**Financial Impediments and Women Entrepreneurship: A Theoretical Analysis**

**Paras Abro1 and Sheeraz Akhtar Katper2**

1 PhD Scholar, Mehran University Institute of Science, Technology and Development, Mehran University of Engineering and Technology, Jamshoro Sindh Pakistan

2 MS Scholar, Mehran University Institute of Science, Technology and Development, Mehran University of Engineering and Technology, Jamshoro Sindh Pakistan

**Abstract**

The purpose of this paper is to analyze the Financial impediments facing by the women entrepreneurship, especially in the rural areas of Sindh province in Pakistan. It is believed that rural women in Pakistan is living under despondency, powerlessness and voiceless and they don’t get much opportunities of doing businesses though having talent as well. This research was conducted to have an overview of the present conditions for female entrepreneurs based in Sindh. It was also conducted to come up with recommendations / suggestions to address existing problems to promote entrepreneurship in Sindh. This is a descriptive paper, which will provide the guidance for the empirical research further.

*Key words:* Finance, Entrepreneurship, Women

**INTRODUCTION**

Many authors sketched rural women with strokes of poverty, illiteracy, remoteness, prey to feudal mindset and cultural norms which make women as some of the most marginalized communities in the world (Jones & Snelgrove, 2006, p.3). Independence, independent thinking and deciding about their academic and professional career appear to be dream for rural women in conservative societies of developing countries including Pakistan. Statistics reveals that 65 per cent of women in Pakistan are illiterate (UNDP, 2004), with higher rates in rural areas about 88 per cent, and climbing to over 93 per cent in Balochistan province (ADB, 2000). On the same canvas, the other side of the picture reveals some hopeful women of middle and upper class families with lots of education, job and business opportunities, mostly living in urban areas. It is yet debatable as to what extent urban women are independent in making-decision regarding education, doing job or establishing enterprise.

Despite increasing trends of women participation in small and medium enterprise (SMEs) in North America, Europe, East Asia (e.g. Asian Tigers) and elsewhere, women entrepreneurship is largely in low growth in Pakistan. And those women who are already in the business, they had experienced unconventional economic, cultural, social, religious and familial hardships and those who intend to do business they get ready first to face weighty and grave challenges. In particular, the limited performance of women enterprises (WEs) may have impeded the creation of meaningful and sustainable jobs and contribution to national and regional economy. Entrepreneurship is considered as a powerful job engine for the U.S. economy. For many women, entrepreneurship has been enjoyable and welcoming workplace with great opportunity. US Center for Women’s Business Research (2009) presented WEs success with great statistics like in 2008 WEs in the U.S. generated $1.9 trillion in sales and employed 13 million people. Several other studies reported that the number of women-owned businesses in the U.S. has risen by 50% since 1997 (Clegg, 2004). Similarly, in Europe and developing countries across the continents, WEs are growing faster with lots of challenges and opportunities.

**LITERATURE REVIEW**

A careful review of the literature published in Pakistan on the subject of women entrepreneurship explicitly indicates that there are few studies available for review such as Goheer (2002, 2003) and Ahmed & Naimat (2011). As a result, it is hard to make academic guess or draw conclusions. Against this backdrop, this study has reviewed mainstream literature on the subject for more comprehensive understanding of the filed. According to Hisrich, Langan-Fox & Grant (2007) the roots of entrepreneurship literature are set in a number of disciplines such as economics, sociology, business, management, and psychology. Earlier, similar evidence was presented by Moore (1990) arguing that most of the entrepreneurship research contributed by business scholars especially in the field of management. Alongside, the marketing discipline is also increasing its own study of small business and entrepreneurship (Bjerke & Hultman, 2002; Buskirk & Lavik, 2004). Researchers in economics are also well represented in studies of female entrepreneurship, especially in the areas of government data analysis, venture capital and financing of women-owned businesses (Devine, 1994; Walker & Joyner, 1999).

Empirical evidence on female entrepreneurship began to appear in the late 1970s, as women joined the professional workforce in greater numbers in North America and Europe. Chusmir, Moore and Adams (1990) reported that the psychology literature provided nearly two-thirds of the studies related to gender issues in organizations. Carter, Anderson & Shaw (2001) concluded that many studies were descriptive and focused primarily on demographic characteristics, motivations of women in business and their business ownership experiences. They also noted that few studies were built on previous work to provide cumulative knowledge of women entrepreneurs. The study of female entrepreneurship is still in its early stages and numerous researchers have noted the lack of a robust research stream (Baker, Aldrich & Liou, 1997; Carter, Anderson & Shaw, 2001; Terjesen, 2004). From 1976-2001, about a ninety per cent research based literature related to female entrepreneurship found in entrepreneurship journals was of an empirical nature (Greene et al., 2003).

There has been acute shortage of reviews of the literature on the subject of WEs. Only a few studies have been published on extensive review of literature with insights into female entrepreneurship. For example, Moore (1990) published one of the first literature reviews on the topic which invoked first wave of academic research about female entrepreneurship and identified that there is strong need to have more empirical evidence for theory development. Baker, Aldrich and Liou (1997) reported ignorance of journals and electronic and print media for not noticing the tremendous growth in women’s entrepreneurship.

Greene, Hart, Gatewood, Brush, & Carter (2003) contributed more detailed and in-depth review of literature and with insights into 25 years of research published in entrepreneurship journals from 1976 to 2001. An important aspect of the study was the inclusion and discussion of literature grounded in feminist theory, social theory that addresses issues of political, economic, and social rights of women. Feminist theory-driven research has provided additional perspectives, such as work-family balance (Honig-Haftel & Martin, 1986), gender differences (Chaganti, 1986), and arguments related to methodological biases of previous research (Brush, 1992).

Some investigations have focused on the success stories of male and female enterprises and traced factors that contribute to the success and failure of the enterprise. Sabarwal and Terrell (2008) provide evidence of contradictory findings related to gender differences and attribute some differences to data classifications. On the contrary, Chaganti and Parasuraman (1996), identified that female-owned businesses perform equally good like firms owned by males in terms of job growth. Nevertheless, Bosma et al. (2004) found significant different associated with male and female enterprises and found male-owned firms do better than female-owned businesses. According to Fischer, Reuber, and Dyke (1993) called previous empirical findings related to female entrepreneurship ―diverse and often contradictory by concluding that there significant gender differences in manufacturing, service and retail industries. Those differences relate training, motivation, and experience.

An increasing body of empirical research attribute some of the gaps and contradictions in the literature to the lack of theory-driven research about women entrepreneurs (Moore, 1990; Brush, 1992; Baker, Aldrich & Liou, 1997). According to De Bruin, Brush, and Welter (2006), who reported that studies of women entrepreneurs made up only 6-7% of studies found in the top eight entrepreneurship journals, attributed the lack of a solid research stream to reasons such as researcher and social perceptions. Some researchers have questioned the need for a separate theory on women’s entrepreneurship and call for theoretical concepts that incorporate women’s distinctive experiences (De Bruin, Brush & Welter, 2006). In order to improve the research stream, Brush (1992) called for a more holistic approach to the study of women entrepreneurs and argued that research that incorporates the perspective that women business owners consider their businesses to be cooperative and integrated networks of relationships will yield better insights into female entrepreneurs and their businesses.

A most recent study contributed on the subject of women entrepreneurship in Pakistan by Ahmed & Naimat (2011) emphasized on the importance of networking for the promotion of WEs in Pakistan. Authors reiterated that social, cultural, legal, and religious are serious and major impediments in the way of WEs and that the forces of patriarchy manipulate their professional role and create stumbling blocks for women’s career development motives (Shabbir, 1996; Shaheed, 1990; Shah, 1986). Nevertheless, the study reveals that young women have capability to recognise opportunity and also get engaged in networking to smooth their way out.

According to Goheer (2003) WEs in Pakistan concentrate in retail, industrialized business and service sector. The service sector is dominant and focus remains in education, healthcare, beauticians and garment (Goheer, 2002). Another crucial problem for WEs slow growth is the lack of mobility, uneducated and rude mostly rude and rough male workforce that is not ready to accept the authority of women (Goheer, 2003). The social and cultural portrait with minor differences enables a conventional patriarchal arrangement and roles based on sex. This is a critical omission from the understanding of women's entrepreneurship, because the social compositions, work, family, and planned social life differ broadly in rising economies (Allen & Truman, 1993; Aldrich et al., 1989).

**RESEARCH GAP**

In past couple of decades, mainstream literature of entrepreneurship and management has continuously focused women entrepreneurship and their businesses. Recent scholarly publications (e.g., DeLollis, 1997; Fisher, 2006; Klein, 2006, Sands, 2006) provide examples of successful women entrepreneurs, their businesses and expected future growth of the field. Nevertheless, literature seems still inclusive and debate yet continues with number of inconsistencies and contradictions on (a) practical directions for female entrepreneurs wanting to establish or grow small businesses, and (b) policy makers seeking to improve the entrepreneurial business climate.

In order to attend these shortcomings in the extant literature, this study provides a critical assessment of the mainstream literature on women entrepreneurship published in peer-reviewed journals by identifying key challenges and opportunities for prospective women wishing to do business in Pakistan. As a result, this study enhances understanding of female entrepreneurship by synthesizing the research related to following key questions: What major issues have been addressed in the WE literature so far and what issues are unaddressed yet? What are the sociocultural problems that women entrepreneurs face? What types of businesses does she create? And how women entrepreneurs manage networking and access to financial facilities for carrying out business operations?

**SCOPE OF THE STUDY**

Keeping view of the limitation of the time researcher understands that the whole Sindh. According to the nature of study, all women entrepreneurs located in twenty three districts of Sindh are the population of this research. However, women entrepreneurship mostly is concentrated in urban centres of Sindh such as Karachi, Hyderabad, Sukkur, Mirpurkhas and Larkana. As a result, the scope of this research will be remain in the urban areas of Sindh as stated above. Nevertheless, this may be decided in consultation of the research supervisors bearing mind the limitations of time, finance and difficulties of travelling across Sindh.

**RESEARCH METHODOLOGY**

***Structured interviews using questionnaire survey***

A structured interview is also known as standardised interview or a researcher-administered survey. It is a quantitative research method commonly employed in social survey research. The aim of this approach is to ensure that each interview is presented with exactly the same questions in the same order. This ensures that answers can be reliably aggregated and that comparisons can be made with confidence between sample subgroups or between different survey periods. Structured interviews are a means of collecting data for a statistical survey. In this case, the data is collected by an interviewer rather than through a self-administered questionnaire. Researcher will ensure that interviewers read the questions exactly as they appear on the survey questionnaire. Researcher will help respondents with their choice of answers to the questions which will be fixed (close-ended) in advance.

***DATA SAMPLE***

According to the nature of study, all women entrepreneurs located in twenty three districts of Sindh are the population of this research. However, women entrepreneurship mostly is concentrated in urban centres of Sindh such as Karachi, Hyderabad, Sukkur, Mirpurkhas and Larkana. As a result, sample size of the research will be decided in consultation of the research supervisors bearing mind the limitations of time, finance and difficulties of travelling across Sindh.

***DATA ANALYSIS***

Data gathered through structured interview using questionnaire survey will be entered in SPSS and Excel Spreadsheet for further analysis. For modelling the development and challenges of women entrepreneurship in Sindh most advanced statistical and modelling packages such as Structural Equation Modelling (SEM) through AMOS/Smart PLS will be employed with consultation of supervisors.

**SIGNIFICANCE OF STUDY**

The participation of women in economic activities is crucial not only from a human resource development perspective but vital even for the objective of raising the status of women in society. Women participation enhances women empowerment and reduces socioeconomic inequality. The present research is intended to present critique on the extant literature and provide material for ongoing debate and discourse to motivate academia and professional community to enhance understanding on the subject of WEs in Pakistan. Study also intends to contribute SEM model on development and challenges of women entrepreneurship in Sindh. At this early stage, the literature review has identified a number of issues, for which policy makers need to concentrate and academics to do additional research for better understanding of the WEs in the country.

**REFERENCES**

Ahmad, H.M & Naimat, S. (2011) Networking and women entrepreneurs: Beyond patriarchal

Traditions, *African Journal of Business Management*, Vol. 5(14), pp. 5784-5791

Allen, I., Elam, A., Langowitz, N. & Dean, M. (2008). Global Entrepreneurship Monitor

(GEM) 2007: Report on women and entrepreneurship.

Asian Development Bank 2000, *Women in Pakistan: country briefing paper*, Asian

Development Bank, Manila.

Baker, T., Aldrich, H. E. & Liou, N. (1997). Invisible entrepreneurs: the neglect of women

business owners by mass media and scholarly journals in the USA. *Entrepreneurship & Regional Development*, 9, 221-238.

Bird, S, Sapp, S. & Lee, M. (2001). Small business success in rural communities: Explaining

 the sex gap. *Rural Sociology*, 66(4), 507-531.

Birley, S. & Westhead, P. (1994). A taxonomy of business start-up reasons and their impact

 on firm growth and size. *Journal of Business Venturing*, 9, 7-31.

Bjerke, B. & Hultman, C.M. (2002). *Entrepreneurial marketing: the growth of small firms in*

 *the new economic era*. Northampton, MA: Edward Elgar.

Boden, R.J. & Nucci, A.R. (2000). On the survival prospects of men’s and women’s new

 business ventures. *Journal of Business Venturing*, 15(4), 347-362.

Bosma, N., van Praag, M., Thurik, R. & de Vit, G. (2004). The value of human and social

capital investments for the business performance of startups. *Small Business Economics,* 23, 227-236.

Bosma, N., Acs, Z., Autio, E., Coduras, A., & Levie, J. (2009) Global Entrepreneurship

Monitor (GEM) 2008 Executive Report. Babson Park, MA: Babson College and Global Entrepreneurship Research Consortium.

Brush, C. (1992). Research on women business owners: Past trends, a new perspective and

future directions. *Entrepreneurship Theory and Practice*, 16 (4), 5-31.

Burt, R. S. (2000). Creating careers: women’s paths through entrepreneurship. University of

Chicago Graduate School of Business, 1-44.

Buskirk, B. & Lavik, M. (2004). *Entrepreneurial marketing: real stories and survival*

*strategies.* Mason, OH: South-Western.

Buttner, E. H. (1993). Female entrepreneurs: how far have they come? *Business Horizons*,

36 (Mar-April), 59-65.

Buttner, E. H. & Moore, D.P. (1997). Women's organizational exodus to entrepreneurship:

self reported motivations and correlates with success. *Journal of Small Business Management*, 35(1), 34-46.

Carter, N.M., Williams, M., & Reynolds, P.D. (1997). Discontinuance among new firms in

retail: the influence of initial resources, strategy, and gender. *Journal of Business Venturing*, 12(2), 125-145.

Carter, S., Anderson, S., & Shaw, E. (2001). Women’s business ownership: a review of the

academic, popular and internet literature. Small Business Service, Agency of the Department of Trade & Industry, U.K.

Center for Women’s Business Research (2009). Key facts about women-owned businesses:

 2008-2009 Update, McLean, VA.

Center for Women’s Business Research (2006). Women-owned businesses in the United

 States 2006: Fact Sheet, September, 1-9.

Chaganti, R. (1986). Management in women-owned enterprises. *Journal of Small Business*

 *Management*, 24 (4), 18-29.

Chaganti, R. & Parasuraman, S. (1996). A study of the impacts of gender on business

performance and management patterns in small businesses. *Entrepreneurship, Theory & Practice*, Winter, 73-75.

Chusmir, L. H., Moore, D.P. & Adams, J.S. (1990). Research on working women: a report

 card of 22 journals. *Sex Roles: A Journal of Research*, 22(3), 167-175.

Clegg, A. (2004). Business must put gender on the agenda. The Financial Times, August 3,

10.

Cliff, J.E. (1998). Does one size fit all? Exploring the relationship between attitudes towards

 growth, gender, and business size. *Journal of Business Venturing* 13, 523-542.

Coleman, S. (2007). The role of human and financial capital in the profitability and growth of

 women-owned small firms. *Journal of Small Business Management* 45(3), 303-319.

Collins-Dodd, C., Gordon, I.M., & Smart, C. (2004). Further evidence on the role of gender

 in financial performance. *Journal of Small Business Management*, 42(4), 395-417.

Cooper, A.C., Gimeno-Gascon, J.F., & Woo, C. (1994). Initial human and financial capital as

predictors of new venture performance. *Journal of Business Venturing*, 9(5), 371-395.

De Bruin, A., Brush, C.G., & Welter, F. (2006). Introduction to the special issue: towards

building cumulative knowledge on women’s entrepreneurship. *Entrepreneurship Theory and Practice,* 30(5), 585-593.

DeLollis, B. (1997). Today’s female passion for entrepreneurship. *The American Enterprise*,

8, 42-45.

Delmar, F. & Davidsson, P. (2000). Where do they come from? Prevalence and

characteristics of nascent entrepreneurs. *Entrepreneurship and Regional Development*, 12, 1–23.

DeMartino, R. & Barbato, R. (2003). Differences between women and men MBA

entrepreneurs: exploring family flexibility and wealth creation as career motivators. *Journal of Business Venturing*, 18, 815-832.

DeMartino, R., Barbato, R., & Jacques, P.H. (2006). Exploring the career/achievement and

personal life orientation differences between entrepreneurs and nonentrepreneurs: the impact of sex and dependents*. Journal of Small Business Management*, 44(3), 350-369.

Devine, T. J. (1994). Characteristics of self-employed women in the United States. *Monthly*

*Labor Review*, 177(3), 20-34.

Fischer, E.M., Reuber, A.R., & Dyke, L.S. (1993). A theoretical overview and extension of

research on sex, gender, and entrepreneurship. *Journal of Business Venturing* 8, 151-168.

Fisher, A. (2006). The sky’s the limit. Fortune. Retrieved October 24, 2009 from

<http://money.cnn.com/magazines/fortune/fortune_archive/2006/05/01/8375419/index.htm>

Gill, R. & Ganesh, S. (2007). Empowerment, constraint, and the entrepreneurial self: a study

of white women entrepreneurs. Journal of Applied Communication Research, 35(3), 268-293.

Goheer N (2002). Women Entrepreneurs in Pakistan: A Study to understand and improve

 their bargaining power, ILO, Geneva.

Goheer NA (2003). Women Entrepreneurs in Pakistan: How to improve their Bargaining

 Power’ International Labor Organisation (ILO), Geneva.

Greene, P.G., Hart, M.M., Gatewood, E.J., Brush, C.G. & Carter, N.M. (2003). Women

Entrepreneurs: Moving Front and Center: An Overview of Research and Theory. Retrieved October 24, 2009 from

<http://www.cofc.edu/entrepreneurconsortium/resources/research_women.php>

Greene, P.G., Brush, C.G., Hart, M.M., & Saparito, P. (2001). Patterns of venture capital

funding: is gender a factor? *Venture Capital*, 3(1), 63-83.

Heffernan, M. (2007). *How she does it: how women entrepreneurs are changing the rules of*

 *business success*, New York: Viking.

Hisrich, R., Langan-Fox, J., & Grant, S. (2007). Entrepreneurship Research and Practice: A

 Call to Action for Psychology. *American Psychologist*, 62, 6, 575-589.

Honig-Haftel, S., & Martin, L (1986). Is the female entrepreneur at a disadvantage? *Thrust*, 7

(1,2), 49-65.

Jones, L. & Snelgrove, A. (2006) From Behind the Veil: Industry-Level Methodologies and

the Implications for Disadvantaged Communities, the Case of Sequestered Women in Pakistan *Small Enterprise Development Journal*, Volume 17 Number 2, page 47-54.

Kalleberg, A.L. & Leicht, K.T. (1991). Gender and organizational performance: determinants

of small business survival and success. *Academy of Management Journal*, 34(1), 136-161.

Kaplin, E. (1988). *Women entrepreneurs: constructing a framework to examine venture*

 *success and business failure*. Wellesley, MA: Babson College.

Kirkwood, J. (2009). Motivational factors in a push-pull theory of entrepreneurship. Gender

 in Management: *An International Journal*, 24(5), 346-364.

Klein, K.E. (2006). Make way for female entrepreneurs. Businessweek Online. Retrieved

October 24, 2009 from <http://www.businessweek.com/print/smallbiz/content/mar2006/sb20060306_311659.htm>

Langowitz, N. & M. Minniti (2007). The entrepreneurial propensity of women.

*Entrepreneurship Theory & Practice*, 31(3), 341-364.

Moore, D.P. (1990). An examination of present research on the female entrepreneur—

suggested research strategies for the 1990’s*. Journal of Business Ethics*, 9 (Apr.-May), 275-81.

Moore, D.P. (2000). *Careerpreneurs: lessons from leading women entrepreneurs on building*

 *a career without boundaries*. Palo Alto, CA: Davies-Black Publishing.

Parker, (2010) A Conceptual Framework for Developing the Female Entrepreneurship

 Literature *Journal of Research on Women and Gender.*

Parasuraman, S., Y.S. Purohit, V.M. Godshalk, & N.J. Beutell (1996). Work and family

variables, entrepreneurship, career success and psychological well-being. *Journal of Vocational Behavior,* 48(3), 275-300.

Sabarwal, S. & Terrell, K. (2008). Does gender matter for firm performance? Evidence from

Eastern Europe and Central Asia, Discussion Paper No. 3758, Institute for the Study of Labor (IZA).

Sands, S. (2006). Why aren’t women at the top yet? *New Statesman*, 135, 40-41.

Sarri, K. & A. Trihopoulou (2005). Female Entrepreneurs’ Personal Characteristics and

Motivation: A Review of the Greek Situation, *Women in Management Review* 20(1), 24-36.

Scott, C.E. (1986). Why more women are becoming entrepreneurs. *Journal of Small Business*

 *Management*, 24(4), 37-44.

Shabbir A (1995). How gender affects business start-up – evidence from Pakistan. *Small*

 *Enterp. Dev. J*., 6(1): 25-33.

Shah NM (1986). Pakistani Women, Pakistan Institute of Development Economists,

 Islamabad.

Shaheed F (1990) Pakistan’s women: an analytical description, SANJH, Lahore.

Terjesen, S. (2004). Female business owners: A review of the last decade of research. Paper

presented at the Academy of Management-Entrepreneurship Division, New Orleans, August.

Thornton, P. (1999). The sociology of entrepreneurship. *Annual Review of Sociology*, 25,

 19-46.

Tigges, L.M. & Green, G.P. (1994). Small business success among men- and women-owned

 firms in rural areas. *Rural Sociology*, 59(2), 298-309.

United Nations Development Program 2004, *UN Human Development Report,* viewed March

 3, 2006 <http://hdr.undp.org/statistics/data/countries.cfm?c=PAK>

Walker, D. & Joyner, B.E. (1999). Female entrepreneurship and the market process: gender-

based public policy considerations. Journal of Developmental Entrepreneurship, 4(2), 95-116.

Watson, J. (2003). Failure rates for female-controlled businesses: are they any different?

 Journal of Small Business Management, 41(3), 262-277.

Weiler, S. & Bernasek, A. (2001). Dodging the glass ceiling? Networks and the new wave of

 women entrepreneurs. The Social Science Journal, 38, 85-103.

Zeller, W., King, R.W., Byrd, V.N., DeGeorge, G., & Birnbaum, J. (1994). Women

entrepreneurs. Business Week, April 18, 104-110.