

Women Entrepreneurs in India: What is Holding Them Back?

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ABSTRACT An increasing number of startups and new businesses have been founded in India over the last decade, the majority of them by men. While many Indian women have entrepreneurial ambitions, it is often more difficult for them to succeed. This brief examines the impediments to greater participation of female founders in India's economy by first gathering available data to describe the situation of women entrepreneurs in the country. It then explores the causes of low female entrepreneurship rates, primary of which are unconscious biases, low confidence in business skills, difficult access to finance and networks, a lack of family support and child-care options, as well as insufficient safety in work and public spaces. The paper offers a set of recommendations that can help push women's entrepreneurial empowerment.

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INTRODUCTION

The Indian economy has grown steadily over the last decade, and there has been a parallel surge in the number of startups and new businesses in the country. A majority of these have been founded by men.¹ While many Indian women have ambitions towards entrepreneurship, it is often more difficult for them to succeed. In fact, India has been found to be in a group of countries where women business owners (as well as women leaders and professionals) struggle with less favourable conditions, pronounced cultural biases, and a lack of business resources such as finances, capital, training, and development.²

A society in which women cannot realise their full potential loses out on the significant potential for innovation, economic growth, and job creation. For instance, a recent study³ showed that in India, measures to close the gender gap⁴ could lead to a 6.8-percent gain in GDP. Another study⁵ estimated that advancing women's equality in India could boost its GDP by \$0.7 trillion in 2025 or 16 percent as compared to the 'business as usual' scenario. Moreover, entrepreneurship remains critical to harness the economic potential of women and thus, achieve the sustainable development goals (SDGs) by 2030.⁶

This issue brief seeks to provide a comprehensive overview of the situation of women entrepreneurs in India. To this end, it gathers information on the share of businesses that are started by Indian women, and in which sectors and states they are active. It explores the underlying reasons that make it difficult for Indian women to succeed, and

offers recommendations for pushing women's entrepreneurial empowerment.

The brief builds on a review of the latest literature on the subject and supplements theory with insights culled by this author during interviews with female founders and managers of startup support organisations. The interview data was obtained as part of a broader study on the Indian startup ecosystem,⁷ in which 14 of the 39 interview partners were women, who were asked additional questions and invited to share their perspectives on the subject.

WOMEN ENTREPRENEURS IN INDIA: A GLANCE AT THE FIGURES

On an individual level, some women have strong entrepreneurial ambitions. Interestingly, several of the interview partners mentioned that they got inspired by male role models such as Bill Gates or Steve Jobs, or that they were introduced to the "startup world" by their male friends who are entrepreneurs. On an institutional level, the government has launched several schemes to augment the entrepreneurial motivations of women and there is more noticeable political will to empower them.⁸

However, looking beyond high individual and political aspirations and investigating the statistics of how many women actually own businesses shows a rather sobering balance. Literature on the subject often cites data from the Sixth Economic Census,⁹ which was conducted between January 2013 and April 2014. Out of 58.5 million businesses counted by that census, 8.05 million were owned by women, which corresponds to a rate of 13.76

percent of women among the total number of entrepreneurs in India. The World Bank Enterprise Survey,¹⁰ meanwhile, found that in 2014, the percentage of firms with female participation in ownership was 10.7 percent. While more recent data is not available, interview partners, as well as recent media reports,¹¹ highlighted a steady rise in the number of startups founded by women.

The low rates of women entrepreneurship are reflected in a dismal score in the Index of Women Entrepreneurs,¹² where India is ranked 52nd out of the 57 surveyed countries. The fact that few women own companies is part of a larger phenomenon of weak engagement of women in business. This further relates to a low female labor force participation rate as well as women having fewer opportunities to become business leaders, professionals and technical workers.¹³ Indeed, despite high economic growth rates as well as an increase in the proportion of working-age women in the population, the participation in the work force has decreased from 35 percent in 2005 to just 26 percent in 2018.¹⁴ According to a World Bank Enterprise Survey, the percentage of women in leadership positions in 2014 was as low as nine percent.¹⁵

It is hardly a surprise, therefore, that the World Economic Forum's Gender Gap Report¹⁶ finds India's gender gap to be particularly prevalent in the indicator group "economic participation and opportunity," where the country is ranked 142nd out of 149 countries. India's overall rank, which takes into account three further indicator groups,¹⁷ is 108th.¹⁸ Unequal education is an issue holding women back, and it is not a coincidence that states

with relatively higher literacy rates also have more women entrepreneurs.¹⁹ The top five states with the highest percentage of women entrepreneurs are Tamil Nadu, Kerala, Andhra Pradesh, West Bengal, and Maharashtra.²⁰

To be sure, India is a highly diverse country, and so are the forms of entrepreneurship women engage in. The availability of microfinance has ameliorated women's empowerment and entrepreneurship and 98 percent of businesses owned by women are micro-enterprises, where approximately 90 percent of them operate in the informal sector.²¹ Interview partners observed that women entrepreneurs are often active in social areas and sectors such as health, clean energy and zero waste, education, women's hygiene, fashion, cosmetics, food and nutrition, garments and textiles, and services (such as management and human resources).

CAUSES OF LOW FEMALE ENTREPRENEURSHIP RATES

Regardless of gender, starting a business is a difficult prospect. Key challenges for startups in India include generating funding, limited understanding of customers, penetrating the market, hiring qualified employees, and the complex regulatory environment.²² For women entrepreneurs, however, there are additional barriers which are part of a broader and more pronounced gender gap in the male-dominated Indian society.

Unconscious Gender Bias

Some female founders who were interviewed by this author, who were at early stages of their careers, said that they had not experienced

discrimination based on gender. While they struggled with various entrepreneurial challenges, they do not think it had to do with their gender. They saw themselves as hardworking and had faith that the best ideas will prevail, and the brightest and most passionate entrepreneurs succeed. Conversely, senior women entrepreneurs with much more experience were rather disillusioned and described being a woman founder as difficult. While it is possible that the younger entrepreneurs had not (yet) experienced unequal treatment based on their gender, the discrepancy of perceptions could also indicate a lack of awareness of subtle bias, which is often worse than blatant discrimination.²³ Unconscious gender bias is defined as “unintentional and automatic mental associations based on gender, stemming from traditions, norms, values, culture and/or experience,”²⁴ and has been found to be a key factor impeding the progress of women entrepreneurs. Automatic associations enable quick assessment of an individual and often feed into decision-making that is unfavourable towards women. Individuals, regardless of gender, hold unconscious biases.

Confidence in Business Skills

Frequently-repeated stereotypes enforce the notion that “business is not a woman’s world,” and the belief that men are more competent when it comes to financial matters. As such attitudes reflect in communication, women entrepreneurs are often treated with less respect and they sense doubt when interacting with business partners. For instance, one interview partner (19.03.2019, Mumbai), who co-founded a startup with her husband, shared how people often talked to her as part

of a ‘founding’ couple, “he is earning, you are helping.” Countering such negative feedback makes it more challenging for women to develop a business mindset. Therefore, unsurprisingly, women often have lower confidence in their own business skills. In fact, highly successful women often struggle with self-doubt and underestimate their abilities and performance, while the opposite has been observed for men.²⁵ Moreover, it has been found that practically everywhere in the world, men tend to think that they are much smarter than women, yet arrogance and overconfidence are inversely related to leadership talent.²⁶

Access to Finance

While entrepreneurship is an inherently risky undertaking, women are often easily assumed to be less willing to take risks. For instance, one of Indian’s most successful women entrepreneurs, Kiran Mazumdar-Shaw, observed a great deal of skepticism towards women entrepreneurs and she was considered ‘high-risk’ by potential funders whose investment she courted for her biotechnology company, Biocon.²⁷ Again, stereotypes appear to manifest in behaviour as fewer women actively approach investors and are more reluctant to divest stakes, as observed by one interview partner (22.03.2019, Bangalore). However, if women do approach investors, they are perceived differently than men, and investors have been found to prefer pitches presented by men as compared to those by women, despite identical content.²⁸ Further difficulties with procuring funding occur due to the fact that Indian women rarely own property, which can be used as collateral for loans.²⁹ Moreover, about 79 percent of women-

owned ventures are self-financed,³⁰ but families are often hesitant to support their daughters' entrepreneurial ventures financially.

Networks and Relationships

Masculine corporate cultures are one of the most-cited barriers to women's leadership.³¹ Even a male interviewee (28.03.2019, Bangalore) described that the Indian startup ecosystem is characterised by a "bro culture"³² of "alpha males", where empathy is lacking and talking about emotional challenges is perceived as a weakness. For example, an article revealed a cutthroat culture in India's most famous startup — Flipkart — and that rumors about sexual harassment led to the resignation of co-founder Binny Bansal.³³ Women tend to feel alienated in this culture and this explains why, as one interview partner pointed out (22.03.2019, Bangalore), women entrepreneurs do not feel comfortable in prominent industry networks. Not being part of such networks further impedes progress of women entrepreneurs because — as the broader study identified — in the Indian context relationships strongly matter.³⁴ Women entrepreneurs miss important opportunities to mingle and connect with people in the market and thus, struggle even more than male entrepreneurs with getting access into the market.

Family Support

The other side of the "business is a man's domain" coin is that predominant social norms expect women to first and foremost look after their home. In fact, many Indian women often do assume greater responsibility at home and spend, on average, five times as

much time than men on housework, household care, and other unpaid activities.³⁵ As juggling between both home and company can be challenging, family support is considered a core success factor for Indian female entrepreneurs. The women who were interviewed, explained that their families "had a modern outlook" or they "understood her passion" and often mentioned, "I was lucky" — thereby implicitly suggesting that such supportive families are not the norm. One interviewee (19.03.2019, Mumbai) greatly appreciated the supportive role of her husband and quoted a prominent statement by Facebook's Chief Operating Officer Sheryl Sandberg — that the most important career choice that women make is who they choose to marry.³⁶

Child Care

While some perceive entrepreneurial careers as difficult to reconcile with duties at home, they might, as one interview partner said (22.03.2019, Bangalore), be a good opportunity for women, allowing them to work with more flexible hours and space. However, when women entrepreneurs become mothers, they often encounter further difficulties holding them back. On the one hand, they are not entitled to maternity benefits. On the other, when women start working again, they need help and some women entrepreneurs live with or close to the grandparents, who can look after the kids. However, those who are less fortunate, struggle with a lack of options for child-care. Some women consider hiring nannies, but again, negative perceptions come into play, and interview partners pointed out that these mothers are seen as "selfish" and are made to feel guilty by their peers.

Safety in Work and Public Spaces

Finally, safety at the workspace as well as during commutes between the office and home is an issue in India. Delhi, in particular — which is considered one of India's four global startup cities³⁷—continues to be notoriously poor in ensuring women's safety and has high rates of sexual offences.³⁸ Interview partners highlighted that women need to leave the office early, since public spaces are perceived as unsafe after a certain time in the evening. Moreover, the perception of danger reinforces social norms, which restrict women's mobility and thereby, their economic participation and freedom.³⁹

CONCLUSION

Harnessing the full potential of women entrepreneurs can promote innovation, economic growth, and job creation. This brief has described the current situation in India and identified causes that explain the low female entrepreneurship rate in the country. Overcoming these barriers is a matter of grit and passion of individual women themselves, as well as tackling structural factors in the external environment, which they alone have limited control over. Accordingly, this article arrives at five sets of recommendations, which will help women seize entrepreneurial opportunities and increase their chances of success.

First, the low women entrepreneurship rates are part of a broader gender gap in economic participation and opportunity. Thus, it is crucial to provide equal access to education and encourage women to use their acquired skills by joining the workforce. Policies aimed at including more women in

senior and leadership positions are needed and will help women gain experience and knowledge, which in turn will enable them to start their own businesses.

Second, awareness for unconscious biases and how they disadvantage women entrepreneurs needs to be raised. However, as changes in mindsets take time, women entrepreneurs need to deal with negative attitudes — as one interview partner (29.03.2019, Bangalore) expressed — by being conscious about the bias themselves, while finding ways to minimise it. Moreover, new role models have come up and shown that it is possible to “crack through conformity.”⁴⁰ Sharing their success stories in social and traditional media provides inspiration and proof that business can be a woman's world, too, and therefore strengthen the confidence of younger female entrepreneurs.

Third, women entrepreneurs in India need better access to finance and networks. Organisations such as NITI Aayog's Women Entrepreneurship Platform, Catalyst for Women Entrepreneurship, and the accelerator for women in tech initiated by Zone Startups India, provide dedicated support for women entrepreneurs. They connect them with relevant people in their industry and foster networking among the women entrepreneurs themselves, so they can learn from each other's experiences. Moreover, they assist in fundraising by teaching how to pitch and connecting them with potential investors. Studies indicate that policies aimed at reducing collateral constraints can improve equal access to finance.⁴¹ In the interviews, the requirement for a seed fund for women entrepreneurs was articulated.

Fourth, more inclusive, non-discriminatory, and safe work environments are needed⁴² to help retain qualified women, especially in the tech sector. Measures to improve the safety of public spaces are necessary, so women can commute between their homes and offices without the mental load of having to always worry about their security.

Fifth, women entrepreneurs need more support from their families and social circles to pursue their entrepreneurial ambitions. Household and care duties should not be understood as women's sole responsibility. Furthermore, granting maternity benefits to women entrepreneurs, improving childcare, and cultivating social acceptance would help them combine their entrepreneurial pursuits and family responsibilities. [ORF](#)

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