

# Factors influencing women to become an entrepreneur: A study in Arunachal Pradesh

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**Abstract:** The emergence of various entrepreneurship is commonly vocal and practical worldwide, but women's entrepreneurship is often restricted to the traditional business style. Women have to face multiple difficulties, such as a lack of finance, education and other support for successfully establishing businesses and their function, especially in developing nations like India. In northeast India, women's role in local business is high. However, its challenges vary regionally and with different conditions and characteristics of companies. This study first explores the significant factors influencing women to become entrepreneurs in Arunachal Pradesh and the challenges/problems women entrepreneurs face. The researcher distributed a survey questionnaire to 100 women entrepreneurs. The main factors influencing women to become entrepreneurs were education, high achievement, adequate finance facilities, independence and economic needs. The challenges faced by the respondents are lack of training, problems with finance, no awareness about Govt. schemes, lack of self-confidence and family responsibilities.

**Keywords:** Arunachal Pradesh, Challenges, Entrepreneur, Factors, Women.

## I. INTRODUCTION

The successful establishment of various businesses largely influences the development of a nation. Moreover, building a sturdy economy is attributed to every fraction of the nation's society involved in multiple entrepreneurships, whether indigenous or gendered-based. In India, women entrepreneurs have a significant role in the modern economy regarding entrepreneurial diversity and job creation [1]. But due to several sociocultural factors, women often face many hindrances to their entrepreneurship success [2]. However, in Northeast India, primarily inhabited by tribal people, the cultural and social structure is unique and different from the mainland Indian region. Women are more advantaged in this region with high empowerment, similar to their male counterparts, especially in family support [3].

Nevertheless, they also face lots of adversity in sustaining their businesses. Moreover, the northeast region is an economically lagging region in India, mainly contributed by an inefficiently managed economy, inefficiency in exploring its resources, and lack of political vision [4]. Thus, these imbalanced growth and development reduce the concept of equal growth and development in many parts of this region [5].

### *A glimpse of Women entrepreneurship in the Northeast region of India*

Women entrepreneurs are typical in the northeast region owing to their matriarchal form of society and the high sense of women empowerment [6]. Subsequently, the role of women in the local economy in this region is undeniable and substantial. The fact, as mentioned earlier, presumes tremendous independence for women, yet the number of businesses registered under women is still lower than men [7]. The independency of finance and decision-making is the hallmark of liberal women's society [8]. Finance is also a massive issue in a poor developing country like India. It is obvious to project the increased research trends concerning the lag in women entrepreneurship compared to their men counterparts and other problems women entrepreneurs face in this region. The majority of case studies regarding this topic were projected from Manipur, Mizoram, Assam and Meghalaya regions [9] [10] [11] [12] [13] [14]. Education, family size, socio-economic status, lower access to resources, technology and financial constraints are presented to contribute mainly to this disparity. The authors also introduced a few ideas to bridge this gap which should be principally initiated from the government side [7], to which Upadhyay and Barman (2013) [12] and Prabha (2006) [10] also agreed. Arunachal Pradesh is 3<sup>rd</sup> among eight northeast states, with 27.27% registered urban women enterprises [5]; however, researchers have done meagre in this state. In a study by Singh and Rathore (2021) [18], the findings showed that women entrepreneurship primarily accounts for micro-enterprises in the formal sector and socio-economic and socio-cultural status, and lack of awareness about technology and lack of dedicated bank accounts contribute to their lagging. However, this former study was interpreted based on small sample size, and a more profound assessment is required regarding women entrepreneurship in Arunachal Pradesh.

## II. REVIEW OF LITERATURE

### *Factors influencing women to become an entrepreneur*

Various motivational and facilitating criteria inspire women to undertake entrepreneurial activities. Women choose entrepreneurship because of several reasons. Motivational factors like the need for achievement, self-confidence, and socio-cultural activities encourage women to become entrepreneurs [19]. Women prefer being self-employed to having a job. Therefore, being independent and becoming one's boss was the motivation for taking up entrepreneurship [20]. The need to achieve, job satisfaction, the desire to be independent, and the need for money are the most critical motivation for why women started their enterprises [21]. Due to their economic conditions, women from lower socioeconomic levels often choose business. Entrepreneurship is a way to improve socioeconomic status and gain financial freedom [22]. In addition to socioeconomic and cultural factors, governmental policies, family status, individual traits, finances, and markets [23], ambition, knowledge, skills, family support, independence, Government assistance, job satisfaction [24], financial freedom, success, equality of status, and establishing one's own identity in

society are important motivating factors for women [25]. Education plays a vital role in uplifting women's social, psychological, and economic status, which positively correlates with women's empowerment [26]. Women entrepreneurs contribute to economies in terms of job creation and economic growth and are recognised as a source of increasing entrepreneurial diversity [27]. It has also been found that facilitating factors influence women to become entrepreneurs. Likewise, entrepreneurship innovation is a facilitating factor central to success [28]. Innovation is an intangible resource that is rare, valuable and inimitable, necessary for success [29]. Accordingly, innovation impacts entrepreneurial activities through the attainment of resources, new ideas, and execution of work systems, which augments learning, reduces risks and exploits markets [30]. Women entrepreneurs in India have transformed ideas into customer value [31]. Adequate financial facilities influence women entrepreneurs significantly [32]. Indian women have overcome obstacles to find their path to empowerment and growth through self-help groups, NGOs, banks, government support, microfinance institutions, or the private sector [33]. Previous studies stated that one of the significant facilitating factors contributing to the establishment and development of an enterprise is cooperation from the husband/family at the start time [34]. Compared to single or unmarried women, married women are less free to engage in business due to their family obligations [35].

### **Challenges faced by women entrepreneurs**

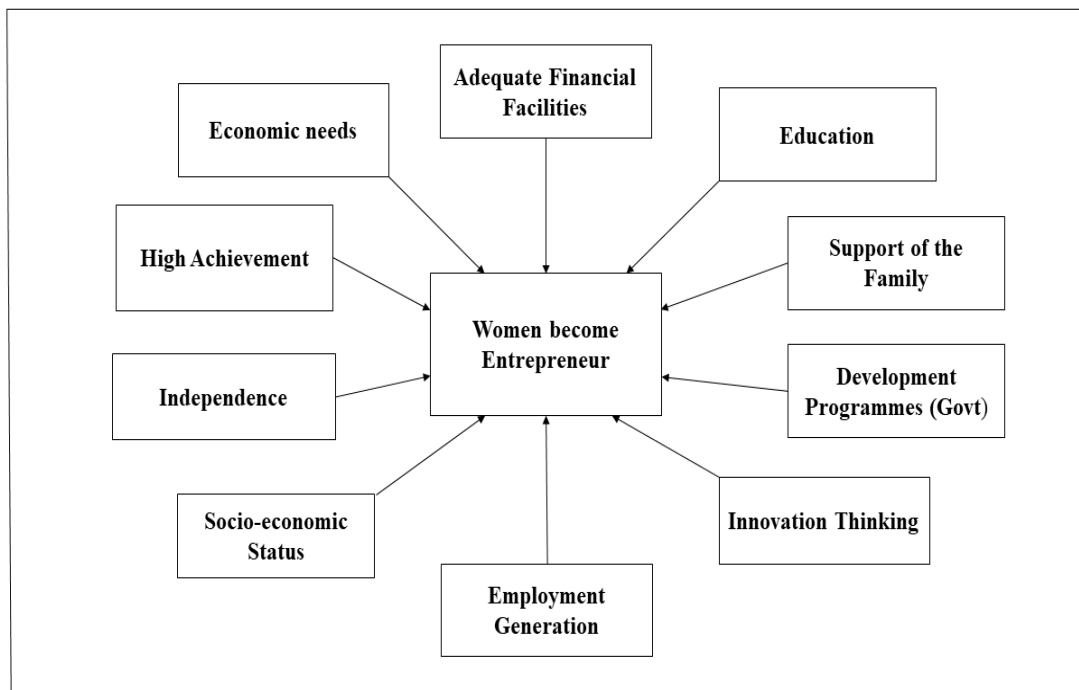
In developing countries like India, women face many hardships to succeed in their businesses. Indian women bear an unfavourable status, a literacy rate in society and a low work participation rate [36]. According to a study by Afroze et al. (2014) [37], women face challenges like mobility and low literacy levels. Another key challenge for women entrepreneurs is balancing family issues, so they are restricted from taking up stressful and high-risk business activities [38]. Many women entrepreneurs face problems related to leadership quality, finance insufficiency, no awareness of Government schemes, no repayment of loans by the participants, and lack of education and confidence [39].

Moreover, some study reveals that women face unique problems in starting and growing their firms, such as lack of skill or training, limited access to capital or credit, lack of savings and social networks, and limited choice of industry. Women have restricted access to land, credit, education, technology, networks, information, and markets. Societal perceptions also affect women's confidence levels, leading to greater fear of failure [40].

After a detailed review of the literature, ten significant challenges are considered for the variables of this study.

### **Framework for factor influencing women to become an entrepreneur**

This study identifies the factors influencing women to become entrepreneurs based on previous studies. After a detailed review of the literature, we came up with ten significant factors for the context of this study. All ten factors of this study are shown in the conceptual framework in figure 1.



**Fig. 1 Basic model of factors influencing women to become entrepreneurs**

### **III. OBJECTIVES**

The study's main objective is identifying the factors influencing women to become entrepreneurs in Arunachal Pradesh.

Two sub-objectives are:

1. To determine the key challenges and problems these women entrepreneurs face.
2. To make suitable suggestions based on the study.

### **IV. METHODOLOGY**

#### **Research Design**

This study is quantitative research based on analysing preliminary data collected from registered women entrepreneurs of Arunachal Pradesh. A survey method was employed whereby the researcher distributed questionnaires to respondents in the twin capital town of Arunachal Pradesh, Itanagar and Naharlagun. The respondents were to respond to items on a five-point Likert scale to measure the strength of their opinion.

**Study area**

The study area includes Itanagar and Naharlagun town of Arunachal Pradesh.

**Population and sample**

The population of the study was all women entrepreneurs registered under Udyog Aadhar registration for micro, small and medium enterprises located in Itanagar and Naharlagun town of Arunachal Pradesh. The sample for the study consists of 100 women entrepreneurs, 50 from Itanagar and 50 from Naharlagun, which were selected based on simple random sampling.

**Instrumentation**

The survey questionnaire consists of 28 questions divided into four sections: Section A included the demographic profile of the respondents; Section B included the company profile of the respondents; Section C focused on factors influencing women to become entrepreneurs; Section D dealt with the challenges/problems faced by women entrepreneurs.

**Validity and Reliability test**

The instrument's validity was determined using expert judgment upon the items and scrutinised and developed under the supervisor's and other experts' close guidance. The instrument's reliability was determined using Cronbach Alpha, depicted in Table 1.

**Table 1: Reliability of the instrument**

Instrument	No. of Item	Cronbach alpha
Factors influencing women to become entrepreneurs	10	0.777
Challenges/problems faced by women entrepreneurs	10	0.710

Cronbach alpha of 0.777 and 0.710 is obtained, which is higher than 0.7. The instrument had good reliability in this study.

**V. DATA ANALYSIS AND INTERPRETATION**

The researcher used frequency and percentages to analyse the study's data. Descriptive statistics are significant for describing the data and offer a robust set of conceptual tools one could use to extend a better understanding of data in several important ways. For factors influencing women to become entrepreneurs and challenges/problems faced by women entrepreneurs Friedman test was performed. Based on the analysis, reasonable conclusions and suggestions were made about the study.

**Descriptive statistics of the demographic and company profile of respondents****Table 2: Demographic profile and company profile of respondents**

		Location of organisation			
		Itanaga r	Naharlagu n	Total	%
Age of respondents	Below 20 years	2	2	4	4
	21-30 years	12	13	25	25
	31-40 years	22	27	49	49
	41-50 years	13	7	20	20
	Above 50 years	1	1	2	2
Total		50	50	100	100
Education of respondents	Class 10 or below	5	7	12	12
	Class 12	14	10	24	24
	Graduate/Postgraduate	16	20	36	36
	Certificate/Diploma	4	4	8	8
	Professional	8	4	12	12
Others		3	5	8	8
Total		50	50	100	100
Marital Status	Single	13	9	22	22
	Married	21	25	46	46
	Widowed	10	2	12	12
	Divorced	6	14	20	20
Total		50	50	100	100
Size of organisation	Micro	28	29	57	57
	Small	20	20	40	40
	Medium	2	1	3	3
Total		50	50	100	100
Type of business	Manufacturing	17	10	27	27
	Service	18	26	44	44
	Distribution	10	10	20	20
	Others	5	4	9	9
Total		50	50	100	100
No. of employees	1-4	23	28	51	51
	5-19	21	19	40	40
	20-50	4	3	7	7

	More than 50	2	0	2	2
	Total	50	50	100	100

The frequency and percentage of the respondents' demographic and company profile are summarised in Table 1, wherein 50 are from Itanagar, and 50 are from Naharlagun. The demographic profile includes the respondents' age, education qualification and marital status. Company profile consists of the size and type of the organisation and the number of employees in the company.

#### ***Friedman's test of the factors influencing women to become entrepreneurs***

In this section, the researcher uses the Friedman test to prioritise the factors influencing women to become entrepreneurs in terms of influence percentage.

**Table 3: Mean rank of factors influencing women to become an entrepreneurs**

Factors	Mean	Mean rank
Education	3.72	7.11
High achievement	3.77	7.11
Support of the family	3.71	7.07
Adequate financial facilities	3.06	5.64
Independence	2.99	5.28
Economic needs	2.97	5.23
Employee generation	2.72	4.52
Development programmes by Gov	2.74	4.41
Innovation thinking	2.67	4.40
Socio-economic status	2.64	4.25

Table 2 shows the factors from the highest to the lowest mean rank. It indicates that Education (Mr-7.11) and High achievement (Mr-7.11) are the most significant factors from the respondents' perspective. Socio-economic status (Mr-4.25) is the least important factor influencing women to become entrepreneurs, followed by Innovative thinking (Mr-4.40).

#### ***Friedman test related to the challenges/problems faced by women entrepreneurs***

In this section, the Friedman test prioritises the challenges/problems women entrepreneurs face.

**Table 4: Mean and mean rank of challenges/problems faced by women entrepreneurs**

Challenges/Problems	Mean	Mean rank
Lack of training	3.61	7.03
Problem of finance	3.62	7.01
No awareness of Govt scheme	2.97	5.40
Lack of self-confidence	2.95	5.38
Family responsibilities	2.96	5.37
Low risk-taking capacity	2.92	5.19
Lack of entrepreneurial aptitude	2.85	5.03
Lack of education	2.87	5.03
Gender inequality	2.80	4.81
Lack of managerial abilities	2.79	4.78

Table 2 shows the challenges/problems from the highest to the lowest mean rank. It shows that Lack of training (Mr-7.03) and Problem of finance (Mr-7.01) are the most significant challenges faced by women entrepreneurs of Arunachal Pradesh. Lack of managerial abilities (Mr-4.78) and Gender inequality (Mr-4.81) is the least significant challenges women entrepreneurs face.

## **VI. DISCUSSION AND CONCLUSION**

This study aimed to identify the factors influencing women to start their businesses. As for the factors, the above data analysis suggests that women entrepreneurs of Arunachal Pradesh start their businesses because of factors like education, the desire for high achievement, family support, adequate financial facilities and independence. The study also finds the least influencing factors to be socio-economic status, innovative thinking, development programmes by Government, employee generation and economic needs.

Among the ten challenges/problems faced by women entrepreneurs, the most significant are lack of training, problems with finance, no awareness about Government schemes, lack of confidence and family responsibilities. Moreover, the least important problems are lack of managerial abilities, gender inequality, lack of education, entrepreneurial aptitude and low risk-taking capacity.

According to the above findings, more training courses need to be introduced, and women intending to start a business should be motivated to participate in business training courses. Considering that half of the population is women, the potential economic contribution of the female population should not be ignored, and more women's entrepreneurship is needed to be developed. The Government should introduce specific new policies and programmes to improve the productivity and welfare of women entrepreneurs. The respondents in this study belonged to micro, small and medium enterprises which did not require high capital. It is also advisable that better financial facilities should be provided by financial institutions so that they can also acquire the requisite capital as their businesses grow.

## **VII. LIMITATIONS AND SUGGESTIONS FOR FURTHER STUDY**

Every study has a limitation, so this study also has certain limitations. The present study's limitation concerns the sample composition located in a limited geographical area. The researcher's sampling in this study is in two towns in Arunachal Pradesh. Still, future researchers can expand it to the whole of Arunachal Pradesh with a large sample to reach more comprehensive results. A comparative study with other states is also recommended by relating the current work to India's different states. Another limitation



of the study is the smaller number of variables in the questionnaire. So, the researcher recommends that future researchers include additional data to make reasonable conclusions. Moreover, a qualitative study or a mixed-method approach is recommended for further researchers to find out more accurately the exact factors influencing women to become entrepreneurs and the challenges and problems these women entrepreneurs face.

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