

Rural Women Entrepreneurship - A Managerial Perspective

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Abstract: Women Entrepreneurs in rural areas were not given adequate attention in research arena at the international level. This article explores the potential of such women with the aim of bringing them to the attention of international scholars. Here, the attitudes, the abilities and the qualities of women entrepreneurs have been analyzed in the managerial point of view. A paradigm between a rural women entrepreneur and a typical modern manager has been established. The paradigm shift between these two groups of people also highlighted. This analysis had been done with the primary data collected through questionnaire from 450 women entrepreneurs of two districts of a state in India with the combined population of 1.3 million. We found that the entrepreneurial activities by women in rural areas were not only beneficial to the stake holders but also to the society by means of economic independency, sustainability, self contain nature and distributed prosperity. We insist that the activities of rural women entrepreneurs should not be discounted by citing their size and scale of production, instead, these observations should make in to theory and practices. We tried to build a theory from the findings of our survey with sociological, behavioral, economical and managerial approaches.

Key words: Entrepreneurship • Managerial skills • Rural economy • Women empowerment

INTRODUCTION

There are several well accomplished and peer reviewed entrepreneurship journals in the world, but we could not find many articles related to rural entrepreneurship in those journals. It is customary that, those areas or fields without universally accepted definitions might not attract international level attention. Rural is a kind of word, for which there is no universally accepted definition. 'Rural' is defined in different ways in different countries. U.S government has 15 different definitions of the word 'rural' (Washington Post, June 08, 2013). Most of them based on the population, population density and how far their hamlets are located from a city. UK National statistics defined 6 types of rural areas (DEFRA, 2005). Definitions in OECD countries are differing from that of Non-OECD countries. FAO defines the 'rural' as the area where agriculture and related activities are dominant and major share of workforce employed in agriculture related sectors (Edoardo Pizzoli,FAO,2007)

As of 2012 census, 3.331 billion people living in rural areas (World Bank Report, 2012). With the total population of 7.046 billion, this world houses 47.3% people in rural areas. The knowledge about economy of these rural areas is vital to provide inclusive growth. Rural economy is the study about farm and associated activities and their economical influence on local people (Gustav Ranis and Frances Stewart, 1993)[1]. After globalization, the economical activities of rural areas gradually departed away from their rudimentary and agriculture related activities towards diversified service sectors oriented to cater the needs of urban centers.

The contribution of rural areas to the national GDP is indispensable. This contribution is about 42% in agriculture, forestry and fishery, 20% in Industry, 20% in construction and 15% in tertiary activities of European Union in 2009 (Eurostat, 2009). This is higher as much as 96%, 71%, 76% and 56% respectively in Ireland (Eurostat, 2009) as shown in Table 1.

It is no doubt that, if rural economy made, this much impact in GDP of EU nations, then the impact on GDP of

Table 1: Contribution of predominantly rural regions to the national value added by main industries, 2009. (As a percentage of the national value)

	Agriculture, fishery and forestry	Industry	Construction	Tertiary sectors
EU	42	20	20	15
Belgium	23	5	8	5
Bulgaria	56	36	17	20
Czech Republic	49	33	31	23
Denmark	67	49	52	36
Germany	35	16	22	13
Estonia	79	34	37	28
Ireland	96	71	76	54
Greece	78	43	42	30
Spain	33	9	13	10
France	48	27	26	20
Italy	35	18	21	18
Latvia	52	28	24	21
Lithuania	64	38	35	26
Hungary	64	43	40	28
Netherlands	1	2	1	0
Austria	70	36	40	27
Poland	63	30	28	24
Portugal	69	33	34	28
Romania	55	34	26	30
Slovenia	60	51	40	29
Slovakia	67	49	41	35
Finland	67	42	40	33
Sweden	49	25	20	17
Finland	8	2	3	2

Source and courtesy: Euro stat (online data code: nama_r_e3gdp)

developing countries will be much stronger and even commanding one. Entrepreneurs, cooperative societies and self employed people together form the backbone of rural economy[2-9].

There are 101 males in this world for 100 females (CIA Fact book, 2006). So, if the rural population is 3.331 billion, then women in rural areas should be approximately 1.65 billion. This kind of huge human capital can not be kept aside without efficient utilization. Rural women play a major role in rural economy (Gülden Türköz-Cosslett, UN WOMEN, 2012). FAO, in a report namely “Women in Agriculture, Closing the Gender Gap for development”, advocate the women’s potential to improve rural economy. It links the underperformance of agriculture sector in many developing countries to rural women’s asymmetrical access to resource, capabilities and opportunities. It added that, if women were given equal access to productive resources then agriculture output of developing countries can be improved by 2.5 to 4 %, which could feed 100 to 150 million more

people. Though the report focuses on agriculture and inequality between men and women, it acknowledges the potential of rural women and their role in rural economy[10].

Theory Building: This chapter begins with various definitions of the terms ‘entrepreneur’ and ‘manager’, followed by the conceptual differences between those terms. Importance of rural economy in the country’s economy was briefly narrated in the last chapter. In order to develop a theory, which relates rural economy, women entrepreneur and their managerial skills, first the role of women in rural economy is highlighted, then the characteristics of a modern manager is listed and compared with the characteristics of rural women entrepreneurs, finally, the managerial skills of rural women entrepreneurs analyzed with respect to the concepts of managerial economics, agriculture and sustainable development, house hold economy and economic empowerment[11].

In 1723, Richard Cantillon defined the entrepreneur as an individual who organizes and operates a business or businesses, taking on financial risk to do so and they are non-fixed income earners who pay known costs of production but earn uncertain incomes. An entrepreneur is an economic agent who unites all means of production- land of one, the labour of another and the capital of yet another and thus produces a product. By selling the product in the market he pays rent of land, wages to labour, interest on capital and what remains is his profit. He shifts economic resources out of an area of lower and into an area of higher productivity and greater yield (Jean-Baptiste Say, 1803). Entrepreneurs are innovators who use a process of shattering the status quo of the existing products and services, to set up new products, new services (Schumpeter, 1934). An entrepreneur is a person with a high need for achievement [N-Ach]. He is energetic and a moderate risk taker (David McClelland, 1961). An entrepreneur searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence an effective entrepreneur converts a source into a resource (Peter Drucker, 1964). Emphasizes the role of an imitator entrepreneur who does not innovate but imitates technologies innovated by others. Are very important in developing economies (Kilby, 1971). Entrepreneurs take initiative, accept risk of failure and have an internal locus of control (Albert Shapero, 1975).

Manager is a person responsible for controlling or administering an organization or group of staff (Oxford Dictionary). Manager is an individual who is in charge of a certain group of tasks, or certain subset of a company. A manager often has a staff of people who report to him or her. (Business dictionary.com).

The terms Entrepreneur and Manager are not identical. The conceptual differences between two terms are listed in table 2 [12].

The importance of women in rural economy is tried to understand here with respect to agriculture. FAO report on rural women and agriculture (The State of Food and Agriculture 2010-11), says that ‘Women make crucial contributions in agriculture and rural enterprises in all developing country regions, as farmers, workers and entrepreneurs’. Though the report mainly focussed on the gender gap in rural areas and advocates for equal status to women, it justifies the potential of women in rural economy. It states that “if women in rural areas provided adequate facilities, then agriculture output in developing countries will increase by 4% and it could reduce the undernourished people in the world by 12-17%”. It added that, “Making rural labour markets function better, providing labour-saving technologies and public goods and services, would enable women to contribute more effectively to and benefit more fully from, the economic opportunities offered by agricultural growth”.

The modern manager of corporate world learns and acquires the managerial skills through formal education and well defined practices. On the other hand, the rural women entrepreneurs learn and acquire the managerial skills by trial and error basis or directly from their counterparts. In the following section, rural women entrepreneurs and modern corporate manager compared with respect to certain managerial skills [12].

Managerial skill is defined as the ability to make business decisions and lead subordinates within a company. Three most common skills include: 1) human skills - the ability to interact and motivate; 2) technical

Table2: Theoretical comparison between Entrepreneur and Manager

Entrepreneur	Manager
As a owner of the organization, he bears all the risk and uncertainties involved in running it.	He is an employee and may not directly affect by any risk in running the business.
Has personal stake in the enterprise.	He may have personal stake, if it so, that might be allotted by the management as a compensation or reward or bonus.
His objective is to innovate, create and he acts as a changing agent.	His objective is to supervise and create routines. He implements the ideas and plans of the entrepreneur.
His income is contingent on the performance of the firm.	His compensation is less dependent on the performance of the company.
He is not induced to involve in deceptive behavior.	He may cheat by not working hard.
He is expected to have certain qualities like innovative thinking, forethought, risk bearing ability etc.	He is expected to have skills related to management practices.

skills- the knowledge and proficiency in the trade; and 3) conceptual skills- the ability to understand concepts, develop ideas and implement strategies. (Source: www.businessdictionary.com) Rural women entrepreneur plays two vital roles viz., Entrepreneur and Manager. Here certain characteristics/skills/abilities of rural women entrepreneurs are listed, some of whom are applicable to modern corporate manager as well. They are,

- The ability to identify the opportunities available in the region for a viable business activity.
- The knowledge about the requirements of local people, because catering the need of near by people is the safest way to start the profitable business.
- After identified the opportunity, the ability to assess self about whether she possess the capability, skill and practice for start and run the business.
- Ability to make clear goal and the orderly work planning.
- The knowledge about technical and financial requirements to run the business.
- The knowledge about demand for the product and the target customers.
- Effective communication and marketing skills.
- Knowledge about required training and coaching.
- Ability to recruit suitable persons for the tasks.
- Ability to define specific duties for each employee.
- Ability to design a fair compensation packages, benefits, incentives etc.
- Ability to deal with conflict and should be a good mentor and disseminator of expectations.
- Knowledge about access to finance and training.
- Knowledge about the raw materials and sourcing them from right place.
- Knowledge about pricing the product and encountering competitors.
- Knowledge and vision about investments, business expansions etc.,

These characteristics/skills/abilities of rural women entrepreneurs found from primary data of case study[13].

Case Study: Rural Women Entrepreneurship in Perambalur and Ariyalur Districts of Tamilnadu State of India.

Brief Profile of Districts under Study: Perambalur district came in to existence from 1997 by trifurcation of Trichy district in Tamilnadu, India. Its population is predominantly rural. Of the total population of 564,511 people, 84% lived in rural areas. Literacy rate is 74.68%,

which is lesser than State average of 80 It is an inland district without coastal line. The district is fairly rich in mineral deposits. Celeste, Lime Stone, Shale, Sand Stone, Canker and Phosphate.

The Ariyalur district was carved out of Perambalur district in 2007. Of the total population of 752,481 people, 89% lived in rural areas. Literacy rate is 72%, which is lesser than State average of 80%. 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. Due to huge reserves of limestone and lignite, several cement factories are established in this district. This district is called locally as a land of cements. This district is very old in geological scales. It has the history dates back to B.C 200000. Several Paleolithic, Neolithic tools and the megalithic urns and potteries have been discovered from this district. Hundreds of dinosaur eggs and skeletons were unearthed from this district[14].

MATERIALS AND METHODS

Survey conducted through a questionnaire with wide variety of 32 questions with following objectives in mind,

- To analyse the socio economic empowerment of women entrepreneurs after set up the enterprises.
- To analyse the problems and challenges faced by women in starting and running the enterprises.
- To analyse the role played by NGO's in development of women entrepreneurship.
- To analyse the role of government schemes and financial institutions towards the development of women entrepreneurship.
- To analyze how they manage the business and tackle the day to day issues and challenges, how is their vision about future, how they earn profits, their level of invention, their resource management etc.,

Although several factors were analyzed from this study, the scope of this article restricted to their managerial capability alone. Several questions of the questionnaire on the line of this motive are,

- How did you choose this product or service for your entrepreneurial activities?
- How did you develop or learned the skill needed to run the enterprise?
- Have you undergone training by any governmental and non-governmental agencies?
- What is your long term goal?

Table 3: Nature of entrepreneurial activities

Entrepreneurial activity	No. of Women Entrepreneur	Percentage
Milk Products	110	24.44
Manufacturers of household cooking items (like pickles, readymade mixes, powders, flours)	85	18.89
Restaurant	61	13.56
Mushroom cultivation	42	9.33
Tailoring	36	8.00
Garment resellers	28	6.22
Organic fertilizers and Vermicomposting	22	4.89
Recycling of banyan waste	18	4.00
Soda, soft drinks and biscuits making	14	3.11
Wet Grinding	14	3.11
Manufacturing of areca net leaf plates and cups	8	1.78
Rice Milling and Flour Milling	4	0.89
Apiculture	3	0.67
Sericulture	3	0.67
Packaged Drinking Water	2	0.44

- How did you manage family and business side by side?
- Have you received loans or financial assistance from any agencies or individuals?
- How many employees in your company? How you recruit them?
- From where you procure most of your raw materials?
- Year of inception of company, annual turnover, profits.
- Investments made out of the earnings from the company.

Most of the entrepreneurs took agro related activities and the locally intensive services. The various entrepreneurial activities taken by rural women entrepreneurs listed in Table 3 [15].

From Table 3, we can observe that almost all the entrepreneurial activities taken by women entrepreneurs are to meet the local demand and to cater the local population. Though they look like miniature scale ventures in terms of monetary value, they are the fruitful outcome of hard working women. Our analysis indicates that most of the raw materials needed for their products procured locally itself, it results in better utilization of local resources and reduce the dependency on others for raw materials. No more abrupt cost escalation in raw material price, Not to spend much on transportation cost are some advantages of local procuring. This way we can adjunct the rural woman entrepreneur as best manager of resources as well an efficient manager of local resources too[16].

Apart from this resource management of enterprise, the women also manage their home side by side. They care their children, they look after their elder parents, they manages the house hold activities like cooking, cleaning the house, washing the cloths etc., some of them even taking care of the internal financial management and small savings. These kinds of activities made them as a manager of household economy also[17].

Rural women entrepreneurs came out of house hold bound and rise against male domination in entrepreneurial activities. This attitude can be compared to the attitude of taking new challenges by the modern managers. The selection of the products and the place of procuring raw materials and the way they are selling their products are in line with modern corporate theory of pricing and marketing and branding. Though the rural women entrepreneurs may not have scientifically proved sales figures, sales targets, profit margins and fiscal forecasts, they go hand in hand with local people demand, expectations and requirements. The peculiar thing we found from them is that 76% of entrepreneurs are keen in expansion and even few has time frame target for achieving that. So, similar to corporate managers, the rural woman entrepreneurs also have vision for future and are believed in continuous improvement[18].

CONCLUSION

Certain qualities, practices and characteristics of rural woman entrepreneurs had been tried to correlate with that of modern corporate women. This comparison may not be exactly identical and logical too, but the initiatives taken

by such poor, uneducated, suppressed women should be encouraged and their role in below poverty line household economy should be appreciated. Their courage to take up new initiatives, their selection of services, products, their way of managing the employees and external relations, their way of investing back to the village, their attitude towards future and their preparedness to take new challenges and the way they took up the competitors are not sub due to that of modern corporate managers. In this way the managerial skills of rural woman entrepreneurs and modern corporate managers compared. This study covers two districts with combined population of 1.3 million people, which is almost equal to the population of some of the states of USA and even some of the small countries of this world. So this initiative can't be ignored based on their monetary significance and contribution to the world economy. We strongly believe that further research in this area definitely contribute to the theory of entrepreneurship especially in developing country environments.

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