

Connections: How Social Interactions Shape Growth Stories of Women-led Enterprises



Research Brief
July 2022

1. BACKGROUND

India has an estimated 14.9 million women-owned enterprises¹ (IFC, 2022), which hold the promise of job creation and improved agency for the country's working-age female population. While positive spillover effects of these women-led businesses have been documented (Chiplunkar and Goldberg, 2021), women own only 20.4% of the micro, small and medium enterprises (MSME) in India (IFC, 2022).

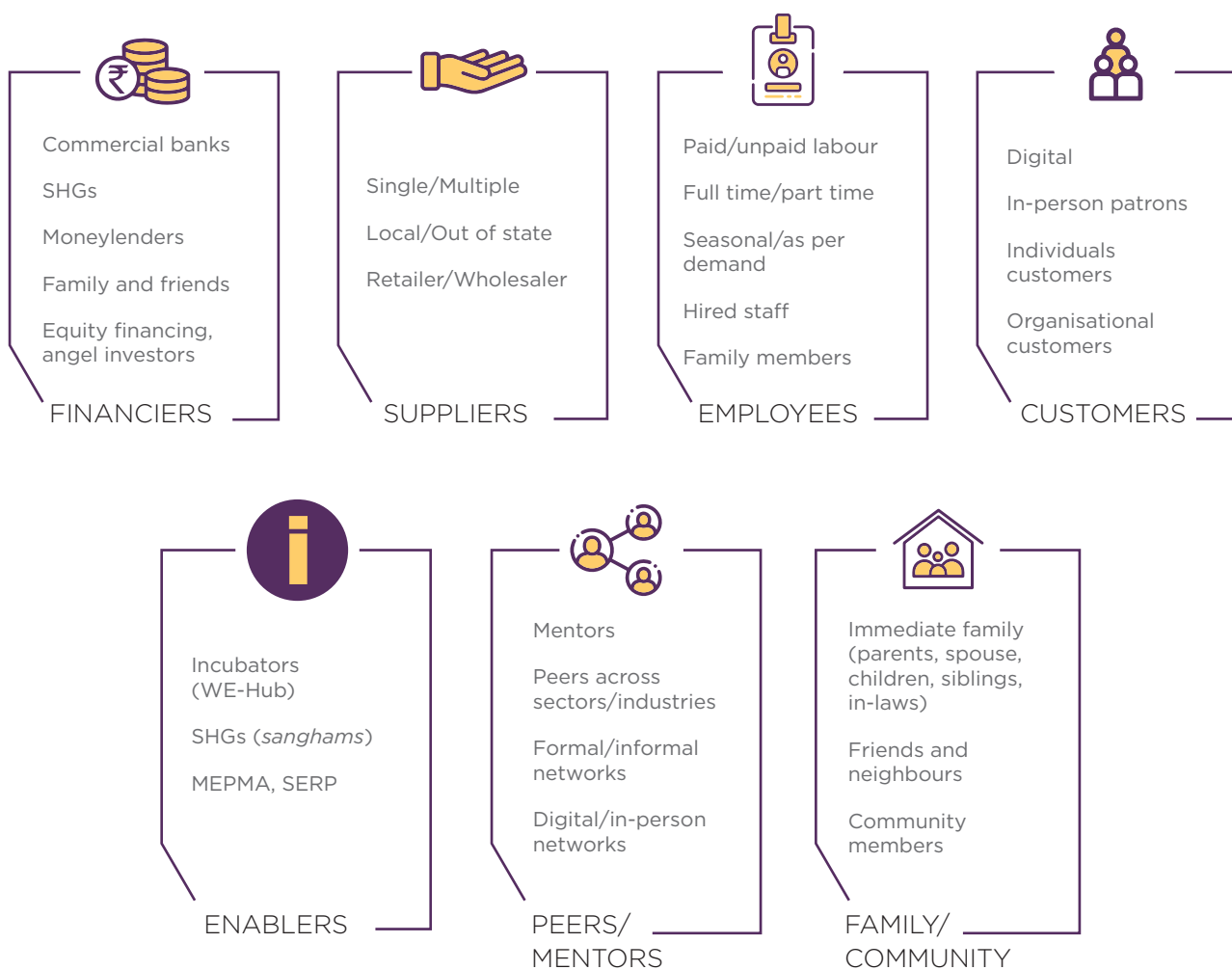
Existing literature has documented barriers women entrepreneurs face in developing countries in general, and India in particular (Gupta, 2013; Chaudhuri et al, 2020; Wellalage and Locke, 2017). These barriers range from personal factors (e.g. lack of motivation and fear of failure; Tripathi and Singh, 2018), to systemic factors (women face greater discrimination in the credit market for institutional and non-institutional loans; Chaudhuri et al, 2020), to more widespread normative barriers such as the double burden and time poverty faced by women due to gendered division of care responsibilities (Torri, 2012 and Warnecke, 2013). Women entrepreneurs lack access to collateral for loans as property is often owned exclusively by male family members (EdelGive Foundation, 2020).



Various studies have also captured the nature of interactions that entrepreneurs have with their entrepreneurship ecosystems, and how these interactions can be gendered, i.e. shaped by structural, social and economic inequities and power imbalances. For the purpose of this study, we define a business ecosystem as all the key stakeholders, whether within a business or outside of it, that an entrepreneur has to interact with on a day-to-day basis for running an enterprise.

Business ecosystem players broadly include financiers, suppliers, employees, customers, enablers, peers/mentors, and family/community members.

¹ Derived from Annual Reports of the Ministry of MSMEs, Government of India.



For instance, using qualitative exploration techniques, Abiola and Aransiola (2016) show that contextual cultural practices, inheritance structures, community belief systems specifically affect women's entrepreneurship in Nigeria; using ethnography, Chaudhary (2016) highlights how gender and disability intersect to affect women's experiences as entrepreneurs in rural Telangana. However, evidence gaps remain as most studies focus on only one aspect of an entrepreneur's ecosystem: for example, family and community members (Nambiar, 2015; Wolf and Frese, 2018; Bernhardt et al, 2019), customers, employees (Chiplunkar and Goldberg, 2021), enabling institutions such as state-run business incubators, self-help groups (SHG) and Non-Governmental Organisations (NGOs) (Kumari, 2013; Chaudhry, 2016). More importantly, while the ecosystem is the same for male and female entrepreneurs, the gendered nature of these interactions, and how they affect the business has not been adequately explored for the ecosystem. Understanding the social interactions between women entrepreneurs and their business ecosystem, and how these interactions intersect with

their social and economic backgrounds, can shed light on the gender-specific issues in the field of entrepreneurship and ultimately help in shaping policy that aims to boost women's entrepreneurship.

This research brief presents findings from an exploratory study conducted by LEAD at Krea University, in Telangana, as a part of its Solutions for Transformative Rural Enterprises and Empowerment (STREE) program.



Image Credit: ILO Asia-Pacific/Flickr

2. RESEARCH QUESTIONS AND METHODOLOGY

The Sixth Economic Census (2013) noted that the erstwhile undivided state of Andhra Pradesh ranked third among states with the highest percentage share of women entrepreneurs (10.56%) (Samantroy and Tomar, 2018). This trend still holds true for Telangana, previously part of Andhra Pradesh: the state ranks third in the country with 7.85% of its MSMEs being owned by women (MSME Annual Report 2021-22). For the purpose of this study, we restricted the geographical scope of inquiry to the state of Telangana, India - a state with a vibrant entrepreneurial ecosystem with over 4.4 million SHG members², 38% of whom have taken up economic activity yielding an average monthly income of INR 9,700 (APMAS, 2020).

Objectives:

- a) To understand how women entrepreneurs interact with their entrepreneurship ecosystem and the dynamics that shape these interactions;
- b) Comparing the modalities of these interactions with how male entrepreneurs interact with their entrepreneurial ecosystem;
- c) Characterising gender-specific barriers and challenges that women entrepreneurs face during such interactions, and how they navigate the same.



Our study explores whether gendered distinctions in entrepreneurial logic (as discussed by de Groot et al, 2017), the existence of double burden for women entrepreneurs (Torri, 2012), and socio-economic intersectionality affect the social interactions of women entrepreneurs with their business ecosystem.

Sampling and data collection:

The study was conducted along with our partner WE Hub³. The study sample consisted of 73 respondents, which included 54 primary respondents (35 female entrepreneurs and 19 male entrepreneurs), while the remaining were key-informants drawn from five of the seven segments of the business ecosystem in our conceptual model. Using stratified purposive sampling methods, a minimum of ten women entrepreneurs and six male entrepreneurs were included from the manufacturing, trade, and service sectors⁴. The inclusion criteria were as follows:

² Calculated from open data available at: Rural Development Self Help Groups, Open Data Telangana, 2017, URL: <https://data.telangana.gov.in/dataset/rural-development-self-help-groups>.

³ WE Hub Foundation, registered under Section 8 of the (Indian) Companies Act 2013, is under the purview of I.T E & C Department, Government of Telangana. We Hub Foundation is a state-run incubator that provides end-to-end business support to urban entrepreneurs, social entrepreneurs, and early-entrepreneurs.

⁴ In order to explore the potential effects of intersectionality on women entrepreneurs' varying experiences with their business ecosystems, we oversampled female entrepreneurs as compared to their male counterparts. The sample size was determined by logistical feasibility and accounting for theoretical saturation.

- a) the enterprise type must be non-farm or off-farm,
- b) the entrepreneur must be involved in making business-related operational and/or financial decisions for her enterprise, and
- c) the age of the enterprise must be at least two years, to ensure that we include businesses that have established interactions and have developed some relationships with their business ecosystem.



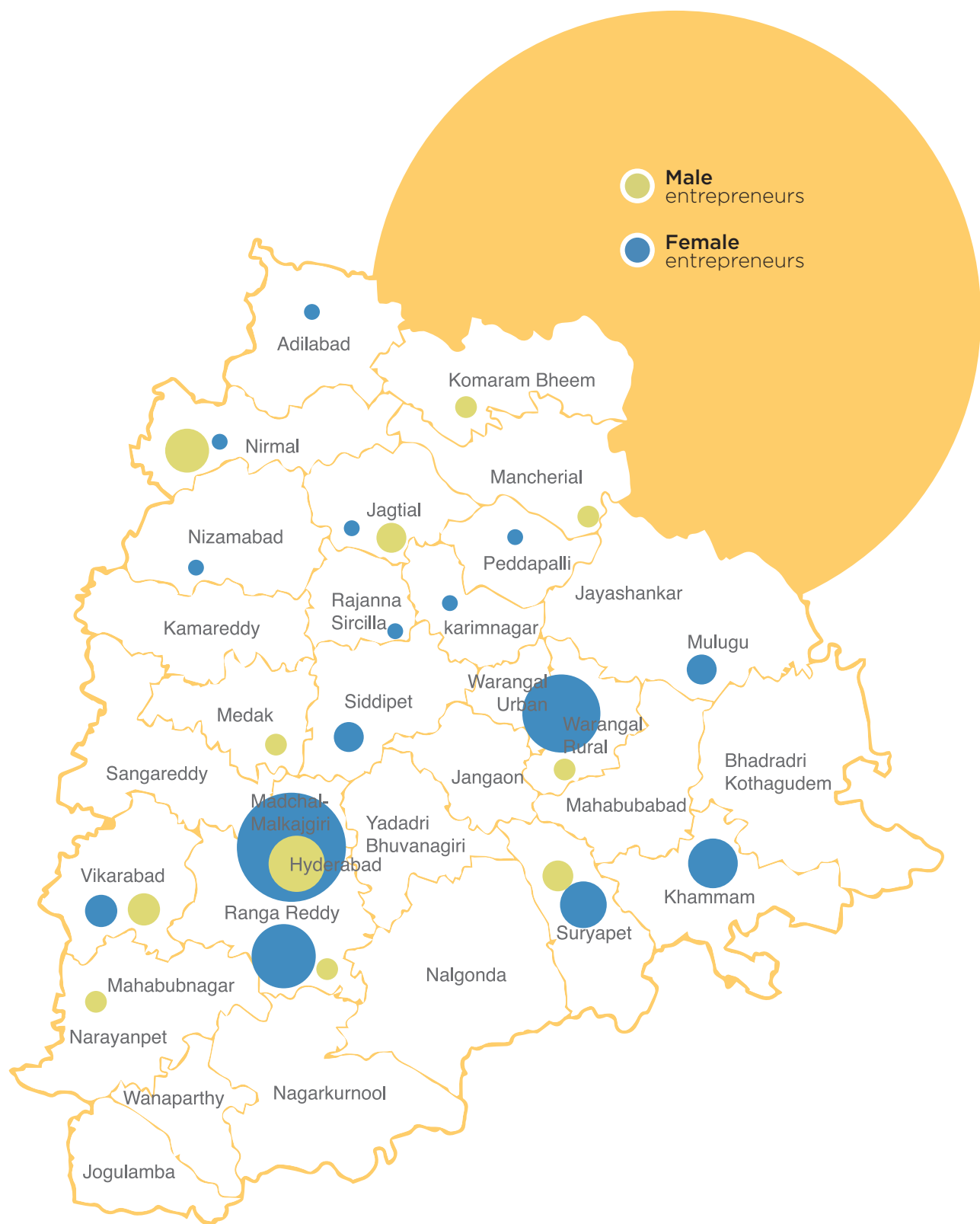
An indicative list of the types of businesses within each sector in the sample were as follows:

- a) **Manufacturing:** Embroidery work/handlooms, handicrafts and accessories, leather products, footwear, food processing, home foods and pickles, medical technology and physiotherapy devices, health foods, dairy farm, household cleaning products.
- b) **Trade:** Granite trading, off-farm products, and sustainable products platform, clothing stores, vegetable and kirana/paan shops, sports goods stores, hydraulics trading, dog breeding.
- c) **Services:** Fashion design institute, beauty parlour, tailoring shops, eateries, parcel forwarding service, AC repair service, *Mee-Seva* centre.

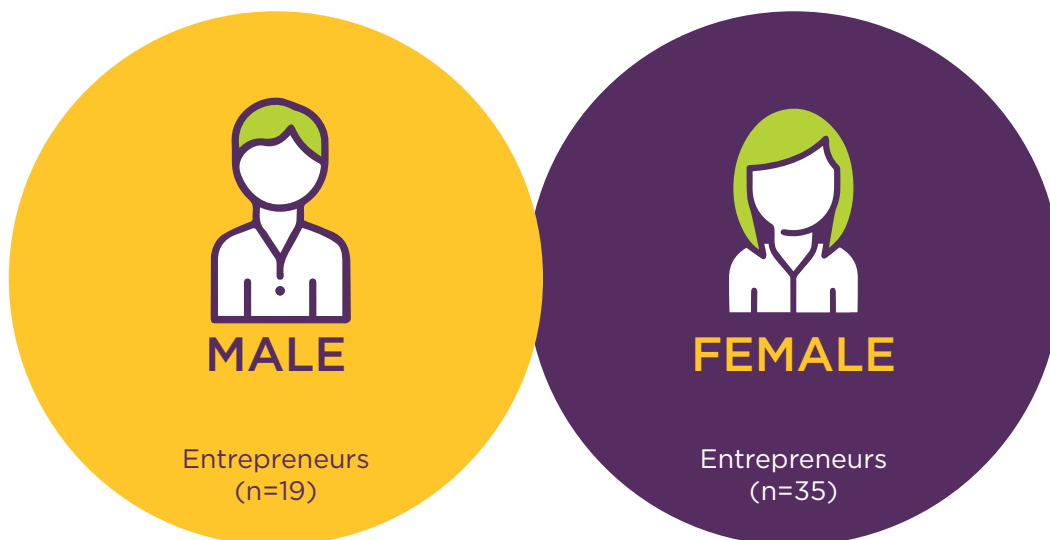


Image Credit: ILO Asia-Pacific/Flickr

DISTRICT-WISE SAMPLE DISTRIBUTION



Source: D-maps, URL: https://d-maps.com/carte.php?num_car=117973&lang=en



Enterprise Characteristics

Enterprise Category

Manufacturing: 07
Trade: 06
Services: 06

Number of firms by employment

No employees: 5
Micro (1-9 Employees): 12
Small (10-49 Employees): 1
Medium (50-249 Employees): 1

Registration Status

Registered: 9 (47%)
Unregistered: 10 (53%)

Proprietorship

Individual: 19
Group: 0

Enterprise Characteristics

Enterprise Category

Manufacturing: 15
Trade: 10
Services: 10

Number of firms by employment

No employees: 10
Micro (1-9 Employees): 10
Small (10-49 Employees): 14
Medium (50-249 Employees): 1

Registration Status

Registered: 20 (57%)
Unregistered: 15 (43%)

Proprietorship

Individual: 30
Group: 05

Data was collected via in-depth, semi-structured telephonic interviews and where convenient for the respondents, via video conferencing apps such as Google Meet. Interviews were transcribed, open-coded, indexed and analysed using the framework analysis method (Gale et al, 2013; Srivastava and Thomson, 2009).

Socio-demographic composition of the study sample:

- The average age of women entrepreneurs in the sample was slightly higher (37.3 years) than their male counterparts (35.8 years).
- Average firm age was similar across gender—7.15 years for female-led businesses and 7.9 for male-led businesses.
- 37% of women and 47% of men had completed senior secondary education (till grade X/XII). Nearly 40% of the total sample had obtained higher education (34% of WEs and 47% of MEs).
- Over a third of the total sample belonged to Other Backward Castes (31% of WEs and 47% of MEs), while over three-quarters of the total sample was Hindu (80% of WEs and 68% of MEs).
- Over 57% of businesses in the sample were very small businesses with a minimum annual revenue between 100,000-1,000,000 INR per annum (self-reported). Of these, around 34% of the women entrepreneurs reported a minimum annual revenue (MAR) of 100,000 to 500,000 INR per annum, while 47% of male-led businesses reported a MAR of 600,000 to 1,000,000 INR per annum.



3. KEY FINDINGS

#1 The internalisation of gendered perceptions around entrepreneurship and the secondary nature of entrepreneurship in women's lives affects the way they perceive themselves as business owners.

Owing to societal norms, both male and female respondents see women's ability to take care of the home as well as the business as an innate 'natural' advantage over their male counterparts, rather than a double burden (Torri 2012). Women entrepreneurs in the sample also framed the care work undertaken by them as a "superpower" rather than a barrier:



"Women are a part of all kinds of industries; in fact, women can work better than men: women in my village wake up early in the morning, cook, work in the paddy fields till evening and then come back home and cook for the family again...Gents go to the office by 10 AM, return home at night and eat whatever we cook."

- Female, 49,
Dried fruits and vegetables processing unit owner,
Suryapet district

Actually God has helped us (women): men have the responsibility of working outside, but we have to take care of children, cooking, our employees, marketing. If we have to work in all the aspects, God has given us extraordinary knowledge. I feel like I have a superpower..."

- Female, 47,
Cosmetics manufacturing unit,
Sircilla district

Several respondents were of the opinion that women had certain 'innate' (gendered) qualities such as patience, focus, tolerance, and politeness that were suited to a career as an entrepreneur:

"...In fact, ladies can handle labour more efficiently than gents because gents have some arrogance or aggressiveness (sic), while a lady has motherhood (sic) in her. So, no matter what kind of problem it is, ladies can handle and tackle it and lay it to rest."

- Female, 46,
Cloth bags and wedding dresses tailoring unit owner,
Ranga Reddy district

A male employee working for a women-led business also shared similar views around gender and 'natural' qualities such as patience and an ability to handle certain kinds of (gendered) work better than men due to existing gender roles:



"Even when a man is running a (pickles and home foods) business, there should be ladies who should support him, and at the place of production there should be more ladies because their patience level is completely different when compared to men (...) because they are doing the same work at home, and gents do not work at home like ladies. (...) It is not a new task that ladies have to learn; it looks like regular work to them."

- Male employee at a woman-led pickle and home foods business, Khammam district

In another instance, a female entrepreneur from the medical technology sector recounted facing significant resistance and insubordination from a male employee who was of the view that women do not have the ability to excel in STEM⁵-related fields:

"One of our (first few) employees (...) was becoming a star employee of our company (...) he started working under me directly, because I was the main designer. (...) but he kept asking for an experienced person to guide him...Even when I told him '*I am an experienced person, I have 10 years of experience in designing*', he refused to believe me, and said that '*Women cannot do maths. Why should I listen to you? I want a proper experienced man to tell me. Not you*'."

- Female, 33,
Medical technology devices manufacturer,
Hyderabad district

These gendered expectations, especially around care work and women's interpersonal skills, also seem to influence hiring preferences for specific roles in the organisation. A recent LEAD study (under publication) found that when asked about their stated preference for hiring personnel to drive key investment decisions and business development - most male and female entrepreneurs (65% of the sample⁶) expressed a preference for a male candidate for such roles (Narasimhan et al, 2022). Similarly, in this study, entrepreneurs reported making hiring decisions favouring male candidates, given their limited care responsibilities. For example,

⁵ Science, Mathematics, Engineering, and Medicine.

⁶ This survey was conducted with 1238 male and female entrepreneurs in Jharkhand and Karnataka.

one respondent, a single mother, who sought economic independence and agency by setting up a wedding garment tailoring service, also set up a cloth-bag manufacturing unit with an aim to provide livelihoods to rural women who, like her, "faced challenges" in their personal lives. However, despite being a master tailor herself, she shared that she only hired male tailors for skilled tailoring work because she believes women "have no talent" and "have many excuses" in the form of care work and familial obligation that affect their efficiency as employees:



"The reason is that gents are prompt: they do not get phone calls in the middle - ladies will say '*Madam, my child is sick today, or my mother-in-law is unwell, or I have to take my child to the hospital, or I myself am unwell*'. Only ladies have all these excuses."

**- Female, 46,
Proprietor of a tailoring unit,
Ranga Reddy district**

These findings suggest an essentialising of gendered behavioural traits, wherein men and women are perceived to be better at certain aspects of running a business due to qualities ascribed to their gender. This is coupled with normalising double burden and the resultant time poverty (Warnecke, 2013) faced by women entrepreneurs, due to the fact that care work at the household level is almost exclusively classified as women's responsibility. Such a double burden has been found to create work-life imbalances or "negative family work spillover" for female business owners (Lakshmi Priya and Rama Krishna, 2016).

Social psychology highlights how gender essentialism, wherein certain traits are deemed to be 'innate' or 'natural' to men or women, is linked to disadvantaged groups partaking consensually in gender stereotyping and a justification of the status quo (Jost and Banaji, 2011). Moreover, both men and women use these essentialist explanations⁷ of perceived gender differences to justify "certain threats to the social order" (Brescoll et al, 2013), thereby playing into 'self-fulfilling prophecies' that lead to cyclical discrimination and poorer outcomes for disadvantaged groups (such as women and minority groups) [Bertrand and Duflo, 2016].

⁷By essentialist explanations, here we mean explanations that attribute gender differences to deep, essential causes and portray these differences as immutable or unchangeable (from Brescoll et al, 2013).

#2 Men often mediate with specific segments of the ecosystem, such as suppliers and financiers, on behalf of women entrepreneurs.

Existing scholarship has documented the influence of family and community members – especially male members – on business decisions in women-led businesses. Men often control the income that is generated using credit borrowed for businesses (Torri, 2012); further, apart from the general challenges around marketing, finance, obtaining machinery, and getting licences and permissions of various kinds, women also often face the additional barrier of lacking access to assets that can be used as collateral against business loans. This is primarily due to historical biases in land titles and inheritance structures, with properties typically owned by male family members (Sinha, 2003).

Several women entrepreneurs, typically owning smaller businesses with no employees, reported that family members provide crucial support for their business, including assistance with various tasks in relation to the business. A more recent study also revealed a similar pattern: 90 per cent of the surveyed women reported getting family support, with over half of them receiving help with management in particular, while 32 per cent were aided by spouses and family members in establishing market linkages (EdelGive Foundation, 2020). While this is common across small-scale businesses, in our sample, this finding suggests that there is a gendered segmentation of business tasks: male members of the family tend to help with financial and technology-related tasks, sourcing material from the market, and transport and delivery of raw materials and finished products. A few women entrepreneurs also reported their husbands accompanying them to the bank during the credit application process, and for outstation interactions such as trade/commercial exhibitions. The male sibling of a home-based woman entrepreneur, who is an entrepreneur himself and owns a sports goods shop noted that:



"I make 70% of the decisions (regarding her tailoring business), and she makes the remaining 30%. I tell her how to do things relating to most things around business development. She looks after the actual work, while I look after the outside jobs: materials, machines etc."

**- Male, 26,
Brother of female entrepreneur running a tailoring unit,
district**

The involvement of spouses and family members in business decisions has implications for the degree of autonomy that a female entrepreneur can exercise in the business. According to a representative of a state-run incubator for female entrepreneurs:

"There are very few (women) entrepreneurs who make their own decisions (...) They need to consult many people: their husband, maternal family, they have to convince (all of) them. (...) it happens to 80 to 85% of them. (Only) 10 to 15% take their own decisions."

These gendered roles in running a business, often affects the way an entrepreneur interacts with external (financiers, supplier) and internal (employees) ecosystem stakeholders. Even more educated, urban women entrepreneurs in our sample recounted instances where their male co-founders and/or peers mediated the interactions with their investors and employees:



"When we were reaching out to investors: if I reach out to an investor, introduce myself, and talk about (my husband): that would be fine. But when (my husband) reached out and talked about me, (the investors) would take me for granted. They would assume things like she might be just a dormant partner⁸, or that she is the face of the company and he is running the show. So, these kinds of things used to happen a lot; I think they may still happen but at least now they don't say it to our face (*laughs*)."

**- Female, 52,
Physiotherapy devices manufacturer,
Hyderabad district**

In instances where these interactions are unavoidable and affect business outcomes, women entrepreneurs often need to explore alternative solutions. For instance, a female entrepreneur also shared how she had to hire a male employee to interact with manufacturers who supplied machinery components to her firm:

⁸ A dormant partner in a firm or enterprise does not participate in the day-to-day functioning of the venture.



"(The manufacturers in Delhi) would not talk to me at all. (...) I do not know if they felt embarrassed, or they felt...contempt towards me.

I know all the technical parts of (my design). (But) in order to talk to them, (...) I had to hire a man, he wasn't even from this manufacturing field. His main job was to go and sit with the manufacturer and convey that this is what we want to get done."

**- Female, 33,
Medical technology devices manufacturer,
Hyderabad district**

To what extent such mediation by male family members and colleagues is different for male and female entrepreneurs merits further exploration, but such experiences reported by women entrepreneurs are indicative of the effect of a lack of representation of women in certain fields that are seen as traditionally masculine, such as science and engineering, and manufacturing.

Male entrepreneurs in the sample –especially those who are educated, live in urban areas and have larger businesses – reported substantial financial support in terms of loans or seed capital provided by family. In comparison, most responses from women entrepreneurs regarding the interactions with family and community members were centred around the emotional support and encouragement they received, and some instances of support in sharing care responsibilities were also reported.

Further, male entrepreneurs in our sample who had urban, larger businesses reported receiving seed capital from other male members of their family, along with business knowledge and networking leads that were useful for expanding their businesses.

In contrast, only two women entrepreneurs in the sample explicitly reported inheriting some business knowledge by virtue of being a part of families with an enterprise history. Availability of financial capital and business knowledge from one's family can influence the social capital that entrepreneurs can leverage for their businesses, as discussed in the following sections.

#3 Women entrepreneurs with stable businesses typically hire more women and promote a more gender-friendly workplace as compared to their male counterparts.



Image Credit: ILO Asia-Pacific/Flickr

Notwithstanding gendered work assignment that may be exhibited by some women entrepreneurs as discussed in previous sections, existing research has documented that women-led businesses have a positive spillover effects at the community level: women entrepreneurs tend to hire more female workers, and the real wages and real income for both men and women in the economy also increases (Chiplunkar and Goldberg, 2021). Some evidence also suggests that women have a more participatory and democratic leadership style, with decentralised management styles rather than a hierarchical structure, fostering collaborative decision-making and a shared vision for their firms (Buttner, 2001).

As Farr-Wharton and Brunetto (2009) highlight, female entrepreneurs were found to be more likely to pursue a combination of strategic and effective interpersonal relationships in their approach to management - communicating openly and informally, treating employees in accordance with anti-discrimination laws, focused on team-building and building social capital through mutual trust and information sharing.

Another recent study from India highlights that a majority of employees in women-led businesses in the sample reported adopting an engaged management style: they valued timely salaries, a friendly employer, and a supportive work environment (EdelGive Foundation, 2020). This was reflected in our sample as well. Women entrepreneurs with larger enterprises or with prior exposure to formal (often corporate) businesses, reported a more engaged style of management. Some took personal accountability for external crises that affect the employees (e.g. paying full salaries during COVID by selling personal assets); others reported creating an enabling environment for employees to learn and grow as potential entrepreneurs in their own right, and finally, considering 'employees' personal lives and making allowances for the same (giving personal leave, advances on salaries etc.).

Female entrepreneurs in our sample described their employees as 'family', indicating a more intimate and emotional dynamic. A few women entrepreneurs that run group-based businesses reported encouraging employees to share their ideas and problems, and work together to look after the organisation as "it belongs to all (of them)" and "(they) are all equal partners in the business".

Some entrepreneurs also see gendered hiring (in favour of women) as a way to create a more comfortable work environment for their female employees, who may otherwise face resistance from household members or communities while working outside their homes:

"(...) actually, in our Mohammedan (community) it is very difficult for ladies to go out and work; (so) I do not employ any gents at my place, all my employees are ladies (so that the women do not face resistance from their families for working in an enterprise with male co-workers)."

- Female, 32,
Bangles and saree pin maker,
Nirmal district

"I started (this) venture because I wanted to do something for these rural women (who like me are facing challenges at home) [...] They get a minimum of 200 rupees per day (from working for me); if they don't get this amount, they roam around helplessly and end up washing utensils in other people's homes. (...) I taught them how to operate the machinery for the first 10-15 days. So, they cobble together the money that comes from the simple cloth bags they stitch here (...)

- Female, 46,
Cloth bags and wedding dresses tailoring unit,
Ranga Reddy district

On the other hand, some entrepreneurs prefer to hire male employees for tasks that require a high level of precision.



Ladies will just run a (sewing) machine, but with gents if the line needs to be straight, it is straight. (Gents) have a lot of finishing in their work. If I assign ladies to the same work, I will have to check at every step. With gents, once you explain to them, it's okay. So, these (wedding) dresses that need designing and customising, I don't want to take any risk with those."

- Female, 46,
Cloth bags and wedding dresses tailoring unit,
Ranga Reddy district

In contrast, male entrepreneurs in our sample reported making hiring and layoff decisions to optimise business outcomes over employee well-being. For instance, one entrepreneur reported hiring workers from tribal areas of Andhra Pradesh for his organic dairy farm, as they "work very hard for a lesser salary, and are obedient" and only asked for their salaries when they wanted to visit their native village. Another male entrepreneur reported downsizing his organisation significantly, without generous severance packages for the employees he let go of during the COVID pandemic, even though this affected him deeply:



"Is that the morally right thing to do? At one point the question becomes really philosophical; what's right and what's wrong? But the root (business) had to be saved in order to survive and give out a shoot (future business expansion) on some other day. (...) For two months, I was pretty depressed."

- Male, 31,
Health foods manufacturer,
Hyderabad district

This is not to say that male entrepreneurs do not care about employee well-being, or that female entrepreneurs are less concerned about productivity and efficiency — for example, one female entrepreneur in our sample expressed concerns about a lack of metrics to measure employee productivity in a post-pandemic world where working from home is becoming increasingly common. However, existing research has found that male-led teams in organisational settings have a more goal-oriented style of management than their female counterparts (Hofstede, 1996; Zbihlejšová et al, 2018). Further studies can explore whether these approaches highlighted by respondents in our sample are in fact gender-specific in nature, or whether these approaches differ according to sectors or types of entrepreneurs (corporate sectors or urban, educated entrepreneurs,⁹ for example). Moreover, understanding these differences in hiring practices and management styles is also important for informing policy and programmatic responses that aim to create large-scale employment for women across sectors.

#4 A female entrepreneur's socio-economic identity influences her journey and interaction with her business ecosystem

There is robust research around the effect that caste, class, religion, and other aspects of an entrepreneur's identity have on their experiences and business outcomes. In the case of women entrepreneurs, the disadvantages of gender are often compounded by other factors such as caste, disability, and religion. A few respondents in our sample reported their businesses being their traditional (typically caste-based) professions. One respondent shared that more than gender, caste affected the way her local business ecosystem was set up:

⁹ One lens that might be helpful for such segmentation is tiering entrepreneurs based on legal structure, sectors, business linkages, organisation of work, banking relationships, etc. An example of such segmentation (Tier I and Tier II) can be found in Non-Financial Services: The Key to Unlocking the Growth Potential of Women-led Small and Medium Enterprises for Banks, FMO and International Finance Corporation, 2020, URL: https://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/priorities/banking_on_women/ifc-fmo-nfs-gender.

"People from the Scheduled Castes have been mainly doing this work (of manufacturing footwear) for generations and people from other castes are rarely involved; however, the shops (we sell to) are run by people from the (upper) caste."

**- Female, 47,
Footwear manufacturer,
Suryapet district**

Another female entrepreneur reported discrimination by informal sources of finance due to her caste, thus further complicating her interactions with her business ecosystem—on the basis of gender as well as caste:



"Caste plays a role (...) Well-to-do people are in that position because they have a good (caste) background. When I needed a loan (from local community members, I was denied a loan), the only reason being they (did not want) to give money to people from (my) caste."

**- Female, 47,
Cosmetics manufacturing unit owner,
Sircilla district**

Caste, religion, and a lack of access to opportunities, when coupled with gender are often a compounded disadvantage for female entrepreneurs—while their male counterparts may also face disadvantages owing to caste, religion or a lack of access to opportunities, these barriers are further magnified due to the barriers these women face exclusively due to their gender. Existing research has documented the effect of caste on entrepreneurship: Scheduled Castes (SC) and Scheduled Tribes (ST) are underrepresented in business ownership and report being discriminated against by business networks and customers; they also have smaller, 'survivalist' enterprises and lower capital base (Deshpande and Sharma, 2013). Further, at least 20 per cent of the net income gap between SC/ST businesses and non-SC/ST businesses is due to a discriminatory component which they liken to the 'sticky floor' phenomenon found in the context of gender wage gaps in developing countries; geographical segregation may play a role in limiting SC/ST-owned businesses by forcing owners to keep their prices low to cater to members of their own community/group (ibid). Similarly, an entrepreneur's religion was also found to affect the impact of business training: women whose businesses primarily faced social restrictions only (Hindus, belonging to the upper caste) exhibited better outcomes than their counterparts that experienced more severe social and community-enforced restrictions enforced by traditional institutions, and had little agency to apply the training to grow their business (predominantly Muslim women) [Field et al, 2013].

Respondents in our sample alluded to these socio-economic inequities through the use of phrases such as 'family background' and 'value systems' in reference to the advantages that may accrue to male and female entrepreneurs belonging to certain caste and class segments. A male entrepreneur summed up this caste (dis)advantage aptly:



"In my experience: if you come from a particular community that has traditionally been in business, the number of doors that will open to you (increase). Like the bank loans I talked about: it becomes easier because you'll know some *chacha* (paternal uncle) or someone who can introduce you to someone who can get you the bank loan. (...) if you are from a community that does not traditionally come from business, you are starting with a handicap, no doubt about it."

**- Male, 31,
Health foods manufacturer,
Hyderabad district**

Thus, women entrepreneurs are not a monolithic segment, and this is an important nuance to acknowledge and incorporate in policy measures and affirmative action targeting women entrepreneurs. The challenges that they face are often compounded by the intersection of barriers, and must be contextualised within an individual as well as household's social and economic standing. This is also echoed in our findings around social capital and personal/professional networks, discussed in the next section: entrepreneurs with a higher education attainment and those in urban areas are better placed in leveraging these connections than their rural counterparts.

#5 Across varying enterprise scales, women entrepreneurs' access to information, finance and business opportunities are strongly tied to their 'business's social capital and networks. More importantly, few entrepreneurs have access to such professional networks and social capital that are crucial for expanding their business.

As discussed in the previous sections, entrepreneurs' individual social capital is inextricably linked with their socio-demographic characteristics. While the enterprise's accumulation of social capital may be common for both male and female entrepreneurs — we find that women entrepreneurs primarily depend on their personal, often informal relationships with other segments within their business ecosystems to

find employees, obtain credit, and sustain (or in some cases, expand) their businesses. For example, a female entrepreneur shared that a state-run handicrafts emporium, which is her primary B2B customer for handicrafts and paintings, also sends trainee cohorts to her workshop in peri-urban Telangana. She selects workers to employ in her *cheriyal* painting business from the trainees.

Another respondent recounted her experience with financial institutions when she was first setting up her social enterprise:

"I already had such a vast previous experience (...) but my experience is not something they considered. They treated me like a newcomer, like a junior."

**- Female, 46,
Cloth bags and wedding dresses tailoring unit,
Ranga Reddy district**

During the COVID-19 pandemic, however, she was able to procure a loan to help her pay rent and employee wages when her customer payments were delayed.

Another female entrepreneur also shared how running a home-based business with a customer base consisting predominantly of friends and acquaintances affected decisions such as product pricing:



"Since 99% of my customers are my friends, I keep a limited profit margin. Also, since this is in my house I do not have (to pay) any rent, I do not have a salesgirl, I don't have to pay any additional electricity bill. So due to those concessions, I set my rates accordingly."

**- Female, 46,
Readymade clothes reseller,
Hyderabad district**

This dependence on personal connections and informal networks, and the social capital accumulated as a business owner, often relying on goodwill and personal rapport, is reported by many women entrepreneurs in our sample. Male entrepreneurs in our sample also recounted using such informal channels and connections, but did not report a strong dependence on these networks. These findings align with existing literature around gendered entrepreneurial logic, wherein male-led businesses tend to be more embedded in business networks, while women-led businesses are most often embedded in social networks (de Groot et al, 2017).



Image Credit: Milapp.org/Flickr

A study conducted with male and female entrepreneurs in north-east India found that an overwhelming majority of the surveyed women entrepreneurs received business guidance from informal networks of family and friends; while male entrepreneurs turned to other entrepreneurs for advice (Sinha, 2003). This is consistent with the social network theory, wherein 'relationship marketing' is used as a concept to develop long-lasting relational exchanges through personal relationships (Morgan and Hunt, 1994). While relying on such relationships may ensure business continuity, business viability and scalability may ultimately be difficult to achieve with such a strategy (Sharafizad and Coetzer, 2016).

It is important however, to note that this available social capital and network differs depending on the female entrepreneur's socio-demographic positioning. Broadly, women entrepreneurs in our study that operate larger, more formalised businesses reported availing assistance in the form of business knowledge, networking/leads, training, grants/stipends etc. from more niche mentorship programs/peer or alumni networks/networking events, incubation centres at high-prestige institutions, or applying for grants and support from specialised entities for their particular sector. This access to social capital is in part associated with an entrepreneur's location, as these networks are typically concentrated in urban areas (metro cities and surrounding agglomerations, and tier-2 towns), and educational background.

Additionally, niche, sector-specific or exclusive networks typically become available to entrepreneurs through alumni networks, personal connections, or as a business's vintage increases. This capital typically stems from comfort with navigating digital and virtual interactions and having access to knowledge and social/professional connections, often by virtue of (often high-prestige) membership in educational institutions/corporate organisations - either in India or abroad. For example, one respondent in the medical technology sector shared that she received vital technical, financial, and knowledge-related support from SIIC, an incubation network at IIT Kanpur. She also received assistance from AMTZ in terms of an enabler as well as an initial customer, which boosts her 'business' chance to attract larger investors and financiers.

Another respondent recalls first hearing about Government of Telangana's WE Hub incubator at a convening organised at the Indian Institute for Management Bangalore, at a time when her



Image Credit: ILO Asia-Pacific/Flickr

business was still in the nascent stages of ideation. Along with WE Hub's assistance in securing grants from the Government of India, she also received assistance from IKP Knowledge Park in Hyderabad, which is funded by multilaterals and philanthropic entities such as the Bill and Melinda Gates Foundation and USAID, and offers grants for medical devices innovation and start-ups.

Responses from male entrepreneurs also highlighted the role of sector-specific programs and schemes or network-based opportunities that helped them establish and expand their businesses, thus indicating that such effects of such networks may also cut across gender. As discussed in the previous section, intersectionality can affect an entrepreneur's journey and interactions in various ways¹⁰.

In contrast, smaller women-led businesses situated in peri-urban/rural areas and that have entered entrepreneurship through the self-help group (SHG) ecosystem by being eligible for group loans, entrepreneurial assistance etc., reported relying more heavily on state-run entities like SERP, MEPMA, DRDA, KVIC, ITDA, and RSETI¹¹ for assistance and handholding.

This assistance usually is in the form of:

- a) knowledge of best practices in business: product standardisation, packaging requirements etc.,
- b) aid in documentation and applications for licences or loans: assisting with preparation of detailed project reports (DPRs), facilitating credit linkages with banks/schemes and benefits that enterprises can avail
- c) market linkages through leveraging organisational customers: signing MOUs with government entities and/or private ecosystem players
- d) organising and helping with logistics to access district/state level exhibitions where these enterprises can interact with potential customers and other entrepreneurial peers

A few female and male entrepreneurs reported interacting with enabling organisations that are geared towards assisting a particular community or group, such as DICCI (caste), ITDA (tribal regions), Waqf Board (religion). Other organisations included industry-specific entities such as NABARD, AMTZ, IIMR, Golkonda Emporium, and KVIC¹² (food processing/organic seeds, med-tech, millets-based food products, handlooms,

¹⁰ For example, an urban, upper-caste, highly educated female entrepreneur may be at a disadvantage when compared to her male counterparts on account of her gender. But will usually be better placed to access professional and community networks as opposed to her female Scheduled Caste/ Tribe peers operating in rural areas, who do not have professional degrees and/or similar peer/mentor networks. Intersectionality as a theoretical concept in feminist studies was first theorised by Kimberle Crenshaw (1991).

¹¹ SERP: Society for Elimination of Rural Poverty, MEPMA: Mission For Elimination Of Poverty In Municipal Areas, DRDA: District Rural Development Agency, KVIC: Khadi and Village Industries Commission, ITDA: Integrated Tribal Development Agency, RSETI: Rural Self Employment Training Institute.



and textile related networks respectively). The nature of such assistance differs based on the industry and the scope of the individual organisation. This suggests that existing social and cultural capital can translate into more extensive social and professional networks, as well as an added capability to leverage these connections to the benefit of one's entrepreneurial journey. Women entrepreneurs who lack such capital appear to rely on state-run enabling entities to provide the vital technical support and knowledge partnerships that can help them establish and expand their businesses.

Incubation and assistance has been shown to have positive effects on women entrepreneurship: South African entrepreneurs from disadvantaged groups (56% of whom were female)-that were incubated in their early stages saw 22.4% higher sales revenues and a 15.5% higher employment growth in their enterprises than their counterparts who did not receive such incubation support (Assenova, 2020). There is merit in providing such platforms and assistance, as well as creating awareness about enabling entities among smaller businesses – especially among women entrepreneurs who do not have the individual means to access opportunities and networks. State-run enabling entities can also increase their reach and impact on the ground, by partnering with non-governmental organisations that have a significant last-mile presence and have also been found to aid women entrepreneurship by providing financial assistance; promoting awareness around health, education, and sanitation; and providing door-to-door assistance with accessing government schemes (Kumari, 2013). Additionally, enabling entities can work with social enterprises to extend this support to the micro-entrepreneur supply chain by helping with access to finance, markets, price information, equipment and health-related products (Sodhi and Tang, 2011).

¹² NABARD: National Bank for Agriculture and Rural Development, AMTZ: Andhra Pradesh Medtech Zone, IIMR: Indian Institute of Millets Research.

4. DISCUSSION



Image Credit: Paula Bronstein/Getty Images/Images of Empowerment

This exploratory study examines an important theme around the social norms, gender stereotypes and biases that influence women's entrepreneurship using an ecosystem lens. The patterns that emerge from the study are relevant in furthering our understanding of how entrepreneurs interact with different actors and entities in their ecosystem, and how these interactions shape business decisions and access to resources such as finance.

Further research can shed more light on how these decisions affect businesses outcomes such as productivity and turnover. For example, while existing research has found that women-owned and/or managed firms have lower average output than their male-owned and/or managed counterparts even after accounting for firm age and size, firms managed-and-owned by women face greater discrimination in the credit market for institutional and non-institutional loans (Chaudhuri et al, 2020). Research could focus on if and to what extent such gendered perceptions of women entrepreneurs affect their business outcomes. Similarly, a study conducted with male and female undergraduate and graduate students in 2017 reported that nearly three out of four women who were interested in entrepreneurship reported having an entrepreneur in their family (Yadav et al, 2022). While this points to a possible propensity of women entrepreneurs to look up to family and community members as role models, further research can shed light on whether this interaction is reciprocated by family and community members in comparable ways for male and female entrepreneurs. Counterintuitive gendered hiring practices reported by women entrepreneurs is another key potential area of inquiry: further research can explore whether preferences for hiring male workers for certain labour-intensive/skilled tasks are attributable to 'good business sense', or whether they stem from internalised gender roles and social norms.

Enablers such as WE Hub, SERP, MEPMA and DRDA provide vital knowledge, networking, and logistics support to women entrepreneurs from different segments and business scale. Telangana's extensive enabler network can be used as a blueprint by other states aiming to improve state support for women entrepreneurs. Further, tailoring such support based on the needs of the cohorts of women entrepreneurs—based on location, sector, scale, and individual vision and ambition of each business owner—can help deliver more focused and useful assistance to a wider variety of entrepreneurs. Existing linkages

between these government-run enablers are helpful in providing cross-organisational support, especially to smaller women-led businesses in rural and peri-urban areas. These linkages can be expanded to include enablers in the private sector as well.

It is thus clear that in terms of policies addressing female labour force participation and women entrepreneurship, one size cannot fit all. As a recent study by Chiplunkar and Goldberg (2021) has shown, interventions supporting existing women-led businesses prove to be more effective than the ones targeting entry of new women entrepreneurs. It is important however, for such policies and interventions to consider the intersectional nature of the experiences of women entrepreneurs, subsequently tailoring impact indicators and policy measures to different segments of women-led businesses across the spectrum. A starting point for this effort can be collecting survey data that is not only gender-disaggregated, but also captures various socio-demographic details to help understand local and/or national trends with greater nuance. Understanding these dynamics of an entrepreneur's interactions with their business ecosystem and how they influence business decisions and success is pivotal to for designing a robust framework of interventions that address social norms and biases.



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