

BUSINESS ETHICS AND RISK MANAGEMENT OF WOMEN ENTREPRENEURS IN INDIA

Prof.Dr.N. Rajendhiran,
Professor-cum-Director, PRIMS,
Periyar University, Salem -11.

Ms.M. Kousalya Devi,
Ph.D Research Scholar, PRIMS,
Periyar University, Salem -11.

Abstract:

We are all well know about how difficult to start an enterprise in our nation, but while running a business as a woman expression and follows many business ethics and taking more and more risk. Hence the researcher determining and discussing about the problems and risk-taking factors in an enterprise, managerial tactics to run the business. Statement of the problem If, females are more ethical than males, as the literature on the subject generally suggests, engaging and encouraging females in their careers would certainly promote an ethical environment and business risks. The researcher made some objectives are to study business ethics and risk management techniques of women entrepreneurs and the second one is suggestions for managing risk and business ethics of women entrepreneurs. Scope of the Study relates to the Risk Management and business ethics of Women Entrepreneurs in India.

Keywords: Risk Management, Business Ethics, Women Entrepreneurs, Problems

1. Introduction:

(Farveen , 2012), The word 'entrepreneur' is derived from the 17th century French word 'entreprendre', which means to undertake. Over the years this term is widely used by social scientists and with the changing socio-economic context, the concept of entrepreneurship has further evolved as well as refined. According to the earlier definition, an entrepreneur is an actor or a person in charge of a large-scale project. Later on various other perspectives, such as risk-taking ability, innovativeness, taking initiative, perseverance, taking responsibility of the project, etc., were added to this definition.

According to Hisrich (2004) entrepreneurship is a process of creating something different with value by devoting necessary time and effort, assuming the accompanying financial, psychological and social risks and receiving the resulting rewards of monetary and personal satisfaction. In simple words, entrepreneurship can also be defined as an ability to discover, create or invent opportunities and exploit them for the benefit of the society, which in turn brings prosperity to the innovator and his organization. It is now generally accepted that entrepreneurship is a driving force of economic development in any country. It is not only considered as a

powerful tool to increase national as well as per capita income, but also as an essential instrument to bring structural, social and cultural changes to the economy.

1.1 Conceptual Definitions:

a) Entrepreneur:

Entrepreneur is a person who organizes and manages any enterprise, especially a business, usually considerable initiative and risk

b) Women Entrepreneur:

The Government of India has defined a women entrepreneur as "an enterprise owned and controlled by women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women".

Risk: A probability or threat of damage, injury, liability, loss, or other negative occurrence that is caused by external or internal vulnerabilities, and that may be neutralized through pre-emptive action.

c) Business risk:

The probability of loss inherent in an organization's operations and environment such as competition and adverse economic conditions that may impair its ability to provide returns on investment. The possibility that a company will have lower than anticipated profits, or that it will experience a loss rather than a profit. Business risk is influenced by numerous factors, including sales volume, per-unit price, input costs, competition, overall economic climate and government regulations.

d) Risk Management:

The identification, analysis, assessment, control and avoidance, minimization, or elimination of unacceptable unacceptable risks. An organization may use risk assumption, risk avoidance, risk retention, risk transfer, or any other strategy or combination of strategies in paper management of future events.

2. Statement of the Problem:

In India the immoral distribution of education among various social groups has had its impact on occupational distribution of female workers. Many educated but unemployed women who are in need of jobs also possess human capital. To access employment and to earn economic empowerment, women in the district have become women entrepreneurs. Being women, they face many difficulties and have to bear many risks too. Hence this study is an attempt to analyse the various problems faced by the women entrepreneurs, benefits enjoyed and the power of overcoming the risks they encounter. Therefore, the topic is named as "Risk Management of Women Entrepreneurs in India

3. Review of Literature:

3.1 Risk tolerance

Entrepreneurs are often seen as people who are willing to take a risk. Research has shown that men are much more willing to take a (Abdulwahab , 2016) financial risk than women. Women have a different attitude toward risk and are less risk tolerant. (Jianakoplos & Bernasek, 1998) found that men were less concerned about hazards than women. Men are more willing to take a risk and fail than women. (Sexton, 1990) determined that women and men process information differently. Women are more detailed oriented and are more aware of the reminders that indicate risk. Male and female entrepreneurs may have similar characteristics however when it comes to risk there is a difference.

All entrepreneurs have set of social and human capital (Brush , 1997). The social structures of women are different than men and this creates a different context for women than for their male counterparts. These differences influence their attitudes toward risk. Women try to insure that they have the proper social support before they start their business (Ljunggren , 1996). Many women start up their business with the support of their families and friends who may have helped them in the past (Brindley , 2005).

This unwillingness to fail may contribute to the fact that growth of female entrepreneurs (Johnson & Powell , 1994). Banks when evaluating women for financing often score women lower on the risk taking scale than men. The women are perceived to be less entrepreneurial than their male counterparts (Sexton, 1990). The scale takes into account four facets of risk including financial, physical, social and ethical (Business and Economics Journal, n.d.). Monetary risk is however the most important. Through the research by (Sexton, 1990) they have concluded that women are much less likely to take a risk when there is an uncertainty of a monetary outcome.

3.2 Management

Female entrepreneurs tend to manage differently than their male counterparts. Management is how the entrepreneur manages the business. The most pronounced differences between men and women as entrepreneurs are in their management styles (Brush C. , 1992). Women claim to manage using more “feminine” (Vincenzo & Claudio , 2015) strategies than men. An example of this would be that women tend to value the relationships with their employees more than the task at hand. Men and woman also may think differently. Male entrepreneurs are more logical thinkers. Female entrepreneurs are more intuitive thinkers. Women exhibit more social leadership styles that focus on communicative and expressive behaviours. Men tend to be more task oriented leaders (Eagly & Karau , 1991). Men and women also may differ in the way they think regarding the business. Women tend to be more intuitive and men more logical. Women’s communications skills are excellent. They tend to be better listeners and can understand the needs of their employees (Brush C. , 1992).

Both male and female entrepreneurs want to grow their businesses. They do differ in how they want to grow the business. Women tend to be more cautious and conservative about expansion than men. They want to have a more controlled and manageable growth rate. Men are much more aggressive when it comes to expansion. According to (Brush C. , 1992) some women do not pursue aggressive expansion goals because of family concerns. Women expressed more concern over external factors such as economic conditions than men. They believe these conditions contributed to their lack of growth whereas men did not.

(Buttner , 2001) found that men and women do have some differing leadership traits. Most women run their businesses democratically (Journal of Entrepreneurship & Organization Management, n.d.). When it comes to professional growth it is important for the women to consider the growth of others as well. (Buttner , 2001) also contends that women tend to share in the decision making process and are very much team oriented. There is a sharing of knowledge between the women business owner and their staff. Success for them is associated with having strong relationships.

4. Objectives of the Study:

- To study the Business ethics and problems faced by women entrepreneurs in India
- To discuss the factors influencing the risk management of women entrepreneurs
- To offer suggestions to overcome the risk on the basis of the study

5. Scope of the Study

The study relates to the Risk Management of Women Entrepreneurs in India. The study taken were women entrepreneurs who were involved in various activities like running tailoring shops, computer centers, job typing and DTP works, beauty Parlors, tuition centers and the like. The data have been collected and used for the purpose of the study. This study will pave the way to the women entrepreneurs to identify and to overcome the hurdles in the business.

6. Women Entrepreneurs in India:

Women owned businesses are highly increasing in the economies of almost all countries. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures. 'Women Entrepreneur' is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. With the advent of media, women are aware of their own traits, rights and also the work situations. The glass ceilings are shattered and women are found indulged in every line of business from pappad to power cables. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. They are flourishing as designers, interior decorators, exporters, publishers, garment manufacturers

and still exploring new avenues of economic participation. In India, although women constitute the majority of the total population, the entrepreneurial world is still a male dominated one. Women in advanced nations are recognized and are more prominent in the business world.

7. Problems of Women Entrepreneurs in India

Women in India are faced many problems to get ahead their life in business. A few problems can be detailed as;

1. The greatest deterrent to women entrepreneurs is that they are women. A kind of patriarchal –male dominant social order is the building block to them in their way towards business success. Male members think it a big risk financing the ventures run by women.
2. The financial institutions are sceptical about the entrepreneurial abilities of women. The bankers consider women loonies as higher risk than men loonies. The bankers put unrealistic and unreasonable securities to get loan to women entrepreneurs. According to a report by the United Nations Industrial Development Organization (UNIDO), "despite evidence that women's loan repayment rates are higher than men's, women still face more difficulties in obtaining credit," often due to discriminatory attitudes of banks and informal lending groups (UNIDO, 1995b).
3. Entrepreneurs usually require financial assistance of some kind to launch their ventures - be it a formal bank loan or money from a savings account. Women in developing nations have little access to funds, due to the fact that they are concentrated in poor rural communities with few opportunities to borrow money (Starcher, 1996; UNIDO, 1995a). The women entrepreneurs are suffering from inadequate financial resources and working capital. The women entrepreneurs lack access to external funds due to their inability to provide tangible security. Very few women have the tangible property in hand.
4. Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business" (Starcher, 1996, p. 8).The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again. The result is that they are forced to rely on their own savings, and loan from relatives and family friends.
5. Indian women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and home. More over the business success is depends on the support the family members extended to women in the business process and management. The interest of the family members is a determinant factor in the realization of women folk business aspirations.
6. Another argument is that women entrepreneurs have low-level management skills. They have to depend on office staffs and intermediaries, to get things done, especially, the marketing and sales side of business. Here

there is more probability for business fallacies like the intermediaries take major part of the surplus or profit. Marketing means mobility and confidence in dealing with the external world, both of which women have been discouraged from developing by social conditioning. Even when they are otherwise in control of an enterprise, they often depend on males of the family in this area.

7. The male - female competition is another factor, which develop hurdles to women entrepreneurs in the business management process. Despite the fact that women entrepreneurs are good in keeping their service prompt and delivery in time, due to lack of organisational skills compared to male entrepreneurs women have to face constraints from competition. The confidence to travel across day and night and even different regions and states are less found in women compared to male entrepreneurs. This shows the low level freedom of expression and freedom of mobility of the women entrepreneurs.

8. Knowledge of alternative source of raw materials availability and high negotiation skills are the basic requirement to run a business. Getting the raw materials from different source with discount prices is the factor that determines the profit margin. Lack of knowledge of availability of the raw materials and low-level negotiation and bargaining skills are the factors, which affect women entrepreneur's business adventures.

9. Knowledge of latest technological changes, know how, and education level of the person are significant factor that affect business. The literacy rate of women in India is found at low level compared to male population. Many women in developing nations lack the education needed to spur successful entrepreneurship. They are ignorant of new technologies or unskilled in their use, and often unable to do research and gain the necessary training (UNIDO, 1995b, p.1). Although great advances are being made in technology, many women's illiteracy, structural difficulties, and lack of access to technical training prevent the technology from being beneficial or even available to females ("Women Entrepreneurs in Poorest Countries," 2001). According to The Economist, this lack of knowledge and the continuing treatment of women as second-class citizens keeps them in a pervasive cycle of poverty ("The Female Poverty Trap," 2001). The studies indicate that uneducated women do not have the knowledge of measurement and basic accounting.

10. Low-level risk-taking attitude is another factor affecting women folk decision to get into business. Low-level education provides low-level self-confidence and self-reliance to the women folk to engage in business, which is continuous risk taking and strategic cession making profession. Investing money, maintaining the operations and ploughing back money for surplus generation requires high risk-taking attitude, courage and confidence. Though the risk tolerance ability of the women folk in day-to-day life is high compared to male members, while in business it is found opposite to that.

11. Achievement motivation of the women folk found less compared to male members. The low level of education and confidence leads to low level achievement and advancement motivation among women folk to engage in business operations and running a business concern.

12. Finally high production cost of some business operations adversely affects the development of women entrepreneurs. The installation of new machineries during expansion of the productive capacity and like similar factors dissuades the women entrepreneurs from venturing into new areas.

7.1 What is Business Ethics? (Business Ethics and Social Responsibility, n.d.)

The concept has come to mean various things to various people, but generally it's coming to know what is right or wrong in the workplace and doing what's right -- this is in regard to effects of products/services and in relationships with stakeholders. Wallace and Pekel explain that attention to business ethics is critical during times of fundamental change times much like those faced now by businesses, both non-profit or for-profit. In times of fundamental change, values that were previously taken for granted are now strongly questioned. Many of these values are no longer followed. Consequently, there is no clear moral compass to guide leaders through complex dilemmas about what is right or wrong. Attention to ethics in the workplace sensitizes leaders and staff to how they should act. Perhaps most important, attention to ethics in the workplaces helps ensure that when leaders and managers are struggling in times of crises and confusion, they retain a strong moral compass. However, attention to business ethics provides numerous other benefits, as well (these benefits are listed later in this document).

Note that many people react that business ethics, with its continuing attention to "doing the right thing," only asserts the obvious ("be good," "don't lie," etc.), and so these people don't take business ethics seriously. For many of us, these principles of the obvious can go right out the door during times of stress. Consequently, business ethics can be strong preventative medicine. Anyway, there are many other benefits of managing ethics in the workplace. These benefits are explained later in this document. (McNamara, n.d.) (Extracted from Complete (Practical) Guide to Managing Ethics in the Workplace.)

7.2 Ten Myths About Business Ethics

Business ethics in the workplace is about prioritizing moral values for the workplace and ensuring behaviors are aligned with those values -- it's values management. Yet, myths overflow about business ethics. Some of these myths arise from general confusion about the notion of ethics. Other myths arise from narrow or simplistic views of ethical problems.

1. Myth: Business ethics is more a matter of religion than management.

Diane Kirrane, in "Managing Values: A Systematic Approach to Business Ethics," (Training and Development Journal, November 1990), asserts that "altering people's values or souls isn't the aim of an organizational ethics program managing values and conflict among them is ..."

2. Myth: Our employees are ethical so we don't need attention to business ethics.

Most of the ethical dilemmas faced by managers in the workplace are highly complex. Wallace explains that one knows when they have a significant ethical conflict when there is presence of a) significant value conflicts among differing interests, b) real alternatives that are equality justifiable, and c) significant consequences on

"stakeholders" in the situation. Kirrane mentions that when the topic of business ethics comes up, people are quick to speak of the Golden Rule, honesty and courtesy. But when presented with complex ethical dilemmas, most people realize there's a wide "gray area" when trying to apply ethical principles.

3. Myth: Business ethics is a discipline best led by philosophers, academics and theologians.

Lack of involvement of leaders and managers in business ethics literature and discussions has led many to believe that business ethics is a fad or movement, having little to do with the day-to-day realities of running an organization. They believe business ethics is primarily a complex philosophical debate or a religion. However, business ethics is a management discipline with a programmatic approach that includes several practical tools. Ethics management programs have practical applications in other areas of management areas, as well. (These applications are listed later on in this document.)

4. Myth: Business ethics is superfluous, it only asserts the obvious: "do good!"

Many people react that codes of ethics, or lists of ethical values to which the organization aspires, are rather superfluous because they represent values to which everyone should naturally aspire. However, the value of a codes of ethics to an organization is its priority and focus regarding certain ethical values in that workplace. For example, it's obvious that all people should be honest. However, if an organization is struggling around continuing occasions of deceit in the workplace, a priority on honesty is very timely -- and honesty should be listed in that organization's code of ethics. Note that a code of ethics is an organic instrument that changes with the needs of the society and the organization.

5. Myth: Business ethics is a matter of the good guys preaching to the bad guys.

Some writers do seem to claim a moral high ground while lamenting the poor condition of business and its leaders. However, those people well versed in managing organizations realize that good people can take bad actions, particularly when stressed or confused. (Stress or confusion are not excuses for unethical actions -- they are reasons.) Managing ethics in the workplace includes all of us working together to help each other remain ethical and to work through confusing and stressful ethical dilemmas.

6. Myth: Business ethics in the new policeperson on the block.

Many believe business ethics is a recent phenomenon because of increased attention to the topic in popular and management literature. However, business ethics was written about even 2,000 years ago -- at least since Cicero wrote about the topic in his On Duties. Business ethics has gotten more attention recently because of the social responsibility movement that started in the 1960s.

7. Myth: Ethics can't be managed.

Actually, ethics is always "managed" -- but, too often, indirectly. For example, the behaviour of the organization's founder or current leader is a strong moral influence, or directive if you will, on behaviour or employees in the workplace. Strategic priorities (profit maximization, expanding market share, cutting costs, etc.) can be very

strong influences on morality. Laws, regulations and rules directly influence behaviors to be more ethical, usually in a manner that improves the general good and/or minimizes harm to the community. Some are still skeptical about business ethics, believing you can't manage values in an organization. Donaldson and Davis (Management Decision, V28, N6) note that management, after all, is a value system. Skeptics might consider the tremendous influence of several "codes of ethics," such as the "10 Commandments" in Christian religions or the U.S. Constitution. Codes can be very powerful in smaller "organizations" as well.

8. Myth: Business ethics and social responsibility are the same thing.

The social responsibility movement is one aspect of the overall discipline of business ethics. Madsen and Shafritz refine the definition of business ethics to be: 1) an application of ethics to the corporate community, 2) a way to determine responsibility in business dealings, 3) the identification of important business and social issues, and 4) a critique of business. Items 3 and 4 are often matters of social responsibility. (There has been a great deal of public discussion and writing about items 3 and 4. However, there needs to be more written about items 1 and 2, about how business ethics can be managed.) Writings about social responsibility often do not address practical matters of managing ethics in the workplace, e.g., developing codes, updating policies and procedures, approaches to resolving ethical dilemmas, etc.

9. Myth: Our organization is not in trouble with the law, so we're ethical.

One can often be unethical, yet operate within the limits of the law, e.g., withhold information from superiors, fudge on budgets, constantly complain about others, etc. However, breaking the law often starts with unethical behaviour that has gone unnoticed. The "boil the frog" phenomena is a useful parable here: If you put a frog in hot water, it immediately jumps out. If you put a frog in cool water and slowly heat up the water, you can eventually boil the frog. The frog doesn't seem to notice the adverse change in its environment.

10. Myth: Managing ethics in the workplace has little practical relevance.

Managing ethics in the workplace involves identifying and prioritizing values to guide behaviors in the organization, and establishing associated policies and procedures to ensure those behaviors are conducted. One might call this "values management." Values management is also highly important in other management practices, e.g., managing diversity, Total Quality Management and strategic planning.

Conclusion:

Indian women business owners are changing the face of business today, both literally and figuratively. The dynamic growth and expansion of women-owned business enterprises is one of the defining trends of the past decade, and all indications are that it will continue unabated. For more than a decade, the number of women-owned business enterprises has grown at one-and a-half to two times the rate of all business enterprises. Even more important, the expansion in revenues and employment has far exceeded the growth in numbers. With relevant education, work experience, improving economic conditions and financial opportunities, more women

around the world are creating and sustaining successful business ventures. This will not only have an impact on the economies of the countries in which women own their businesses but also will change the status of women in those societies. The rural women are having basic indigenous knowledge, skill, potential and resources to establish and manage enterprise. Now, what is the need is knowledge regarding accessibility to loans, various finding agencies procedure regarding certification, awareness on government welfare programmes, motivation, technical skill and support from family, government and other organization. More over formation and strengthening of rural women entrepreneurs' network must be encouraged. Women entrepreneur networks are major sources of knowledge about women's entrepreneurship and they are increasingly recognized as a valuable tool for its development and promotion. This network helps to give lectures, printed material imparting first hand technical knowledge in production, processing, procurement, management and marketing among the other women. This will motivate other rural women to engage in micro entrepreneurship and manage risk then follow business ethics with the right assistance and they can strengthen their capacities besides adding to the family income and national productivity

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