schedule has been prepared to collect the data from the sample women entrepreneurs. Formerly, it was pre tested among 60 women entrepreneurs (20 from each district). On the basis of experience gathered at the time of pre testing, the questions of the schedule were modified accordingly.

Friedman Rank Test For Significant Difference Between Mean Ranks Towards The Financial Problems Faced By Women Entrepreneurs

Null Hypothesis: There is no significant difference between mean ranks towards the financial problems faced by women entrepreneurs.

Alternative Hypothesis: There is a significant difference between mean ranks towards the level of financial problems faced by women entrepreneurs.

<table>
<thead>
<tr>
<th>Women entrepreneurs</th>
<th>Mean Rank</th>
<th>Chi-Square value</th>
<th>Degrees of freedom</th>
<th>Asymp. Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem with Raising additional capital for business</td>
<td>5.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under capitalization</td>
<td>6.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weak borrowing power</td>
<td>7.79</td>
<td>239.292</td>
<td>12</td>
<td>0.000</td>
</tr>
<tr>
<td>Insufficient amount of Loan</td>
<td>7.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security for the loan</td>
<td>6.78</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Terms and conditions of the loan</td>
<td>6.32</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Population and Samples

The women entrepreneurs of Tamil Nadu are treated as the population of the study. The multi stage sampling technique has been adopted in the study. Tamil Nadu is divided into three areas such as delta region, industrial region and industrially backward region for the purpose of the research (First stage of sampling process). In the delta region, one district i.e, Thanjavur district is selected. In the industrial region, Tiruchirappalli district is selected. In industrially backward region, Perambalur district is selected (Second stage of sampling). Among the three selected districts, the entrepreneurs were identified with the records of the District Industries Centers (DICs). The number of women entrepreneurs is very large so that the sampling was confined to one year i.e., 2013-14. As per the records of the DICs of the three districts, 2,992 women entrepreneurs registered with the DICs of the three districts during the year 2013-14 as per the Micro, Small and Medium Enterprises Act, 2006. Among them 20% of women were selected at random as per stratified random sampling technique as follows:

Friedman Rank Test For Significant Difference Between Mean Ranks Towards The Financial Problems Faced By Women Entrepreneurs

Null Hypothesis: There is no significant difference between mean ranks towards the financial problems faced by women entrepreneurs.

Alternative Hypothesis: There is a significant difference between mean ranks towards the level of financial problems faced by women entrepreneurs.
From the above table, it is found out that all the variables related to the financial problems faced by women entrepreneurs had significant values and they are lesser than 0.05 at 1 per cent level of significance, thus the null hypothesis is rejected. Thus, it is concluded that there is significant difference between mean ranks towards the level of financial problems faced by women entrepreneurs. Out of the thirteen financial problems faced by women entrepreneur’s variables, the “Weak borrowing power” has the highest rank (7.79). So, that the main financial problems faced by women entrepreneurs is weak borrowing power.

Entrepreneurs need money to buy the inputs for their production. If they do not have this capital, then they can borrow from financial institutions that lend out money by using their assets as collateral. Thus, financial resources are not a major obstacle for entrepreneurs that have the required collateral and guarantors. However, few women living in poverty in South Asia are able to overcome this obstacle. In India, Pakistan, Bangladesh, and Sri Lanka, for example, many rural and agricultural women face substantial problems accessing credit for the purpose of starting up or running day-to-day businesses. (Llanto et al., 1991; Bourqia et al., 1991). Hence, the women entrepreneurs of Thanjavur, Tiruchirappalli and Perambalur districts having weak borrowing power because of lack of awareness about the government schemes, low educational qualification and lack of family support.

VI. FINDINGS

The financial problems of the women entrepreneurs have wider fluctuations in the context of wide spread nature of standard deviations. So, the financial problems of the women differ to some extent.

- There is no significant relationship between the mean score of age of the women entrepreneurs and the financial problems faced by them (Except Terms and conditions of the loan).
- There is no significant relationship between the mean score of marital status and the financial problems faced by women entrepreneurs.
- There is no significant relationship between the mean score of Religion and the financial problems faced by women entrepreneurs( except Problem with raising additional capital for business, under capitalization, Security for the loan, Terms and conditions of the loan, Problem with arrangement of surety, Problem with Rate of interest, Problem with Repayment period of Loan, Problem with Credit sales and Problem with bad debts).
- There is no significant relationship between the mean score of Status of Community and the financial problems faced by women entrepreneurs (except Problem with Rate of interest and Problem with bad debts)
- There is no significant relationship between the mean score of Educational Status and the financial problems faced by women entrepreneurs (except Terms and conditions of the loan and Problem with Credit sales)
- There is no significant relationship between the mean score of Nature of Native Place and the financial problems faced by women entrepreneurs (except Weak borrowing power and Security for the loan).
- There is no significant relationship between the mean score of nature of family and the financial problems faced by women entrepreneurs.
- There is no significant relationship between the mean score of family size and the...
financial problems faced by women entrepreneurs.

- There is no significant relationship between the mean score of Annual Income of family and the financial problems faced by women entrepreneurs (except Weak borrowing power).
- Out of the thirteen financial problems faced by women entrepreneur’s variables, the “Weak borrowing power” has the highest rank (7.79). So, that the main financial problems faced by women entrepreneurs is weak borrowing power.

VII. SUGGESTIONS

1. The women entrepreneurs of the three districts may be motivated to insure their business to protect themselves for future uncertainties in their business. The State Government may compel them to do so at the time of registration of their enterprises. The insurance will be advantageous to them in order to safeguard their position in the business.

2. As the women entrepreneurs hope that the training is the source of their business knowledge the DIC of the three districts should take steps to cover the entrepreneurs in all the lines of business by way of a comprehensive Entrepreneurial Development Programme. The DICs may increase the number of trainees in each training programme from the existing levels. All the entrepreneurs should be trained in order to ensure practical knowledge to them. So, the DIC should cover all the entrepreneurs by means of a comprehensive training.

3. As 25.8 percent of women entrepreneurs have taken over sick units with a high level of confidence, the Government and nationalized banks should give their hand to them for their survival. Liberalized credit and tax holiday may be granted to them.

4. Most of the entrepreneurs depend upon the nationalized banks for their financial requirements so that the terms and conditions of the loans and advances may be liberalized to some extent. Need for fixed capital is more than that of working capital. The women enterprises do not have adequate fixed assets and this makes them ineffective to raise bank loans. So, the entrepreneurs have to add their block of fixed assets considerably.

5. All the entrepreneurs should be informed of the incentives and subsidies offered by the government. An ad hoc awareness programme towards these aspects may be held to inform about the incentives and subsidies.

6. Role of the DICs is significant one towards the development of the industrial sector. So, the DICs should be supported by the government and it is very emergency to have all infrastructural facilities in order to conduct effective EDP in its campus for the benefit of the women entrepreneurs.

7. The DICs may arrange a periodical meeting with the women entrepreneurs to have interaction with them in order to find out the problems of them and it is necessary to communicate to the Government of Tamil Nadu.

8. The family support is a must to all the women entrepreneurs for their success in their business so that the Social Welfare Department or any other government agency may conduct an awareness campaign to the family members of the women entrepreneurs to inculcate the importance of the support of the family members.

VIII. CONCLUSION

The present research has made an attempt to identify the problems, motivation and success factors in the three districts of Tamil Nadu viz., Thanjavur, Tiruchirappalli and Perambalur Districts. It has been found out that the women entrepreneurs suffer from every step and they have to struggle for their survival and success. The study reveals that they are not able to raise bank loans easily because of the terms and conditions especially surrender of securities. They do not have adequate fixed assets (many of them are running their business premises in the rented building) so that the security is the hindrance to them. At the same time, the banks demand the personal guarantee against the personal loans and it is not possible to the women to arrange such surety. In respect of the marketing side, the women face competition in the open market. They are interested in the local market only and their scale of operations are very limited in terms of production, geographical area covered, marketing net work etc., so that their development cannot go beyond the present level. If the same conditions continue in future and no expansion will be possible. The manufacturing function of the women is subject to underutilization of productivity and this leads to national wastage. Even the chap labour is available, the women have usual labour problems and the Government does not take care in this regard.

So, the present research concludes that the women of the three districts have a wider scope for
development if the governmental agencies and banks provide support at maximum possible level; at the same time, it is essential the women entrepreneurs should be active, alert and precautionary for their successes and survival.

REFERENCES


