

# 'Sustainable Development through Enterprise': Gender as a Third Dimension

*ISED Discussion Paper*

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**ISED Small Enterprise Observatory**

*Jointly with*

**ISED Centre for Social Development**

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# PREFACE

This study is based on a large research initiative at the ISED, on the theoretical and methodological aspects of 'Gender and Enterprise', as an evolving constituency. The field evidences, forming the backbone of this research, come from the State of Kerala.

As this title come out as a joint output of the Observatory and the ISED Centre for Social Development, the Institute wishes to thank, without fail, the pains and efforts of the authors, and all who have supported it through inputs and suggestions. ISED has taken best efforts to ensure the quality and reliability of this paper. However, for the findings and views, the authors alone are responsible.

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## ABSTRACT

'Gender and Enterprise'(G&E) is a critical theme of development debates today. This theme can be summarized in terms of its two key aspects: 1) economic empowerment of women through the entrepreneurship route; and 2) contribution to the creation of an appropriate enterprise ecosystem, where income opportunities are gender neutral. This is not a question of women empowerment alone.. In India, the practice of women entrepreneurship development is often confined to two key areas: a) awareness creation; and b) financing. The Union and State governments have a number of programmes for training and mentoring of women, which often leads to some entrepreneurial activity, individual, collective, or both. The financial institutions have several gender -specific programmes which target women. In most of these programmes, provision of credit services is a common thread. A portion of the institutional credit go to women as per directives of the RBI and of the government. Beyond these, there is a key question: How relevant are the public programmes for women entrepreneurship development ,and how effectively they are implemented. Another fundamental question follows: What are the critical constraints endemic to gender-specific programmes in relation to the larger and more broad based goal of economic empowerment of women.

**KEYWORDS:** women empowerment, entrepreneurship development, public programmes, gender, sustainable development through enterprise.

## 1.0.Introduction

An excursion into the analytical approaches in the subject area, an examination of the available evidence base is central to the compass of this study. It is a ground setting i.e., to provide a guideline of the project. The first part of this chapter provides an overview of how entrepreneurship among women has been approached by various disciplines, and the theoretical framework in which the dynamics of the subject has been discussed. Secondly, against the above background, the key areas of debates have been discussed. Based on available literature, prior knowledge, and institutional capabilities this chapter also discusses the relationship between policy and practice.

## 2.0. Approaches to Entrepreneurship Studies

The analysis and practice of entrepreneurship as a discipline has been significantly influenced by many social science disciplines. For arriving at operationally meaningful policies and strategies, a cross-disciplinary rather than uni-disciplinary understanding of entrepreneurship would be useful. A relatively mature discipline of entrepreneurship, as we have it today, are the outcome of theories belonging to various core disciplines: These are: (1) Economic entrepreneurship theory, (2) Psychological entrepreneurship theory (3) Sociological entrepreneurship theory, (4) Anthropological entrepreneurship theory (5) Opportunity-Based entrepreneurship theory, and (6) Resource-Based entrepreneurship theory. Economic entrepreneurship theories date back to the first half of the 1700s with the work of Richard

Cantillon, who introduced the idea of entrepreneurs as risk takers. The classic, neoclassical and Austrian Market process schools of thought all pose explanations for entrepreneurship that focus, for the most part, on economic conditions and the opportunities they create. Such theories tend to receive significant criticism for failing to recognize the dynamic, open nature of market systems, ignoring the unique nature of entrepreneurial activity and downplaying the diverse contexts in which entrepreneurship occurs. Harvey Leibenstein's "critical minimum effort thesis", says that the underdeveloped countries are trapped by the vicious circle of poverty and many other growth retarding factors which keep them in the state of backwardness. So these countries need to increase their per capita income to a certain level where they can maintain a self-sustained growth rate: they need a critical minimum effort, i.e., they need to invest at more than a minimum level to overcome all the obstacles of the underdeveloped countries. In economics, X-efficiency is the effectiveness with which a given set of inputs are used to produce outputs. If a firm is producing the maximum output it can, given the resources it employs, such as men and machinery, and the best technology available, it is said to be technical-efficient. X-inefficiency occurs when technical-efficiency is not achieved. The Psychological theories focus on the individual and the mental or emotional elements that drive entrepreneurial individuals. David Mc- Celland (1953) offers that entrepreneurs possess a need for achievement that drives their activity. Rotter(1966) put forward a locus of control theory. Rotter's theory holds that people with a strong internal locus of control believe their actions can influence the

external world and research suggests most entrepreneurs possess trait. A final approach, though unsupported by research, suggests personality traits ranging from creativity and resilience to optimism drive entrepreneurial behavior.

The sociological/anthropological theory centers its explanation for entrepreneurship on the various social contexts that enable the opportunities entrepreneurs leverage. Paul D. Reynolds singles out four such contexts: social networks, a desire for a meaningful life, ethnic identification and social-political environment factors. The anthropological model approaches the question of entrepreneurship by placing it within the context of culture and examining how cultural forces, such as social attitudes, shape both the perception of entrepreneurship and the behaviors of entrepreneurs.

Peter Drucker(1985) put forward an opportunity-based theory. Drucker contends that entrepreneurs excel at seeing and taking advantage of possibilities created by social, technological and cultural changes. For example, where a business that caters to senior citizens might view a sudden influx of younger residents to a neighbourhood as a potential death stroke, an entrepreneur might see it as a chance to open a new club.

Resource-based theories focus on the way individuals leverage different types of resources to get entrepreneurial efforts off the ground. Access to capital improves the chances of getting a new venture off the ground, but entrepreneurs often start ventures with little ready capital. Other types of resources entrepreneurs might leverage include social networks and the information they provide, as well as human resources, such as education. In some cases, the intangible elements of leadership the entrepreneur adds to the mix operate as resource that a business cannot replace.

### 3.0. Key Issues of Debate

There has been increasing interest in women enterprises and entrepreneurship at the national level and in Kerala, over the past few years. Yadav and Unni(2016) have made an exhaustive survey of important studies from 1980s till 2016, and put forward future research directions. The above study suggests that there is still a long way to go in terms of building a strong theoretical base for research on women entrepreneurship. Methodologically, past research is dominated by the positivist paradigm. The need for embracing innovative methods to build explanations using a constructionist approach, has been recommended by this study. They suggest the way forward by applying the lens of feminist theories in conjunction with the existing entrepreneurship theories.

The constraints/handicaps of research on women entrepreneurship need to be discussed in the larg-

er context. First, is the context of entrepreneurship research. The above constraints are largely explained by three crucial factors: Entrepreneurship is a unique discipline, and research on its own, occur as a result of appropriately extending theory and methods from other scholarly disciplines, as well as from theoretical and methodological innovations that are unique to it. As a young scholarly discipline, characterized by low paradigmatic development(Ireland, et.al,2005), it requires not only a cross- breeding of various disciplines, but also the support of experience and insights of experts specialized in theory and development practice.

This demands a professional, rather than a purely academic approach. Secondly, the continuing lack of definitional clarity, highlights the status of entrepreneurship as an emerging academic discipline (Ireland, et.al,2005). When working in a field with low paradigm development, scholars must be concerned about the significance of their work, to the discipline in general(Rynes,2002). Theoretical and empirical work are equally important, and need to have a balance (Bergh,2003). Besides theoretical insights, methodological tools should emerge from such work, leading to significant research questions (Law and Macmillan, 1988; Sexton, 1988).

Thirdly, instead of strong empirical work that is a product of carefully structured theoretical argument, an appreciable amount of the extant findings reported in the entrepreneurship research, are drawn from case-oriented, anecdotal, and topic-driven research efforts. Fourthly, theory differs from other perspectives, such as organizational narratives. Therefore, a good field research, by itself, is not a sufficient condition for arriving at conclusions that leads to strategic decisions making.

For example, scholars interested in studying issues associated with either firm or industry births, and of business demographic behavior, often deal with very small population and samples. Though results from statistical tests, in such cases, may have problems, it really makes sense to depend on such small samples(Ireland et.al,2005) In such cases, the evidence- base at the command of the researcher, rather than just the field level data, can be useful, in order to arrive at meaningful conclusions. Fifthly, theory used in organizational research should be accepted on an almost conditional ground, on which extensions and criticisms allow the theory to be more fully developed over time, on the basis of how, why, and when(Jones, 2001;Weick, 1995). For example, Schumpeter's(1934) view of 'creative destruction' is an example of theoretical base that has developed over a substantial period of time. His finding that, disruption of market equilibrium through "creative innovation", leads to economic growth, was path breaking, and was against the then existing economic theory. The above latest thinking in entrepreneurship record has import-