

Vulnerability of Women Enterprises: An 'Enterprise Security' Perspective

ISED Discussion Paper



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ISED Small Enterprise Observatory

jointly with

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PREFACE

'Enterprise security' is a new conceptual addition to the semantics of development. While, it is well known that SMEs are prone to several vulnerabilities because of objective and subjective reasons, the solutions to the same cannot be arrived at on a standalone basis. This is more so in the case of women enterprises that are prone to several additional constraints. Apart from an individual approach, there need to be an integrated framework of analysis and policies that can lead to meaningful strategies and projects. The imperative for such a research agenda is all the more important today, especially in a context where, apart from their potential and rich contributions, as some evaluation studies indicate, gender has become a policy convenience. Conceptual clarity and measurable and operational meaningful indicators need to be the key principles of a new analytical approach.

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 comes out as a joint output of the Observatory and the ISED Centre for Enterprise 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.

Cochin
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ABSTRACT

Enterprise security is a new conceptual addition to the semantics of development. While, it is well known that SMEs are prone to several vulnerabilities because of objective and subjective reasons, the solutions to the same cannot be arrived at on a standalone basis. This is more so in the case of women enterprises that are prone to several additional constraints. Apart from an individual approach, there need to be an integrated framework of analysis and policies, that can lead to meaningful strategies and projects. The imperative for such a research agenda is all the more important today, especially in a context where, apart from their potential and rich contributions, as some evaluation studies indicate, gender has become a policy convenience. Conceptual clarity and measurable and operational meaningful indicators, need to be the key principles of a new analytical approach.

KEY WORDS: Vulnerability, women enterprises, enterprise security, India.

1.0. Introduction

It is now generally accepted that SMEs in Kerala, and women enterprises in specific, are prone to several vulnerabilities, because of objective and subjective reasons. In the case of women enterprises, the vulnerability factors are significantly higher, especially because of the unique features of women's work. It is necessary to have an understanding of the same in clear terms. Such clarity can be achieved only if, apart from an aberration or an administrative failure, these vulnerabilities are presented analytically. Such an analytical approach involves two things: 1) conceptual clarity: and 2) measurable and operationally meaningful indicators. In this context, ISED(2013) has proposed 'enterprise security' as a conceptual framework. Our discussion in the following pages would be on lines of the above conceptual framework.

2.0. Self employment and the Development Process

While wage employment and self employment are the two key options available in the labour market, what is the degree by

which people choose between the two? It depends on: a) subjective perception on risk/return ; and b) the objective reality of economic and social factors that define 'security'. In labour market analysis and policy, one need to analyse the individual choices, as also the systemic features that can explain the situation and plan for strategies.

In a systems approach, self employment cannot be created on a 'welfare' mode. It needs to be discussed under specific framework conditions.. What is needed is to create systems and to ensure that these systems work in a sustainable manner. It is in this context that the concept of 'enterprise security' become relevant. The processes by which self employment germinate and grow, however, has not gained considerable attention in academic and policy circles. According to Rabellotti, official statistics record a tremendous diversity in the level and dynamics of the self-employment rate across countries. Such diversity is even more pronounced for developing countries than for industrial countries. In these countries, self-employment figures may represent evidence of the spark of an emerging entrepreneurial class still in its infant stages, or conceal

marginal urban manufacturing employment at the mere level of subsistence and disguising actual unemployment in years of economic depression.

The results of Rabelloti's research generally confirm a negative association between the rate of self-employment and the stage of development: According to him, self-employment would tend to disappear with the development process. However, his study suggests that, some cases self-employment are also related to high value-added manufactured exports, representing a dynamic and emerging form of entrepreneurship. To this aim, self-employment would not be motivated by the desire to evade taxes, but rather an active role of the government may enhance it. The relationships with the development of the financial sector, educational levels, and other cultural factors tend to vary. Irrespective of the exact nature of self employment, and its sustainability, what is important is, its public policy relevance. Why should self employment be promoted by governments? There are three important arguments as follows:

2.1. Political Argument : The rationale for self employment promotion got stronger at the theoretical and strategy level, thanks to the initiative of the ILO(ILO, 1971). Under ILOs programme on the urban informal sector, it was argued that, urban unemployment has a significant latent political threat, which need to be addressed and countered through an urban informal sector programme.

2.2. Seed-bed of Entrepreneurship: Though self employment may not substantially contribute to income generation and employment opportunities, its role as a seed-bed of entrepreneurship cannot be under estimated. Such a role is conditioned by the extent of political decentralization, and the role played by local governments as promoters of local economic development.

2.3. Decentralized Manufacturing : This argument is based on the theory and prac-

tice of global value chains. Under such a framework, the importance of small enterprises depend upon their global positioning. Though the global subcontracting relationships, may not be substantially beneficial to the vendor units, it provides a platform of micro entrepreneurship, having its significant visibility (e.g. textile industry of Bangladesh).

3.0. The Case for a 'Security Approach'

Vulnerabilities/problems are often felt in different intensities by the MSMEs, and they seek solutions for the same through different means. One of the most popular means has been to approach government, singly or collectively, through an MSME Membership Organisation(Association). While such problems often get solved fully or partially, they often recur from time to time. This would require that, beyond piecemeal solutions to problems, there need to be a systemic approach and solutions that are clearly defined and transparent. Today, such problem-solving is confined to the start-up stage of an enterprise, under the rubric" single window system", that is operational in various States in different forms. Such a systemic approach demands a holistic understanding of the various dimensions of enterprise security. A solid conceptual framework is a first step in this regard.

Given the public policy relevance, there arises the inevitability of looking at self employment, in terms of what it seeks to achieve, as against its strategic threats. These threats, however, cannot be viewed as individual incidence, but as part of the creation of a system. If so, it is important that, systemic corrections are explored and initiated. Again, such corrections can be made only within the legal and institutional framework that are applicable to any country.

The findings, as above, necessitate a fresh look at the major vulnerability factors that constrain self employment to spread