

ROLE OF MICRO LEVEL RURAL WOMEN ENTREPRENEURS IN ACHIEVING THE SELF-CONTAINED AND SUSTAINABLE RURAL ECONOMY

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***Abstract:** This article discusses the role played by the Micro level Women Entrepreneurs in rural areas to achieve the self-contained and sustainable rural economy. Analysis is based on the data collected from two villages of Perambalur District, Tamilnadu, India. From the collected data, we found that the Women Entrepreneurs in rural areas were well utilized the local resources, they procure most of the raw materials and sell most of the products locally and invest the returns back to the village itself. This cyclic nature results in self-contained and sustainability to some extent. The effect of this sustainability on their life style, earnings and occupational pattern were also analyzed. There were 120 Women Entrepreneurs participated in the survey. The questionnaire used for data collection includes the questions viz., nature of entrepreneurial activity, Investment made, Changes in socio economic status, Training programmes, Role of NGO's and Governmental agencies including banks, Mode of procurement of raw materials, Area of marketing etc.,*

1. INTRODUCTION

Women in rural areas are no longer confined to the home making activities. They are taking initiatives to increase their family earnings. Entrepreneurship is one of the means towards that direction. They produce goods and provide services according to the need of the local people in and around their place of living. After globalization, the Indian economy grown at rapid pace. It resulted in widespread increase in purchasing capacity of the people. Increase in purchasing capacity in turn increased the demand for new goods and services. This demand provides lot of opportunities to the people to start new enterprises. Indian government's flagship programme - SarvaSikshaAbhiyan- improved literacy among rural children. The culmination of improved literacy, increased purchasing capacity and increased demand results in to rural women entrepreneurship.

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2. CONCEPT OF RURAL ECONOMY

Economy in simple terms refers to the activities related to the production and distribution of goods and services in a particular geographic area. There is no universally acceptable definition for the term 'rural economy'. Max Weber looked rural as a residual in various types of cities. Georg Simmel (1978) argued that it is resulted from distinctive mentality of urban areas. Kolb and Brunner (1946) defined rural economy as the activities involved closer to nature and environment. The definition of rural economy is associated with the definition of rural area. Rural area is defined as less densely populated area, the clear demarcation on population, in this account is varies from country to country. In India, the rural area is defined as the settlement with the population less than 5000. In U.S, the population limit for rural area is 2500. Parkin (1998) defined the rural areas as those areas produces extractive based goods and agriculture goods and provide environmental services. They added, the production cycle in rural areas are seasonal and have high impact on climate. The rural economy not only limited to agriculture related activities, but also includes different bases like forestry, fishing, mining, tourism etc.,

3. NEED FOR SELF-CONTAINED AND SUSTAINABLE RURAL ECONOMY

Food security of the world depends on rural economy. In developed countries, with the advent of mechanized farming, and the direct involvement of corporate companies in cultivation, the agriculture is no longer a rural in nature. But, in developing countries, the agriculture is predominantly rural in terms of the technology applied, the category of people involved and the nature of industry etc.,

Mahatma Gandhi desired our rural economy should be self-reliant. Now, in the Globalization era, the rural economy not only should be self-reliant but also should be self-contained. In self-contained economy, the demand and supply met locally itself and the most of the production made from locally available raw materials and the end products sold locally itself. The surplus exported to other areas and the returns again invested in local areas. In self contained Economy, the occupational pattern does not undergo major changes. Preservation of occupational pattern is vital for developing nations which are in the fringe to attain developed status.

4. BRIEF PROFILE OF PERAMBALUR DISTRICT

Perambalur district came into existence from 1997 by trifurcation of Trichy district in Tamilnadu, India. Its population is predominantly rural. 84% people lived in rural areas. Literacy rate is 65.88%, which is lesser than State average of 73.47%. It is second lowest literate District, next to Dharmapuri. It is an inland district without coastal line. The district is fairly rich in mineral deposits.

5. PROFILES OF VILLAGES UNDER STUDY

Esanai and Elambalur are the two villages taken for our study. Esanai Village of Veppantattai Block of Perambalur district has population of 6774. Sex rate is in favor of Women. 102 females there for 100 males. Do not have any large scale Industrial units. It has a pond named Esanai Yeri, which irrigates about 148 Hectares of land. This village has very healthy numbers of livestock. Every 7 out of 10 houses have cows. It provides plenty of opportunities for Dairy farming and Agri-allied activities.

Elambalur village has population of 7363 and very poor sex ratio of 72 females to 100 males. Most of the people in this village engaged in agriculture. This village does not have pond. Irrigation is based on wells. This village is one of the highest supplier of milk to local milk society. Lot of opportunities available for women in this village in dairy forming and horticulture.

6. LITERATURE REVIEW

The growing interest in women entrepreneurship resulted in numerous studies under taken throughout the world to investigate the aspects of women entrepreneurship. These studies covered different aspects like the inspiration behind taking up the entrepreneurial activities, hurdles faced by them to run enterprises, social challenges faced within and outside of the family, difficulties in accessing finance and technical skills etc.,

Goffee and Scase (1983)¹ argued that women didn't get equal opportunities in paid employment. This becomes one of the thrust to start business on their own. But this statement is contrary to Indian author Vasanthakumara.P (2008)², who said the ample opportunities available in their locality induce them to become an Entrepreneur.

Shane, Kolvareid and Westhead (1991)³ insist that women took entrepreneurship in view of achievement than by the monetary reasons.

Ljunggren (1999)⁴ compared men and women on their initial thoughts on set up an a self-owned enterprise. He found no significant differences between them on the reasons for and against the establishment of an enterprise. He told that the Women were more energetic in asking for loans. The decision-making process throughout the planning and completing the project almost the same for men and women. The women are comparatively took longer time in each step of decision-taking.

Palmer (1985)⁵ in his findings, noticed that the loan, credit and assistance are male-oriented or male-dominated. Women were not given equal opportunities in accessing loan because loan to women seen as bad loan or non-performing asset.

Sextan and Kent (1981)⁶ compared the characteristics of female entrepreneurs with female executives. From the results, he found that, the female executives are marginally better educated than female entrepreneurs. The executives felt their versatility to work with people as the further most factor of their success, but the entrepreneurs believed in hard work and persistence.

Hisrich and Brush (1986)⁷ compared the attitudes, motivations and business skills of Women entrepreneurs with male entrepreneurs. He found that the motivations, business skills, individuality and approach of female entrepreneurs are very different from male entrepreneurs. Men are often motivated by the dream to make their own destiny, but women were motivated by the need for independence. Women were perfectionist than men in completing the tasks.

Sundin and Holmquist (1988)⁸, stated that the management style of Women owned enterprise is more feminine, they are more participative and open than men in the internal communication, and hierarchy are not followed strictly as in men owned enterprises.

Taylor (1988)⁹ concluded in his studies that, self-confidence and a coerce for autonomy are the major motivational factors behind women entrepreneur.

N.V. Poovendhiran(2010)¹⁰, in his study on the problems and prospects of Entrepreneurs in SSI highlighted that the major requirements to start SSI are experience, industrial knowledge and financial background.

R. M. Nagammai(2009)¹¹ in his study on Women and business observed that commitment and dedication to the enterprise were considered major strengths by women entrepreneurs followed by planned and systematic approach and family support.

Veenasingh(2009)¹² highlighted in his study on Women Entrepreneurship- A way to women empowerment shows that Entrepreneurial leadership among the women is progressing with the active support of the promotional agencies, banks and entrepreneurial unions, a favorable entrepreneurial environment for the entire women community has been generated all over the country.

Murugan and Begum (2008)¹³ examined the predominant barriers to women entrepreneurs. The study was based on the primary data collected from 100 women entrepreneurs of Chennai city. The study highlighted that social and cultural barriers are prominent formidable block for the development of women entrepreneurs. The study also concluded that entrepreneurs with ability to plan and run a business, deliver quality and products.

Vasanthakumari (2008)¹⁴ in his study on the role of micro enterprises in empowering women in Kerala revealed that the micro enterprises helped in empowering rural women economically, socially and individually. The study suggested giving priority to commercial viability of enterprises.

Ganapathi and Sannasi(2008)¹⁵ highlighted in the factors influencing the women entrepreneurs that women must be motivated to establish business in the interest of the family income in particular and the national income in general.

Sankaran (2009)¹⁶ analyse the trends and problems of ruralwomen entrepreneurs in India. The study brings to light the a conceptual aspects of trends and problems of rural women entrepreneurs in India. He concluded his study with observations of women with creative ability, easy to adapt and ability to cope up with setback.

7. PROBLEMS FACED BY WOMEN ENTREPRENEURS IN RURAL AREAS

Women Entrepreneurs in rural areas face several problems while start up the enterprises and during running the enterprises. Some of them are discussed in this section in brief.

A. Social Attitude and Support

The society plays a prominent role in entrepreneurial venture and success. The most common problem which a woman faced is the no-cooperation from her husband / family members. Besides, these family related hurdles, dual responsibility, risk bearing ability etc., the women has to flourish in her business.

B. Marketing

Most Women entrepreneurs are selling their products for under value due to lack of knowledge about the pricing and marketing. The middle man exploits them. Women needs proper knowledge on market, updating of market, other exposures etc., Government can provide trainings on these field and connect networks for them.

C. Finance

Finance is a critical resource for venture creation. It is very important that women entrepreneurs have adequate knowledge and information of the various financial institutions which are rendering financial incentives. They have to depend on own saving as the lending practices of banks and government funding agencies are believed to be restrictive and unfriendly to women.

D. Operational

When coming in to the production stage, the women entrepreneur struggle to find raw material at optimum cost and un interrupted supply of them and they lack in necessary technical skills and knowledge about infrastructure facilities etc.,

E. Mobility Constraints

Since our society is a conservative, the mobility of women was limited and depends on either father or husband. For security reasons, the women's movement is always encircled in depend with any of male member.

F. Multiple Responsibilities

Women have to manage multiple responsibilities starting from being a daughter to becoming a grand mother. They have to take care their children, their olderparents or grant parents. As she is doing multiple works, beyond all these, she has to undertake her business too, which will be the challenge for her.

G. Unawareness of the Supports and Incentives

Our government enact number of laws to protect women entrepreneurs and announced numerous incentive schemes, training programmes towards their development.. NGO's have strong role in propagating these schemes as they are the bridge between government and public. The women entrepreneur can make use of these programmes and develop the business. But the awareness on these field is less to women entrepreneur.

8. OBJECTIVES OF THE STUDY

- (i) To analyse the socio economic status of women entrepreneurs after set up the enterprises.
- (ii) To analyse the problems and challenges faced by women in starting and running the enterprises.
- (iii) To analyse the role played by NGO's in development of women entrepreneurship.
- (iv) To analyse the role of government schemes and financial institutions towards the development of women entrepreneurship.

9. METHODOLOGY

Initially the age and educational statistics of women entrepreneurs analyzed to know their demographical composition. Then the nature of entrepreneurial activities taken by women entrepreneurs highlighted. Then the factors viz., Net worth of enterprise, investments, major purchases and spending on Education and Insurance are considered to measure the economic status of Women entrepreneurs. Social status is measured by mean square value obtained from 20 variables affecting their social life. A Questionnaire with 32 questions from various fields like Education, Nature of business, Socio Economic Status, NGO's role, Government agencies and their programs etc., used for this survey. Apart from the socio economic analysis of women entrepreneur, the impact of entrepreneurial

activities on house hold economy and a whole village economy, Impact on occupational pattern and effective utilization of available resources and details about sourcing of raw materials and marketing the products also briefly analyzed.

10. ANALYSIS & FINDINGS

A. Age and Educational Status

It is vital to know the demographic information before analyze the empowerment of Entrepreneurs. Here two factors namely Age and Education are taken for analysis. Table 1 furnishes the details about age, while Table 2 gave information about Education.

Table 1
Age Wise Classification of Respondents

<i>Age of the Respondents</i>	<i>No. of Respondents</i>	<i>Percentage</i>
20-30	37	30.8
30-40	52	43.3
40-50	20	16.6
Above 50	11	9.3

Table 2
Education Status of Respondents

<i>Education</i>	<i>No. of Respondents</i>	<i>Percentage</i>
Primary Education	15	11.1
ESLC	30	26.6
SSLC	46	33.3
HSC	18	24
Diploma	7	5.5
Graduate	4	3.3

Figure 1: Graph Shows age wise Classification of Respondents

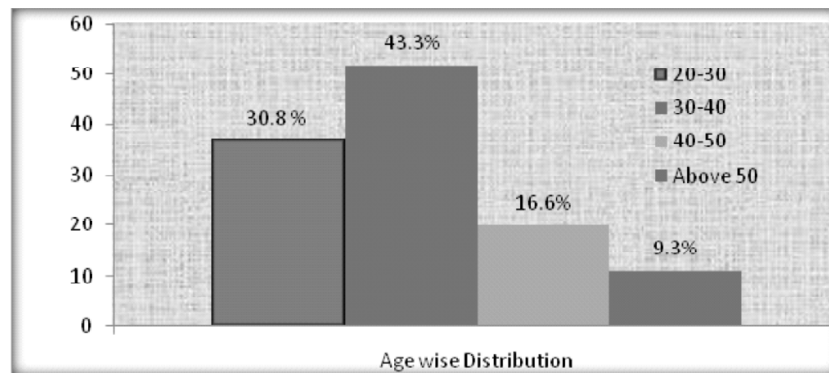


Figure 2: Education Status of Respondents

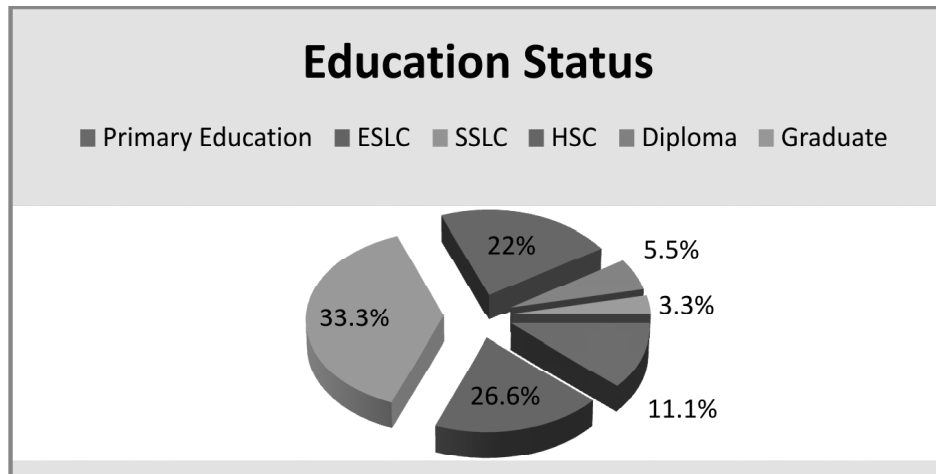


Fig. 1 shows that three-fourth of respondents falls in the age of 20 to 40 years. It shows the emerging participation of young house makers in enterprise making. Fig.2 shows that, 67% of respondents have completed SSLC and above.

B. Nature of Entrepreneurial Activity

The nature of entrepreneurial activities taken by our respondents listed in Fig. 5, which focuses on type of business.

Table 3
Nature of Entrepreneurial Activities

<i>Entrepreneurial activity</i>	<i>No. of Women Entrepreneur</i>	<i>Percentage</i>
Milk Products	30	25
Manufacturers of household cooking items (like pickles, readymade mixes, powders, flours)	19	16
Organic fertilizers and growing	17	15
Vermicomposting	14	11.6
Recycling of banyan waste	10	8.3
Restaurant	8	6.6
Sericulture	6	5
Tailoring	6	5
Soda, soft drinks and biscuits making	4	3.3
Apiculture	3	2.5
Garment resellers	3	2.5

From the Table 3, we can observe that, most of the enterprises based on the day to day needs of the people. An advantage of products like them is that not to look for availability of markets, because they can be sold locally itself.

C. Net Worth of the Enterprise

The net worth of enterprises is shown in Table 4. As can be seen in the table 4, the smallest size of net worth is 1000 USD lakh and the largest is 15000 USD.

Table 4
Networth of Enterprises

Sl.No	Net worth (in USD*)	No. of Enterprises	
		Number	% of Total
1.	1000-3500	16	13.4
2.	3501 - 5000	39	32.5
3.	5001-8500	33	27.5
4.	8501-10000	17	14.2
5.	>10000	15	12.5

*Conversion rate at the time of writing the article is 1 USD = 59 Indian Rupees.

Of the 120 enterprises listed, 74% of enterprises have the net worth below 8500USD. So major portion of women entrepreneurs taken for study are falls under micro level entrepreneurs.

Net worth depends on several factors. So correlation of those factors calculated and the statistically important four variables chosen to describe the multiple linear regression equation of net worth. The equation can be written as,

$$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \alpha_4 X_4 + e_i$$

where,

Y = Net worth of enterprise

X₁ = Age of the enterprise in years

X₂ = Turnover of the enterprise

X₃ = Profitability as % of investment

X₄ = Loan as percentage of investment (%)

e_i = random error term

α₀, α₁, α₂, α₃, α₄, α₅ are regression parameters to be estimated,

i = 1, 2, ... 120.

The regression equation estimated for 120 enterprises is presented below in detail:

$$\hat{Y} = 5.022^{NS} + 0.425X_1^{**} + 0.0616X_2^{NS} + 1.108X_3^{**} + 0.221X_4^{**}$$

Where,

^ - Indicates estimated value.

Y = Net worth.

NS - Not significant at 5% level. , ** - Significant at 1% level

The net worth of the enterprise increases with investment, that is may be own fund and partly by loans. The effect of loans on net worth is given by regression co-efficient X4. The co-efficient of multiple determination R² has a large value, 0.87 showing that the four independent variables specified in the equation would explain nearly 87 per cent of variation in net worth of the enterprises.

D. Investments, Spending and Insurance

Though the analysis on spending seems to be irrelevant to village economy and its sustainability, we felt that there is a relationship between nature of spending and self contained economy. Even if the trade surplus brought back to origin, its effective utilization will further define the sustainability and self containity. Globalization infused brand culture on us. Spending is largely influenced by the advertisements, referrals and self forced adaption in line with trend. Here in these two villages also, we found such follow up, but the level and affinity is not high as in urban areas. These people don't spend much on Education, health and entertainment as their counterparts in urban areas. Much of their savings turned in to gold or utilized for business expansion.

The profits reverted back to the enterprise and the investments made in other sectors from the income of enterprise are meant as investments here. The large size spending like purchasing a vehicle, tractor or expensive electronic gadgets etc. will come under the category of spending here. Health Insurance, Term insurance and Equity related money back guarantee insurance schemes are included in the Insurance category. An analysis on these three factors will throw some light on their economic capabilities and maturity. So it will be handy to analyze their economic status after become an entrepreneur.

It is a healthy sign that 91% of entrepreneurs invested back in their own enterprises. Nearly 40% entrepreneurs purchased a vehicle by the income from enterprises. Only 8% of them shown interest in Personal Computers. They are poor in terms of insurance. Only 13% have taken health Insurance and 35% people took term insurance. But most of them seems to be believed in real estate boom, because 54% people invested in real estates. Only 5% of entrepreneurs took risk of investing in equity related products. In overall, the economic status of women

entrepreneurs had been improved after they took up entrepreneurial activities. Several women did excellent job of investing both in enterprise and other assets.

Table 5
Investments, Spending and Insurance

Sl.No	Parameter	No. of Entrepreneurs	
		Number	% of Total Entrepreneurs
1.	Invested about 500 – 1000 USD back to enterprise	60	50
2.	Invested about 1000 – 2000 USD back to enterprise	32	25.7
3.	Invested about 2000 – 5000 USD back to enterprise	17	14.2
4.	Invested higher than 5000 USD back to enterprise	1	0.8
5.	Purchased Vehicle	42	35
6.	Purchased PC	10	8.33
7.	Purchased Tractor	2	1.67
8.	Term Insurance Taken	42	35
9.	Health Insurance Taken	16	13.3
10.	Invested in Real Estate	64	53.3
11.	Invested in Mutual Funds, Unit Linked Insurance Plans	6	5

E. Analysis on Social Empowerment

Certain variables have been identified to measure the social empowerment of women entrepreneurs. More role in the decision making, improved image among relatives and in community circles, gender equality, self-esteem, leadership attitude are quite a few variables among this list. Rise in economic status forms the foundation for social empowerment. The response of women entrepreneurs towards these kind of variables listed in Table 6.

Table 6
Social Empowerment

S.No	Social Empowerment Variables	Meanscore
1	More role in decision making	4.6
2	Improved image	3.63
3	Gender Equality	3.80
4	More Involvement in community works	4.2
5	Improved leadership skills	4
6	Encouraging other women to become entrepreneur	3.52
7	Freedom to make business decision	4.18
8	Gender Equality	3.85
9	Ability to take risks	3.75
	Over all mean score	3.95

F. Analysis on Procurement of raw materials

Table 3 shows the various activities taken by Women Entrepreneurs. Most of the activities use the raw materials available locally itself. Procurement process can be affected by the factors like availability of materials, Demand created by buyers and middlemen, transport, durability of goods etc., While procuring materials locally and from the well known person nearer to our locality, then dominance of these factors will be very much limited. Even further, if we utilize our own raw materials, then the pricing of the product will be very much competitive and flexible to reset. This is the advantage of rural entrepreneurs. They either use their own materials or procure from well known local people. So cost is not multiplied. In case of quality of raw materials and replacement warranty, these purchases are safer than their counterparts in other areas.

G. Analysis on Area of Marketing

Marketing area is an important constraint and a key to the success of the product. It even has impact on characteristics of the product, the manufacturer intends to sell. An peculiar nature of rural origin goods that they are in fact produced according to the clearly spelled demand from the market. In contrast with large scale manufacturing goods, which produced initially with a kind of invention and then will be promoted, the goods produced by these rural women entrepreneurs doesn't require promotion because they are already tailor made. Due to this nature, the products doesn't face stiff competition in local areas and hence the effort required to market is largely reduced.

F. Formation of Closed Loop

Inputs procured from local areas, most of the end products find market in local areas itself, surplus exported, the returns and trade balance again fed back and invested locally, it boosts local industry and Economy become self contained. This cycle forms the closed loop.

CONCLUSIONS

The two villages studied here, provide ample opportunities to local women to engage entrepreneurial activities without much investment and skill set. With the help of NGO's and Governmental agencies, they get necessary training and financial assistance. Then they mature into competent entrepreneurs. All of them are doing micro level activities and most of the activities are tailor made and demand driven too. The concept of self contain linked to their mode of procurement and selling and finally spending. With the present scenario, it is impossible for any geographical territory to become completely independent and self contain. But, it is possible to maintain a slight positive edge in trade balance.

The drawback of this study is the results and the concept derived based on data collected from small group of women who mainly involved in micro level local based activities to satisfy day to day needs of near by people. The ratio of export is very less. Application of this concept to other areas without agro based enterprises may not give correct results. Despite its limitations, we felt, if this concept in core meaning applied to other fields with necessary modifications will lead us towards attaining self contained economy.

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