

Financial Impediments and Women Entrepreneurship: A Theoretical Analysis

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Abstract

The purpose of this paper is to analyze the financial impediments facing by the women entrepreneurship, especially in the rural areas of Sindh province in Pakistan. It is believed that rural women in Pakistan is living under despondency, powerlessness and voiceless and they don't get much opportunities of doing businesses though having talent as well. This research was conducted to have an overview of the present conditions for female entrepreneurs based in Sindh. It was also conducted to come up with recommendations / suggestions to address existing problems to promote entrepreneurship in Sindh. This is a descriptive paper, which will provide the guidance for the empirical research further.

Key words: Finance, Entrepreneurship, Women

INTRODUCTION

Many authors sketched rural women with strokes of poverty, illiteracy, remoteness, prey to feudal mindset and cultural norms which make women as some of the most marginalized communities in the world (Jones & Snelgrove, 2006, p.3). Independence, independent thinking and deciding about their academic and professional career appear to be dream for rural women in conservative societies of developing countries including

Pakistan. Statistics reveals that 65 per cent of women in Pakistan are illiterate (UNDP, 2004), with higher rates in rural areas about 88 per cent, and climbing to over 93 per cent in Balochistan province (ADB, 2000). On the same canvas, the other side of the picture reveals some hopeful women of middle and upper class families with lots of education, job and business opportunities, mostly living in urban areas. It is yet debatable as to what extent urban women are independent in making-decision regarding education, doing job or establishing enterprise.

Despite increasing trends of women participation in small and medium enterprise (SMEs) in North America, Europe, East Asia (e.g. Asian Tigers) and elsewhere, women entrepreneurship is largely in low growth in Pakistan. And those women who are already in the business, they had experienced unconventional economic, cultural, social, religious and familial hardships and those who intend to do business they get ready first to face weighty and grave challenges. In particular, the limited performance of women enterprises (WEs) may have impeded the creation of meaningful and sustainable jobs and contribution to national and regional economy. Entrepreneurship is considered as a powerful job engine for the U.S. economy. For many women, entrepreneurship has been enjoyable and welcoming workplace with great opportunity. US Center for Women's Business Research (2009) presented WEs success with great statistics like in 2008 WEs in the U.S. generated \$1.9 trillion in sales and employed 13 million people. Several other studies reported that the number of women-owned businesses in the U.S. has risen by 50%

since 1997 (Clegg, 2004). Similarly, in Europe and developing countries across the continents, WEs are growing faster with lots of challenges and opportunities.

LITERATURE REVIEW

A careful review of the literature published in Pakistan on the subject of women entrepreneurship explicitly indicates that there are few studies available for review such as Goheer (2002, 2003) and Ahmed & Naimat (2011). As a result, it is hard to make academic guess or draw conclusions. Against this backdrop, this study has reviewed mainstream literature on the subject for more comprehensive understanding of the field. According to Hisrich, Langan-Fox & Grant (2007) the roots of entrepreneurship literature are set in a number of disciplines such as economics, sociology, business, management, and psychology. Earlier, similar evidence was presented by Moore (1990) arguing that most of the entrepreneurship research contributed by business scholars especially in the field of management. Alongside, the marketing discipline is also increasing its own study of small business and entrepreneurship (Bjerke & Hultman, 2002; Buskirk & Lavik, 2004). Researchers in economics are also well represented in studies of female entrepreneurship, especially in the areas of government data analysis, venture capital and financing of women-owned businesses (Devine, 1994; Walker & Joyner, 1999).

Empirical evidence on female entrepreneurship began to appear in the late 1970s, as women joined the professional workforce in greater numbers in North America and Europe. Chusmir, Moore and Adams (1990) reported that the psychology literature provided nearly two-thirds of the studies related to gender issues in organizations. Carter,

Anderson & Shaw (2001) concluded that many studies were descriptive and focused primarily on demographic characteristics, motivations of women in business and their business ownership experiences. They also noted that few studies were built on previous work to provide cumulative knowledge of women entrepreneurs. The study of female entrepreneurship is still in its early stages and numerous researchers have noted the lack of a robust research stream (Baker, Aldrich & Liou, 1997; Carter, Anderson & Shaw, 2001; Terjesen, 2004). From 1976-2001, about a ninety per cent research based literature related to female entrepreneurship found in entrepreneurship journals was of an empirical nature (Greene et al., 2003).

There has been acute shortage of reviews of the literature on the subject of WEs. Only a few studies have been published on extensive review of literature with insights into female entrepreneurship. For example, Moore (1990) published one of the first literature reviews on the topic which invoked first wave of academic research about female entrepreneurship and identified that there is strong need to have more empirical evidence for theory development. Baker, Aldrich and Liou (1997) reported ignorance of journals and electronic and print media for not noticing the tremendous growth in women's entrepreneurship.

Greene, Hart, Gatewood, Brush, & Carter (2003) contributed more detailed and in-depth review of literature and with insights into 25 years of research published in entrepreneurship journals from 1976 to 2001. An important aspect of the study was the inclusion and discussion of literature grounded in feminist theory, social theory that

addresses issues of political, economic, and social rights of women. Feminist theory-driven research has provided additional perspectives, such as work-family balance (Honig-Haftel & Martin, 1986), gender differences (Chaganti, 1986), and arguments related to methodological biases of previous research (Brush, 1992).

Some investigations have focused on the success stories of male and female enterprises and traced factors that contribute to the success and failure of the enterprise. Sabarwal and Terrell (2008) provide evidence of contradictory findings related to gender differences and attribute some differences to data classifications. On the contrary, Chaganti and Parasuraman (1996), identified that female-owned businesses perform equally good like firms owned by males in terms of job growth. Nevertheless, Bosma et al. (2004) found significant different associated with male and female enterprises and found male-owned firms do better than female-owned businesses. According to Fischer, Reuber, and Dyke (1993) called previous empirical findings related to female entrepreneurship —diverse and often contradictory by concluding that there significant gender differences in manufacturing, service and retail industries. Those differences relate training, motivation, and experience.

An increasing body of empirical research attribute some of the gaps and contradictions in the literature to the lack of theory-driven research about women entrepreneurs (Moore, 1990; Brush, 1992; Baker, Aldrich & Liou, 1997). According to De Bruin, Brush, and Welter (2006), who reported that studies of women entrepreneurs made up only 6-7% of

studies found in the top eight entrepreneurship journals, attributed the lack of a solid research stream to reasons such as researcher and social perceptions. Some researchers have questioned the need for a separate theory on women's entrepreneurship and call for theoretical concepts that incorporate women's distinctive experiences (De Bruin, Brush & Welter, 2006). In order to improve the research stream, Brush (1992) called for a more holistic approach to the study of women entrepreneurs and argued that research that incorporates the perspective that women business owners consider their businesses to be cooperative and integrated networks of relationships will yield better insights into female entrepreneurs and their businesses.

A most recent study contributed on the subject of women entrepreneurship in Pakistan by Ahmed & Naimat (2011) emphasized on the importance of networking for the promotion of WEs in Pakistan. Authors reiterated that social, cultural, legal, and religious are serious and major impediments in the way of WEs and that the forces of patriarchy manipulate their professional role and create stumbling blocks for women's career development motives (Shabbir, 1996; Shaheed, 1990; Shah, 1986). Nevertheless, the study reveals that young women have capability to recognise opportunity and also get engaged in networking to smooth their way out.

According to Goheer (2003) WEs in Pakistan concentrate in retail, industrialized business and service sector. The service sector is dominant and focus remains in education, healthcare, beauticians and garment (Goheer, 2002). Another crucial problem for WEs

slow growth is the lack of mobility, uneducated and rude mostly rude and rough male workforce that is not ready to accept the authority of women (Goheer, 2003). The social and cultural portrait with minor differences enables a conventional patriarchal arrangement and roles based on sex. This is a critical omission from the understanding of women's entrepreneurship, because the social compositions, work, family, and planned social life differ broadly in rising economies (Allen & Truman, 1993; Aldrich et al., 1989).

RESEARCH GAP

In past couple of decades, mainstream literature of entrepreneurship and management has continuously focused women entrepreneurship and their businesses. Recent scholarly publications (e.g., DeLollis, 1997; Fisher, 2006; Klein, 2006, Sands, 2006) provide examples of successful women entrepreneurs, their businesses and expected future growth of the field. Nevertheless, literature seems still inclusive and debate yet continues with number of inconsistencies and contradictions on (a) practical directions for female entrepreneurs wanting to establish or grow small businesses, and (b) policy makers seeking to improve the entrepreneurial business climate.

In order to attend these shortcomings in the extant literature, this study provides a critical assessment of the mainstream literature on women entrepreneurship published in peer-reviewed journals by identifying key challenges and opportunities for prospective women

wishing to do business in Pakistan. As a result, this study enhances understanding of female entrepreneurship by synthesizing the research related to following key questions: What major issues have been addressed in the WE literature so far and what issues are unaddressed yet? What are the sociocultural problems that women entrepreneurs face? What types of businesses does she create? And how women entrepreneurs manage networking and access to financial facilities for carrying out business operations?

SCOPE OF THE STUDY

Keeping view of the limitation of the time researcher understands that the whole Sindh. According to the nature of study, all women entrepreneurs located in twenty three districts of Sindh are the population of this research. However, women entrepreneurship mostly is concentrated in urban centres of Sindh such as Karachi, Hyderabad, Sukkur, Mirpurkhas and Larkana. As a result, the scope of this research will be remain in the urban areas of Sindh as stated above. Nevertheless, this may be decided in consultation of the research supervisors bearing mind the limitations of time, finance and difficulties of travelling across Sindh.

RESEARCH METHODOLOGY

Structured interviews using questionnaire survey

A structured interview is also known as standardised interview or a researcher-administered survey. It is a quantitative research method commonly employed in social

survey research. The aim of this approach is to ensure that each interview is presented with exactly the same questions in the same order. This ensures that answers can be reliably aggregated and that comparisons can be made with confidence between sample subgroups or between different survey periods. Structured interviews are a means of collecting data for a statistical survey. In this case, the data is collected by an interviewer rather than through a self-administered questionnaire. Researcher will ensure that interviewers read the questions exactly as they appear on the survey questionnaire. Researcher will help respondents with their choice of answers to the questions which will be fixed (close-ended) in advance.

DATA SAMPLE

According to the nature of study, all women entrepreneurs located in twenty three districts of Sindh are the population of this research. However, women entrepreneurship mostly is concentrated in urban centres of Sindh such as Karachi, Hyderabad, Sukkur, Mirpurkhas and Larkana. As a result, sample size of the research will be decided in consultation of the research supervisors bearing mind the limitations of time, finance and difficulties of travelling across Sindh.

DATA ANALYSIS

Data gathered through structured interview using questionnaire survey will be entered in SPSS and Excel Spreadsheet for further analysis. For modelling the development and challenges of women entrepreneurship in Sindh most advanced statistical and modelling packages such as Structural Equation Modelling (SEM) through AMOS/Smart PLS will be employed with consultation of supervisors.

SIGNIFICANCE OF STUDY

The participation of women in economic activities is crucial not only from a human resource development perspective but vital even for the objective of raising the status of women in society. Women participation enhances women empowerment and reduces socioeconomic inequality. The present research is intended to present critique on the extant literature and provide material for ongoing debate and discourse to motivate academia and professional community to enhance understanding on the subject of WEs in Pakistan. Study also intends to contribute SEM model on development and challenges of women entrepreneurship in Sindh. At this early stage, the literature review has identified a number of issues, for which policy makers need to concentrate and academics to do additional research for better understanding of the WEs in the country.

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