

# Formal Education and its impact on entrepreneurial abilities of Women Entrepreneurs

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**Abstract** - Women entrepreneurship is very important and major source economic growth and progress of business in a country. This is very important and vibrant component of economic and social transformation of the nation. It is important for any economy to tap the power of women entrepreneurship. Women entrepreneurship is a tool to women empowerment. This paper looks into the relation of basic education and success of women entrepreneurs. Three level of education were taken (1) Education below class XII (2) Graduate (3) Post graduate. These three groups were checked on their entrepreneurial quotient. Scale developed by Baumback CM, Lawzer K (1979) to measure entrepreneurial quotient was used. It was studied in this paper if formal education has any impact on the level of Entrepreneurship Quotient of women entrepreneurs. Area of the study was central part of India in the state of Madhya Pradesh. Questionnaires were distributed all across the state. This paper calls for an effort to be made at the level of education for the development of women entrepreneurship.

**Keywords** - Formal Education, Women Entrepreneurs, Women entrepreneurship, Entrepreneurial quotient, Empowerment.

## I. INTRODUCTION

Entrepreneurship is considered as the major source economic growth and progress of business in a country. This is very important and vibrant component of economic and social transformation of the nation. **Leon Walras** in the *Theory of General Equilibrium* considered entrepreneur as the 4<sup>th</sup> factor of production who hires and co-ordinate the other three lands, labor and capital. However, the dynamic notion of entrepreneurship was not in vogue till **Schumpeter** put forth his *Theory of Innovation and economic development*. He attributes to the entrepreneur the unique quality of innovation that a capitalist lacks. Innovation involves; the introduction of a new product, adoption of a new source of supply, and bringing about a new organization of an industry and entrepreneurship is essential for economic development.

It is important for any economy to tap the power of women entrepreneurship. Women consist of half of the population and if this part of the population is ignored the power of entrepreneurship cannot be harnessed. Major task of entrepreneurship is to create jobs. Women entrepreneurs have double advantage. They create jobs for themselves and for others. Indian women have been very active and involved in all the social endeavors but somehow entrepreneurship is an area which was missing from the list. Entrepreneurship is not only a business activity but also a social endeavor. Entrepreneurship gives power to the society. It gives freedom and the social power to choose what one likes. Women have been a major workforce in India but somehow the entrepreneurial aspect has been neglected. There can be no doubt that women play a important role in our society and in every social activity. Entrepreneurial aspect of women has been neglected and has created a perception that it is not which is done by women. The participation rate has been lower for women in entrepreneurship than men. It is not only participation rate but also the work and the type of the industry that the women choose to work or start. (**Weiler & Bernasek, 2001**) Some businesses have been considered for men and women do not even attempt to start their business in that area. This has restricted the entrepreneurial scope for women and has restricted the growth of business. One section of society which is women consist of almost half of the population has not been active in lot of areas. There has been some change in the society and the way business were looked upon. There has been lot of interest in entrepreneurship by women but somehow the gender gap has not been reduced. This gap has been reflected in lot of studies including **Global Entrepreneurship Monitor (GEM)**. It is not the interest in entrepreneurship which is lacking as there has been continuous growth in the interest shown by women to start their own business. The problem has been the gap which has been created between genders in entrepreneurship. A study was done by **Allen, Elam, Langowitz & Dean, (2007)** which showed that women entrepreneurship has been lower across the globe. This study was done in forty countries this study showed that women entrepreneurship is lower than men entrepreneurship in all these countries. This showed that this was a phenomenon across the globe. This has raised the issue to prominence and calls for urgent attention and action. With the business growth and technical advancements there have been new opportunities. These are the new opportunities for startups and innovative business opportunities. This calls for more efforts to push endowers to promote women entrepreneurship and study the factors promoting women entrepreneurship.

## II LITERATURE REVIEW

Study by **Pendse N.G, Reeta Thakur (2007)** has shown that the gender parity and women empowerment are very important and are the key elements for growth of a country. Any nation cannot grow without women empowerment and gender parity. **Gyanendra Tripathi (2007)** has shown in his research that Madhya Pradesh has all the elements of growth and can be the

engine of growth for the nation. The state of Madhya Pradesh is very rich in natural resources and has other resources for economic development. The state has attracted lot of investment. Still the potential of the state has not harnessed so the state has potential for development and generating employment opportunities. Mukesh Chansoriya (2011) Discusses socio cultural context of women entrepreneurship with discussion and comparison of women entrepreneurs from fifties to the 21st century. Each culture evolves asocial design with social structure, society defines role for its women in occupational and work settings. Women need little 'pull' and 'push' as at time they are not aware of their own inner strengths and resources available. A major problem with women entrepreneurs is that they do not have any experience of running a business or they are just house wives. Snyder, Margaret (2003) Describes women entrepreneurship in Uganda. Reason why women farmers are unable to exploit the potential of non-traditional agricultural exports; Response to textile and clothing business competitions; Factors contributing to successful entrepreneurship. Hanson, Susan. (2009) states that entrepreneurship has always associated with conventional gender division. The conventional stereotype has been very strong against the women in entrepreneurship. It is in the mind of the people how business is done in reference to gender.

### III EMPOWERMENT OF WOMEN BY ENTREPRENEURSHIP

There has been lot of interest in business and starting their own enterprises and interest in entrepreneurship in recent times by women. (Weiler & Bernasek, 2001) Still the gender gap is very high. Women empowerment is very important and crucial as it gives power to women. This really helps the women to fill the gap created by gender divide. Empowerment is the tool which enables the women to have more control. This will improve the situation and help the women to uplift the status and can bring a positive change in the society. Women empowerment is as important as any other social factor in social development. Empowerment is the process which enables the woman to achieve her potential. Empowerment has many dimensions which enable women to be the part of the development of the society and become part of nation building. It gives control to them and result in giving them the confidence to be better entrepreneurs. This gives the power to women to free themselves from the age old beliefs and customs which have hindered the development of entrepreneurship for women. A study by International labour organization which was done by **Kanchi, Aruna. ILO study (2010)** has shown 81% of women who are working in agriculture sector are from backward classes and also 83% are from landless and families who have very small land holdings. Most of the women who work for their family are never considered for any payments. It was also seen that the industrial development has created jobs in the cities and attracted lot of work force from rural areas. This has resulted in migration of men from villages and the agriculture work is left to women of the household. It is very important in this situation to push women entrepreneurship to empower these women.

#### A. Role of Women Entrepreneurship in Social Development

*Economic Development* - The contribution of the women in the field of economic development is very significant. Women being the 50% part of the population can accelerate the economic development by their contribution. Women, if empowered can play a role in development of their own family but also progress of the nation.

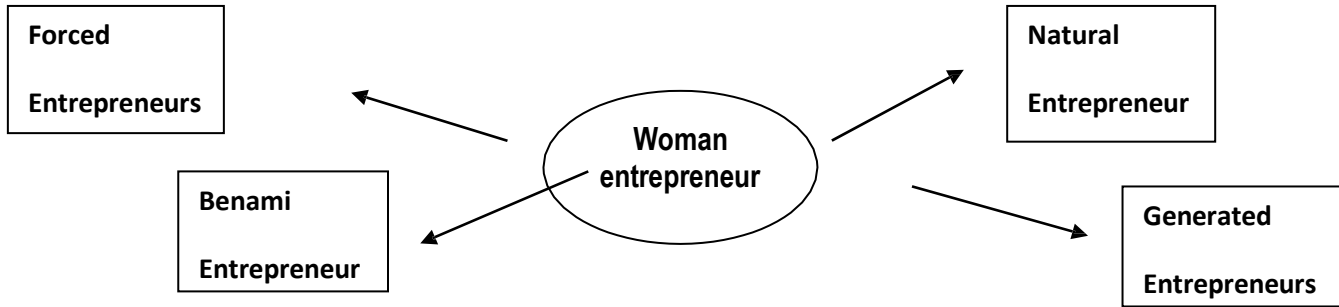
*Generation of jobs*- In India there is a problem of unemployment which is the main cause of poverty. Women entrepreneurship has played an important role in eradication of problem of unemployment. Several women entrepreneurs have established industrial unit which has provided employment to unemployed persons. This has reduced the problem of unemployment to an extent.

*Self-dependence*- Traditionally women in India were dependent financially on their families. Women entrepreneurship helps to have independent women in the society.

*Development of Leadership*- **Women** entrepreneurship creates a quality leadership where a woman takes lead in different areas.

#### B. Types of Woman entrepreneurs

Types of Woman entrepreneurs



*Natural Entrepreneurs* - Woman entrepreneurs who take business as a profession and have the skills and the confidence to run a business independently. These women don't have gender hurdles and are as natural as any men can be in a business.

*Generated Entrepreneurs* - These Woman entrepreneurs have a passion for business; they have very strong motivation which helps them in overcoming various hurdles. They train themselves through specialized training program to set up business.

*Forced Entrepreneurs* - These Woman entrepreneurs are compelled by circumstances such as the death of the father or husband, the responsibilities failing them to manage the business.

*Benami Entrepreneurs* - Those who are acting as a façade for business of their husband or brothers.

III ENTREPRENEURSHIP QUOTIENT

'Entrepreneurship Quotient' of all the respondents was measured by scale developed by **Baumback CM, Lawzer K (1979)**. This scale helps in measuring the potential of entrepreneurship in the respondent. It is very important for entrepreneurs to judge the opportunities and measure the risk in the uncertain opportunities. It is very important for entrepreneurs to have a very positive mind set and attitude. Knowledge and skills are the other factors which play a major role. An entrepreneur should have good people skills. 'Entrepreneurship Quotient' checks basic mental attitude for entrepreneurship.

IV WOMEN ENTREPRENEURSHIP AND EDUCATION

Women are very important for development of any nation. it should be done by developing their abilities, interests, skills and other resources can helps in national development. Education plays a prominent role in development of Women Entrepreneurship. Education widens the mental horizon and enhances leadership quality stimulating the entrepreneurship skill, promotes efficiency and outlook of the people. It acts as an agent of specialized innovation, new thoughts and visions. These qualities are called as the supreme factors which promotes the quality of entrepreneurship. In today's new waves of globalization women require global leadership qualities in order to best utilize their existing resources to be a competitor with the world. To reach out to the world global, entrepreneurship quality should be developed. Entrepreneurship for women is very important and needed for a nation and its development.

Distribution (per 1000) of employed women (principal status) by industry division

S.No	Year	Agriculture		Manufacturing		Construction		Others*	
		Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1	04-05*	814	147	87	254	17	45	30	147
2	07-08**	816	129	76	252	23	48	28	150

3	09-10^	789	118	76	258	42	51	34	139
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\* *Trade, hotel and restaurant, transport, storage and communications*

Source: \* 61st , \*\*64th and ^66th rounds of NSSO Surveys

#### *Educational Profile of women in MP*

Record of Census 2001 has shown growth in the literacy rate in the state from 45% in 1991 to 65% per cent in 2001. The literacy rate of male has grown twice in last fifty years but there was a tremendous growth in women literacy rate which is almost ten times. Women literacy rate has really grown much better by almost 20.93 % than male literacy rate by 18.26% in last ten years. All the 45 districts of the state have increased the women literacy rate. The districts of Sheopur, Jhabua and Barwani has not performed well. Datia has done well in this area.

#### *Literacy Rates in Madhya Pradesh—1951 to 2001*

	1951	1961	1971	1981	1991	2001
<b>Total%</b>	13.6	21.4	27.2	38.6	44.6	64.1
<b>Male%</b>	20.2	32.9	39.4	49.3	58.5	76.5
<b>Female%</b>	4.9	8.9	13.9	26.9	29.9	50.6

Source: Census of India, 1951; 1961; 1971; 1981; 1991 and 2001.

## V RESEARCH METHODOLOGY

### *Hypotheses*

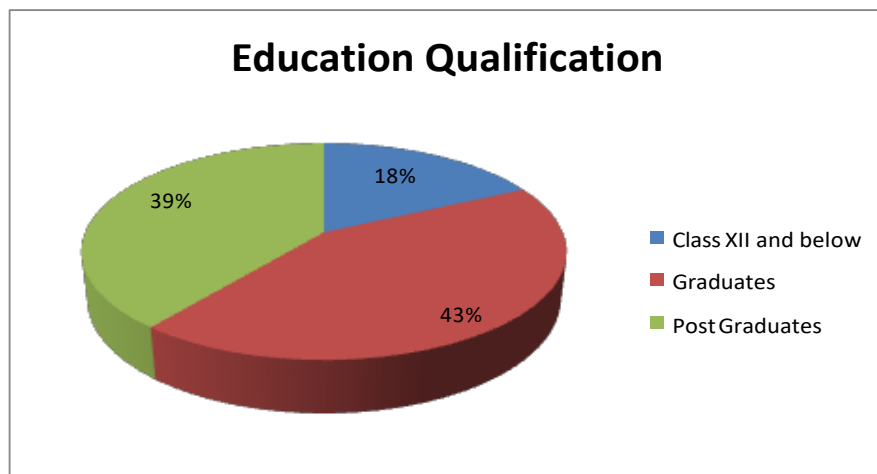
**H :** *Formal education has significant impact on the level of Entrepreneurship Quotient of entrepreneurs.*

### *Sample*

The study was made on the basis of the enterprises registered by women according to the records of District Industries centers. Stratified random sampling was used where all the districts of MP were grouped into ten divisions. Questionnaires were distributed in all the ten Divisions. A total of 190 questionnaires were distributed all across the state. Out of 190 only 162 were returned, so the return rate was 85%. Out of 162 questionnaires received, 27 were rejected and 135 were accepted.

### *Process*

Primary data was collected by questionnaires and interviews which measured 'Entrepreneurship Quotient' of the entrepreneur with the help of scale developed by **Baumbaek CM, Lawzer K (1979)**.



Means and standard deviations indicating 'Entrepreneurship Quotient'

Ent Quotient \* Education

Education	Mean	N	Std. Deviation
<class XII	2.33	24	1.129
Grad	3.12	58	1.272
PG	3.51	53	1.265
Total	3.13	135	1.303

Summary of ANOVA on 'Entrepreneurship Quotient'

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.866	2	11.433	7.371	.001
Within Groups	204.734	132	1.551		
Total	227.600	134			

Effect of Education on Entrepreneurship Quotient was examined. *Means and standard deviations measures* are given. *Summary of ANOVA* is also given. It is evident from the results that main effect of Education on Entrepreneurship Quotient was significant. It also reflects that participants with Post Graduate Education expressed ( $M=3.51$ ) higher Entrepreneurship Quotient as compared to Participants with education up to class XII ( $M=2.33$ ).

#### VI CONCLUSIONS

It is very clear from the results that Formal education has significant impact on the level of Entrepreneurship Quotient of entrepreneurs. So H<sub>0</sub> is accepted. Education has its role in development of Women entrepreneurship. This is contrary to the common belief that entrepreneurship is a skill which is inborn and cannot be developed. MP at this point of time needs generation of jobs and a push in economic development. The development of women entrepreneurship can be a platform for the next level of growth in the state. It is also very clear that the effort should be made at the level of education to push the women entrepreneurship in the state. MP government runs number of policies for women entrepreneurship development. This paper calls for an effort to be made at the level of education for the development of women entrepreneurship in the state. Education has been on development chart in the state it needs to incorporate efforts to promote women entrepreneurship.

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