

IMPACT OF GENDER IN SMALL SCALE ENTERPRISES – A STUDY OF WOMEN ENTREPRISES IN INDIA

Vishnuprasad Nagadevara, Indian Institute of Management Bangalore

ABSTRACT

No country can achieve its potential without adequately investing in and developing the capabilities of women. In the interest of long-term development of the economy, it is necessary to facilitate their empowerment of women. Given the multiple roles that a woman is expected to play in her family and society, Micro and Small Enterprises do provide a critical opportunity for women empowerment. This paper analyses the differences between Women Enterprises (enterprises owned by women) and Other Enterprises. It uses a large database of SSIs and SSSBEs to evaluate the effectiveness and efficiency of the units owned by women and also identifies areas where women owned units perform better based on selected performance criteria.

1. INTRODUCTION

The position of women and their status in any society is an index of its civilization. Women are to be considered as equal partners in the process of development. But, because of centuries of exploitation and subjugation, Indian women have remained at the receiving end. They have not been actively involved in the mainstream of development even though they represent equal proportion of the population and labour force. Women as an independent target group, account for 495.74 million and represent 48.3% of the country's population, as per the 2001 census. No country can achieve its potential without adequately investing in and developing the capabilities of women. In the interest of long-term development it is necessary to facilitate their empowerment. In many developing countries, including India, women have much less access to education, jobs, income and power than men.

Women's empowerment can be understood as a process whereby women, individually and collectively, become aware of how power structures, processes and relationships operate in their lives and gain the self confidence and strength to challenge the resulting gender inequalities. Linked to this was the recognition that provision of resources and services could not tackle the root causes of gender inequality. Women need to be able to assert their own agency to break out of gender discrimination (Hannan, 2003).

Even in a country like Nigeria, there is increasing realization of the critical role of women in agriculture and food production and of the fact that the empowerment of women is necessary for bringing about sustainable development at a faster pace. Various studies have shown that women produce between 60 and 80 per cent of the food in most developing countries and are responsible for half of the world's food production (Ukeje, 2004).

Given the multiple roles that a woman is expected to play in her family and society, Micro and Small Enterprises do provide a critical opportunity for women empowerment. According to the Third All India Census of Small Scale Industries conducted in 2001-02 and subsequent estimates made, only 10.11% of the Micro and Small Enterprises in India are owned by women while 9.46% of the MSE enterprises are managed by women. Currently (2006-07) their estimated number is 12.99 lakh women managed enterprise and 12.15 lakh women managed enterprise. In order to encourage more and more women enterprises in the MSE sector, several schemes have been formulated by this Ministry and some more are in the process of being finalized, targeted only at the development of women enterprises in India (Office of Development Commissioner, 2008). With a view to encourage women in setting up their own ventures, government implements a Scheme, namely, "Trade Related Entrepreneurship Assistance and Development (TREAD) during the 11th Five Year Plan. The scheme envisages economic empowerment of women through the development of their entrepreneurial skills in nonfarm activities. Some of the other schemes with women entrepreneurs as the specific target are:

- Micro & small enterprises cluster development programme (mse-cdp)
- Credit guarantee fund scheme for micro and small Enterprises
- Support for entrepreneurial and managerial development

Home to the second largest population in the world (1.08 billion as of 2004), India currently has the fourth largest economy in PPP terms, and is closing in at the heels of the third largest economy, Japan. The largest democracy in the world with a press as free and vocal as anywhere else, it is relatively conservative in social mores by Western standards and considerably more so in rural areas where over 70% of the population resides. Largely to create greater employment since independence the government has sought to “protect” certain industries from large scale, capital intensive industry by erecting investment limits to define the small scale sector. Certain industries are exclusively reserved for the Small Scale Industry (SSI) units. The official definition of an SSI unit in India is a (mostly) manufacturing enterprise that has investments in fixed assets in plant and machinery of less than INR 10 million (US\$ 222,000). Nonmanufacturing small enterprises with less than INR 1 million (US\$ 22,000) investments in plant and machinery are classified as the Small Scale Service and Business Enterprises (SSSBE) (Allen, Rajesh et al, 2006). In terms of the size of the labor force, the SSI dominates the other sectors. The actual employment number is actually much larger than the 19.97 million reported in 2002-03, which does not include many (non-agriculture) firms and their employees in the unorganized sector. In terms of the size and growth of the output, these sectors have been growing fast, while the annual growth rate of output in the SSI sector (9.8%) is higher than that of the state-sector (8.5%) (Allen, Rajesh et al, 2006).

Even as the corporate world celebrates the rise of women in its ranks, thousands of women entrepreneurs are working hard to prove that even when it comes to starting and sustaining a business, they are second to none (Chatterjee, 2007). It is estimated that women enterprises are about a tenth of the Indian entrepreneur universe. A Women Enterprise is defined as “an enterprise owned and controlled by women saving a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women”. Table 1 presents the principal characteristics of SSI units managed by women.

For units managed by women	No. of units	Market Value of fixed assets	Original Value of plant & machinery	Employment	Gross output	Exports
Regd. SSI Sector	114,362	33,624,570,500	11,047,852,474	349,342	60,316,833,602	3,314,822,655
Percentage to total of the respective category	8	4	4	6	3	3
Unregd. SSI Sector	880,780	37,763,317,590	11,496,115,541	1,429,962	37,324,824,839	53,802,469
Percentage to total of the respective category	10	6	5	8	5	0
Total SSI Sector	995,142	71,387,888,090	22,543,968,015	1,779,304	97,641,658,441	3,368,625,124
Percentage to total of the respective category	9	5	4	7	3	2

Source: <http://www.smallindustryindia.com/ssiindia/census/ch11.htm>

2. OBJECTIVES

The objectives of this study are

1. To identify the role of women in the SSI and SSSBE sectors in India
2. To identify the characteristics of SI and SSSBE units managed by women
3. To evaluate the effectiveness and efficiency of these units managed by women
4. To identify areas where women managed units perform better

3. METHODOLOGY

The methodology adopted for the study involves analysis of about 1.4 million SSI and SSSBE units across the country. Data was collected on various aspects of these units including assets, revenue, employment and profits. These units are categorized into those managed by women (referred to as “Women Enterprises”) and others defined as “Other Enterprises”. The categorization is based on the extent of ownership by women. If the extent of ownership is more than 51 percent, it is categorized as Women Enterprise. The analysis is done separately for SSIs and SSSBEs so that the gender impact on these two categories of small scale enterprises can be studied. The data on revenue was collected for the past 3 years. The following ratios are used to measure the efficiency of the sample units:

1. The increase in the gross value of output over the past 3 years
2. The profit margin (defined as the profit divided by the gross value of output)
3. Employee productivity, defined as gross output divided by number of employees
4. The increase or decrease in assets over the past 3 years

In addition, other metrics such as value of exports per employee, exports as a percentage of gross value of output are also considered for analyzing the gender impact on SSIs and SSSBEs.

4. SAMPLE PROFILE

The sample consisted of 1,348,451 small scale units. 879,936 are SSI units and the remaining 468,515 are SSSBE units. About 10 percent of the units surveyed are “Women Enterprises”. Table 2 presents the sample profile of the sample units. East and Northeastern region accounts for maximum number of sample units while the Southern region accounts for only 6.27 percent of the sample. More than 51 percent of the women enterprises are in the rural sector where as the corresponding percentage for other enterprises is only 43.75 percent. Majority of the sample units are not registered. Only about 3 percent of these units are ancillaries to bigger units. As expected, all the ancillary units are under SSI sector. All the sample units are predominantly of proprietary or Hindu-Undivided-Family (HUF) ownership. A larger proportion of Women Enterprises are of the type which does not require any source of energy. These account for 45.16 percent of the all the women enterprises where as the corresponding proportion for Other Enterprises is only 24.36 percent. Electricity is the major source of energy for those requiring energy.

Table 2. Characteristics of the Sample Units

Characteristic	Item	Women			Other		
		SSI	SSSBE	Total	SSI	SSSBE	Total
Region	Central and West	15400	9785	25185	212441	108340	320781
	East and North east	37360	41498	78858	265030	156524	421554
	North and North west	15897	6411	22308	260297	126189	386486
	South	6702	1975	8677	66809	17793	84602
Sector	Rural	36571	32837	69408	340175	190774	530949
	Urban	38788	26832	65620	464402	218072	682474
Registration	Under 2(m)ii	4390	818	5208	50911	6790	57701
	Under 85(i) or 85(ii)	5694	2142	7836	58523	16872	75395
	Not registered	65275	56709	121984	695143	385184	1080327
Ancillary Unit	Yes	4709	0	4709	39790	0	39790
	No	70650	59669	130319	764787	408846	1173633
Type of Ownership	Proprietary or HUF	65514	57829	123343	688982	389226	1078208
	Partnership	6387	805	7192	77819	10248	88067
	Private Company	1628	286	1914	26214	3123	29337

	Cooperative	946	214	1160	2617	835	3452
	Others	884	535	1419	8945	5414	14359
Type of energy required	No power needed	24132	36851	60983	148552	147031	295583
	Coal	1166	115	1281	23888	3016	26904
	Oil	1542	388	1930	29693	8383	38076
	LPG	677	80	757	4666	1630	6296
	Electricity	44001	21442	65443	569877	243668	813545
	Non conventional	491	433	924	3690	2407	6097
	Traditional Energy or Firewood	3350	360	3710	24211	2711	26922
Managed by (Gender)	male	34668	12176	46844	789481	399425	1188906
	female	40691	47493	88184	15096	9421	24517
Managed by Caste	SC	6994	7662	14656	56330	35611	91941
	ST	4013	2841	6854	25175	15878	41053
	OBC	26970	28066	55036	284719	183714	468433
	Others	37382	21100	58482	438353	173643	611996
Accounts are Maintained	yes	26141	5678	31819	305721	52310	358031
	no	49218	53991	103209	498856	356536	855392
Computer Available	yes	7275	1969	9244	79230	14225	93455
	no	68084	57700	125784	725347	394621	1119968
Source of Technology	Abroad	917	287	1204	8889	2906	11795
	Domestic Company	6012	3167	9179	67100	24836	91936
	Domestic R & D	6153	4597	10750	48807	21290	70097
	none	62277	51618	113895	679781	359814	1039595
Type of Operation	Perennial	65641	52572	118213	730251	384188	1114439
	Seasonal	7142	3557	10699	57077	14272	71349
	casual	2576	3540	6116	17249	10386	27635

More than 65 percent of the Women Enterprises are managed by women while only about 2 percent of the other Enterprises are managed by women. This is not surprising considering that that the owners themselves are likely to be managing the units. On the other hand, more than 15 percent of the women enterprises are managed by those belonging to SC or ST category. Almost 30 percent of the Other Enterprises formally maintain accounts of income and expenditure where as only 24 percent of the Women Enterprises maintain accounts. Most of the units did not resort to any special technology and very few of them have computers available. Comparatively, the proportion of Women Enterprises dealing with seasonal production is higher than that of the Other Enterprises.

5. ANALYSIS AND RESULTS

The data is analyzed with respect to various characteristics of the Small Scale Units such as loans and borrowings, growth of revenue, productivity of employees, profit margins and value of exports.

Availability of credit is one of the major issues for the small scale units. Less than 20 percent of the sample units have outstanding loans. Here also, more than 22 percent of the Women Enterprises have outstanding loans. There is a significant difference between SSIs and SSBs with respect to loans. 23.65 percent of the SSIs have outstanding loans as compared to less than 13 percent of the SSBs

have outstanding loans. This is primarily because SSSBEs are mainly service organizations and do not need large amounts of credit. Table 3 presents the details of credit for the sample units.

Table 3. Details of credit for the sample units

		Women			Other		
		SSI	SSSBE	Total	SSI	SSSBE	Total
Outstanding Loan	yes	22216	7965	30181	185929	50862	236791
	no	53143	51704	104847	618648	357984	976632
Institutional Loan	yes	16957	5589	22546	132798	33557	166355
	no	5259	2376	7635	53131	17305	70436
Non Institutional Loan	yes	7839	2784	10623	75959	20689	96648
	no	14377	5181	19558	109970	30173	140143
Delay in Payment	yes	3426	1273	4699	22403	7072	29475
	no	13531	4316	17847	110395	26485	136880

Table 4 presents the average number of employees by category as well as other financial parameters. These include net worth of the units, percentage change in the revenue over the past 3 years, market value of fixed assets, revenue per employee, exports per employee and value of exports as a percentage of revenue. The total number of employees in the Women Enterprises is lower than that of the Other Enterprises. Interestingly, the number of women employees in SSI Women Enterprises is significantly less than those in the Other Enterprises. The average number of child employees is significantly less in the Women Enterprises both under SSIs and SSSBEs. So is the case with ST employees. In other words, the Women Enterprises could be considered to be more socially relevant with respect to these employee categories.

Table 4. Financial and other parameters of the SSIs and SSSBEs

	SSI			SSSBE		
	Women	Other	t-Value	Women	Other	t-Value
Total Employees	9.23	10.00		4.14	4.26	
Number of male employees	4.71	4.88	-11.10	1.85	2.07	-52.90
Number of female employees	3.36	3.86	-28.00	1.50	1.28	38.57
Number of child employees	1.17	1.27	-24.80	0.79	0.91	-112.55
Number of SC employees	2.59	2.66	-8.13	1.12	1.16	-18.10
Number of ST employees	2.19	2.00	31.92	0.97	0.85	35.54
Number of OBC employees	3.39	3.15	19.02	1.56	1.77	-62.12
Number of other employees	4.03	4.19	-11.92	1.60	1.81	-48.04
Gross output (in Rs)	1,644,657	2,127,665	-16.76	87,661	165,530	-12.58
Value of exports (in Rs)	139,673	132,982	0.85	76	519	-1.79
net worth of the unit (in Rs)	971,926	1,358,468	-15.91	86,926	145,836	-22.01
Percentage change in Revenue (over past 3 years)	60	44	2.36	41	47	-4.42
Market value of fixed assets (in Rs)	761,403	917,479	-11.70	93,650	151,292	-23.57

The average value of revenue as well as the value of exports is also smaller in the Women Enterprises. Similar is the case with respect to the average net worth of the units. This is true with respect to SSIs as well as with SSSBEs. In general, Women Enterprises appear to be smaller in size as compared to Other Enterprises. On the other hand, the growth of the SSI Women enterprises over the past 3 years is

significantly higher than that of the Other Enterprises. But, the growth rate in SSSBEs is lower in the case of Women Enterprises. The export values are in general much higher with respect in SSIs as compared to SSSBEs. This is expected because the SSSBEs are mainly into providing local services.

Revenue and value of export per employee are higher in case of SSI Women Enterprises, even though the t-values indicate that the difference is not statistically significant. The value of exports as percentage of the revenue is significantly higher in case of Women Enterprises in both SSIs and SSSBEs. The Women Enterprises appear to be scoring better than the Other Enterprises with respect to productivity and export percentages. These results are presented in Table 5.

Table 5. Various performance measures – Women Enterprises Vs. Other Enterprises

	SSI			SSSBE		
	Women	Other	t-Value	Women	Other	t-Value
Revenue per Employee	202,481	200,502	0.43	33,136	55,675	-19.54
Exports per employee	5882	5650	0.21	26	42	-1.47
Exports per Rs. of revenue (Percentage)	0.4742%	0.4188%	8.64	0.0421%	0.0366%	2.12

The sample units were asked to indicate the type of problems that they are facing in management of the units. These are classified into 5 categories. The details are presented in Table 6. In general, the Women Enterprises are facing less of Power shortage and Labour problems. Management problems seem to be the least across all the sample units. On the other hand, a large percentage of SSI Women Enterprises seem to face marketing problems. About 46 percent of the SSI Women Enterprises have reported facing marketing problems. There is a need to strengthen the marketing efforts of all SSI units, especially the Women Units.

Table 6. Problems faced by the Small Scale Units (Percentages)

Problem	SSI		SSSBE	
	Women	Other	Women	Other
Power Shortage	14.19%	19.88%	5.29%	14.63%
Labour Problems	6.69%	7.33%	2.44%	4.61%
Marketing Problems	45.80%	39.96%	19.41%	27.52%
Equipment Problems	8.22%	8.51%	6.72%	9.71%
Management Problems	5.28%	4.74%	3.91%	4.41%

6. SUMMARY AND CONCLUSIONS

Women's participation in the developmental process is essential for the economic development of any country. Given the multiple roles that a woman is expected to play in her family and society, Micro and Small Enterprises do provide a critical opportunity for women empowerment. This paper analyses the differences between Women Enterprises (enterprises owned by women) and other enterprises. It uses a large database of SSIs and SSSBEs to evaluate the effectiveness and efficiency of the units owned by women and also identifies areas where women owned units perform better based on selected performance criteria. Data from more than 1.3 million SSI and SSSBE units was analyzed to identify the differences between Women Enterprises and Other Enterprises. It was found that the average value of revenue as well as the value of exports is smaller in the Women Enterprises. Similar is the case with respect to the average net worth of the units. In general, Women Enterprises appear to be smaller in size as compared to Other Enterprises. On the other hand, the growth of the SSI Women enterprises over the past 3 years is significantly higher than that of the Other Enterprises. The export values are in general much higher with respect in SSIs as compared to SSSBEs. This is expected because these SSSBEs are mainly into providing local services. Marketing appears to be the main problem area for Women Enterprises. The other problems appear to be less serious as compared to the Other Enterprises.

7. REFERENCES

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Dr. Vishnuprasad Nagadevara obtained his Ph D from Iowa State University, Ames Iowa. He is currently Professor in the Quantitative Methods and Information Systems Area at the Indian Institute of Management Bangalore. His current research interests are Data Mining, Application of OR Techniques to Management.