Startup Challenges: A Hindrance for Women Entrepreneurs

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ABSTRACT

The present paper intends to highlight the major start up challenges faced by women entrepreneurs in Pakistan to find out ways to reduce these hindrances. The data were collected through purposive sampling from women entrepreneurs of Peshawar, WahCantt., Islamabad and Attock through a questionnaire. Quantitative analysis, including Total Average and Percentage/frequency was being done to find out the challenges that hinder the way of women entrepreneurs in Pakistan. Finance, workload, family commitments and societal constraints were identified as challenges faced by women entrepreneurs.

KEY WORDS: Entrepreneurs - workload - societal constrains – family commitments – finance

INTRODUCTION

Globally entrepreneurship is regarded as a progressive future for business, industry [78]. Consequently entrepreneurship is regarded not only as an essential source of globalization, but also for its feature of creating varied opportunities for potential business players [64].

Entrepreneurship had been an important topic for study and discussion since the Aristotle era. For more than 200 years, notable people have been advancing the idea of what entrepreneurship is. Throughout history, the definition of an entrepreneur has changed to fit the demands of that era. Not only has the definition of entrepreneurship changed to fit the economic situations, but there is no globally agreed definition of what an entrepreneur truly is.

Early 18th Century explored the economic activities of entrepreneurs in the working classes by Richard Cantillon. During the same century, an economist Jean-Baptiste studied the administrative roles of entrepreneurs. During 20th Century entrepreneur was defined as a trendsetter by Joseph Schumpeter. Frank Knight emphasized on the risk taking ability of entrepreneur by using a theory by Cantillon. He proved that entrepreneurs stand ambiguities by their risk assume ability [72].

For more than 200 years, many scholars and social scientists have studies to conclude the idea of entrepreneurship. Perceives entrepreneurs as an action of a firm that is purely related to innovation of technology and product market, presumes entrepreneurship as creating from an innovative combination of resources[62]. Gartner [25, 26] on the other hand assumes entrepreneurs as a process which leads ways for the creation of new organizations.

Entrepreneurship is also considered as creation of innovative products either within running business or creating new products while forming new businesses Stevenson and [51] are of the view that entrepreneurship is mainly related to exploring new opportunity unrelated to existing combination of resources. Another view point described by [50] describes entrepreneurship as a process of new venture creation.

Gradually the number of Women entrepreneurs is increasing worldwide. Women are more than one-third of the population involved in entrepreneurial activities. Valencia [87] in a report describes that women make almost 40 percent of approximately 73 million entrepreneurs in 34 nations which supports the findings of Sitterly [83] who reported that approximately 40 to 50 percent of all businesses are owned by women.

The women entrepreneurship is deemed to be a valuable tool to enhance economic development in general and women empowerment in particular [14]. There are some valuable components of women empowerment. They include a believing in self-worth of, women’s right of making choices, access to opportunities and resources, right of decision making in their personal life within and outside the home, right to lead some social changes nationally and internationally [87].

A positive connection is found between motivational factors and women entrepreneurs, was revealed by a study conducted by Chinonye and Roy [17]. A research conducted by Sanyang and Huang [77] revealed that women are as capable of doing the business as the men are. Another study confirmed that women’s education and their professional experience are the motivating factors for them to affect their entrepreneurial decisions [65].

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Problem statement

Women while opting for self-employment face numerous challenges that scare them to a level which discourages women entrepreneurs. There is dire need to address these prominent and hidden challenges so that women may be encouraged to confidently opt for self-employment. For this purpose our problem statement is:

Hindrances faced by women entrepreneurs.

Research Question
What are the common challenges women entrepreneurs face?
What challenges may encourage potential women entrepreneurs?

Research Objectives
This study intends to:

- To develop a theoretical framework that may help in understanding challenges faced by women entrepreneurs that is hindering the entrepreneurial abilities of women.
- To share these challenges with potential women entrepreneurs so to encourage them to be actual entrepreneurs.
- To make some suggestion to lessen these challenges.

Rationale/Justification of research

Most of the research on entrepreneurial aspects is mainly being conducted in developed countries as compare to developed ones. While limiting the research at the same time it provides prospects for the researches with more ideas for research in developing countries [49].

Development of entrepreneurial opportunities is the prime requirement of this point in time in Pakistan, most particularly for women. As per a Labour Force Survey conducted by Policy Planning Cell (PPC), ministry of labour, (2006) total labour force in the country rise to 50.3 million but only 47.7 million is employed. Out of the employed force only 20% are females, which is a point of concerns regarding presence of gender gap in the labour market. In view of these figures females are still underutilized yet an important section of the labour market, which indicates the need of government intentions to introduce targeted programmes to enhance chances of female participation in labour market.

To attain the targeted figures of employment for 2020, there is a dire need to encourage more job creator instead of job seekers. Providing opportunities for entrepreneurial education is considered a way to overcome the problem.

As revealed by a recent study, in developing countries entrepreneurial is probably least studied topic in economic and social research [1]. Another study conducted in 2013 revealed that there is a dire need of further research in field of women entrepreneurs in Pakistan [9]. Further study conducted in England suggests research for improvement of women and their business that may aid in improved performance and further growth of women owned business [63].

Significance of Research

- The findings of this research may facilitate potential women entrepreneurs to switch to real entrepreneurs by adjudicating their future alleyway in the light of these findings.
- These finding may be able to influence the policy makers to devise strategies that can encourage women entrepreneurs.

LITERATURE REVIEW

Gradually the number of Women entrepreneurs is increasing worldwide as women are more than one-third of the population involved in entrepreneurial activities, [87] in a report describes that women make almost 40 percent of approximately 73 million entrepreneurs in 34 nations which supports the findings of [84] who reported that approximately 40 to 50 percent of all businesses are owned by women.

In the southeast of Asia, almost 18 to 30 percent self-employed population from Indonesia, Malaysia, Philippines, Singapore, and Thailand are women [58].

The women entrepreneurship is deemed to be a valuable tool to enhance economic development in general and women empowerment in particular [13]. There are some valuable components of women empowerment. They include a believing in self-worth of, women’s right of making choices, access to opportunities and resource, right of decision making for their personal life within and outside the home, right to lead some social changes nationally and internationally [83].

The financial institutions discriminate but only as far as the firm size is concerned, leading to limited credit available to women owned business as they are generally of smaller. The difference of culture within and between countries is another factor determining different roles of women, managing professional and personal life [19].
Start-up Challenges faced by women entrepreneurs:

This would be an interesting fact to share that women entrepreneurs' percentage is higher in countries having lower per capita income for e.g. Angola, Bolivia and Peru while the same percentage is lower in countries with higher per capita income e.g. Israel, German and UK. This explains the difference between push and pull entrepreneurs [7, 11]. Where push entrepreneurs are forced towards entrepreneurial endeavors while pull entrepreneurs are attracted towards entrepreneurial endeavors [69].

During last 10 years rate of women participation in economic activities have not changed. As indicated by a survey, number of women entrepreneurs in Pakistan is still lower than their male counterparts [29, 83 and 76]. The same survey further revealed that in general, women if belonging to a nuclear family structure would easily opt for entrepreneurial activities as compare to the women in joint/extended family structure. The reason for this as explained by Goheer is that women belonging to a nuclear family have fewer interactions with the older family members thus making them free of social and cultural constraints.

Another study conducted by [83] in Pakistan found that majority of women owned business endeavors are legally registered as sole proprietorships. On the other hand the same study revealed that the women owned partnership businesses are twice the total average of partnership businesses in Pakistan. These businesses are mainly from small manufacturing, trade and services.

A study revealed that lack of leadership, lack of planning and insufficient financial resources all lead to increase in difficulties for women when they are opting for self-employment [70]. Along with all these difficulties women face challenges of male dominance, dependency upon male counterparts for financial transactions and restrictions imposed by society only on women [4]. A study suggested some factors as challenges for women entrepreneurs they include family influence, motivation, skill and knowledge level, economic condition, access to capital and support provided [18 and 21].

Theoretical Framework

<table>
<thead>
<tr>
<th>Finances</th>
<th>Family commitments</th>
<th>Workload</th>
<th>Social constrains</th>
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Women entrepreneurs

**Finances**

Access to finance is a critical aspect of women entrepreneurs as one of the major constraints faced by women entrepreneurs at the start up is credit facility. Various reasons cause this limitation of credit for women, these reasons include non-availability of collateral and negative mind set of financial institutions about women entrepreneurs. South Asian women in particular have no access to financial facilities. They are entitled to only 10% of total credit for entrepreneurs. As supported by literature, the credit facility for women entrepreneurs in developing countries is not accessible [39, 40, 41, 53 and 60]. While the participation rate of women in informal sector of economy is much more than their male counterparts [5, 6]. Lack of financial resources to set up their business compels them to seek credit facilities from micro-finance departments [5, 6].

**Family commitments**

Family of women entrepreneur effects business creation and progress. Family support and cooperation towards entrepreneurs is essential for entrepreneurial success, a study conducted about the successful professional women from Malaysia revealed that positive attitude of parents and husbands of women is positive related to women participation in higher education, which is supporting women to participate in entrepreneurial activities. For female entrepreneurs, role of family is very important. Research on importance of family support for women entrepreneurs revealed two aspects in this regards: one of the aspect in this regard is that some families extend full support to women entrepreneurs [33], cooperate with them for exploring business ideas [40], whereas other group discourages women and considers them incapable of doing anything [38]. This dejection in some cases also sways women to opt for being entrepreneurs. Females belonging to any entrepreneurial family, either one or both the parent are most likely very confident in opting for entrepreneurial career [42].
Workload

Another challenge revealed by research is workload or long working hours. Working time required by one role from women conflicts with the same time requirement from her other roles [30]. It is further emphasized by many researches such as [43] that time requirement of self employment is much more than paid employment. Study conducted by [8] revealed that long working hours and nonflexible working schedules lead to higher work and family role conflicts. Another aspect to look at work load is that it leads to stress which can cause nervousness, strain and annoyers that worsens family and work conflicts among women entrepreneurs [11].

Entrepreneurs do not work in isolation they have to stay in contact to all the stakeholders [85]. Although entrepreneurs are considered to be independent in their decision making and working approaches still they may to some extent, rely on the opinions of their stakeholders, stressor may affect their interpersonal communication with their stakeholders [16].

Social Constrains for Women in Pakistan

There are some social and economic constraints faced by women in Pakistan mostly women entrepreneurs in Pakistan [49]. The figure of human deprivation in Pakistan is at verge [34]. As per data from a report on human development, GDP per capital for women in Pakistan is lowest in the South Asia. Here the definition used for GDP per capita is the Purchasing Power equivalence [38].

Till 1989 the population growth rate was more than the labour force rate. But the labour force grew faster because of the demographic shift and decline in fertility rate. This changing population structures are causing diminishing job opportunities for younger generation. Around 2050 the job opportunity window is anticipated to be shut off as the demographic shift is causing more working age group [45, 38]. Some of the social constraints indicated by researchers are lack of education facilities for women, gender discrimination, lack of family support, acceptance by community and society, lack of filed experience, unfavourable market behaviour and role conflict [9, 22].

8. Methodology of the Study

Target Population

The respondents for the present study are from the geographical region of Peshawar, Islamabad and Attock. Those independent women who own their own business are included in the present study. The lack of proper available information about the number of women entrepreneurs in these regions, so personal visits of these cities researcher came to know about the type of businesses which women own mostly. This may include School, Beauty Parlor, Fashion Apparel (Boutique), Manufacturing on small scale business and some other types of business like home based selling and arranging exhibitions to sell products occasionally.

The purposive sampling technique was used to collect the responses from women entrepreneurs. 170 respondents were approached to collect the data and finally 150 responses were used for the analysis. 20 responses were rejected due to the lack of sufficient knowledge of challenges they faced for their business and some respondents left half of the questionnaire unfilled.

The questionnaire for the present study was adopted from the previous research study by modifying the statements for the better understanding. The summary of adopted scale is given in the following table 1. The questionnaire was based on Five point Likert Scale as 1= Strongly Disagree to 5= Strongly Agree.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Construct</th>
<th>No. of Items</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Work load</td>
<td>6</td>
<td>Reilly (1982) [74]</td>
</tr>
</tbody>
</table>

Respondents Profile

The summary of respondent Profile is given in table 2.

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualification of entrepreneurs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under Graduate</td>
<td>22</td>
<td>14.7</td>
</tr>
<tr>
<td>Graduate</td>
<td>74</td>
<td>49.3</td>
</tr>
<tr>
<td>Masters</td>
<td>50</td>
<td>33.3</td>
</tr>
<tr>
<td>MS/ MPhil.</td>
<td>3</td>
<td>2.0</td>
</tr>
<tr>
<td>Ph.D.</td>
<td>1</td>
<td>0.7</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
As referred to Table 2 the respondents were 22 (14.7%) Under Graduate, 74 (49.3%) were Graduate, 50 (33.3%) were Masters, 3 (2%) were MS/MPhil and 1(0.7%) were Ph.D.; 21(14%) were Unmarried, 100 (66.7%) were Married, 18 (12%) were Divorced and 11(7.3%) were Widow; 36 (24%) respondents having Partnership business structure, 101(67.3%) had Sole proprietorship, 3(2%) had General Partnership, 9(6%) had Limited Partnership and 1(0.7%) had Corporate business structure; the type of business which respondents had 24(16%) of School, 44(29.3%) had Beauty Parlor, 44(29.3%) had Fashion Apparel, 11(7.3%) had Manufacturing on small scale business and 27(18%) had other type of business. When respondents were asked that who were your initial investors the responses? Then 65(43.3%) respondents were themselves as initial investors for their business, 46(30.7%) had parents as initial investors, 20(13.3%) friends as initial investors, 19 (12.67%) were of the view that they had other sources for initial investors.

RESULTS AND DISCUSSION

The value of Cronbach’s Alpha Coefficient has been obtained for every construct to analyze the reliability of the measures and also mean and standard deviation have been measured for each predictor and outcome variable. The results of Cronbach’s Alpha, mean and standard deviation are summarized in table 3.

To find out the overall relationship between the variables in the present model first of all the value of R was calculated and it was 0.710, as shown in table 4 when the Success of Business was considered as the dependent variable and the Finance, Family Commitments, Work Load and Social Constraints were considered as the independent variables. The value of R shows the strong relationship among the variables. The value of R Square shows that 50.4% of Business Success for women entrepreneur depends upon the Finance, Family Commitments, Work Load and Social Constraints were considered as the independent variables. The closer value of adjusted R square to the R-square shows that the present regression model is explaining 49% of observed phenomena so this indicates that the results sufficiently can be generalized.
The statistical analysis has been done with the help of regression and correlation as done by many researchers in approximately same type of research models. The values of Beta Coefficients were obtained by applying the regression analysis which shows the relationship of independent variables with the dependent variable. As the table 5 of beta coefficients indicates that the values of Beta Coefficients of Finance, Work Load and Social Constraints showed positive relationship with the success of business and Family Commitments had negative relationship with the success of business. At the Level of Significance 0.05, the values of Beta Coefficients indicated that if there is 1 unit change in Finance factor, the success of business influenced positively by 0.206 units, Family Commitments decrease the success of business by 0.258 units, Workload positively increase the success of business by 0.203 units and Social Constraints contribute positively in success of business by 0.329 units.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.209</td>
<td>0.172</td>
<td>12.807</td>
<td>0.000</td>
</tr>
<tr>
<td>Finance</td>
<td>0.206</td>
<td>0.050</td>
<td>0.363</td>
<td>4.130</td>
</tr>
<tr>
<td>Family Commitments</td>
<td>-0.258</td>
<td>0.056</td>
<td>-0.443</td>
<td>-0.570</td>
</tr>
<tr>
<td>Work Load</td>
<td>0.203</td>
<td>0.037</td>
<td>0.334</td>
<td>5.431</td>
</tr>
<tr>
<td>Social Constraints</td>
<td>0.329</td>
<td>0.048</td>
<td>0.557</td>
<td>6.900</td>
</tr>
</tbody>
</table>

a. Dependent Variable: SOB

The strength of relationship between the variables was measured by the Pearson Correlation Matrix. Table 6 summarized the results of correlation.

<table>
<thead>
<tr>
<th>CONSTRUCTS</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOB</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>0.417*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family Commitments</td>
<td>0.272*</td>
<td>0.740*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Load</td>
<td>0.471*</td>
<td>0.201*</td>
<td>0.233*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Social Constraints</td>
<td>0.568*</td>
<td>0.565*</td>
<td>0.664**</td>
<td>0.301**</td>
<td>1</td>
</tr>
</tbody>
</table>

Correlation is significant at the 0.01 level (2-tailed).
Correlation is significant at the 0.05 level (2-tailed).

From table 6 the relationship between the Finance and Success of Business showed 0.417 while the relationship between Family Commitments and Success of Business is 0.272, the relationship between the work load and Success of Business is 0.471 and the relationship of Social Constraints and Success of Business is 0.568. The values of table 6 shows that the relationship between success of business and social constraints are strong and positive as value is higher than 0.5, this indicates that the social constraint is one of the strong factor faced by women entrepreneurs. The second major factor which hinders the women entrepreneurs is the workload as the correlation table shows moderate relationship between success of business and workload as value is below 0.5 that is 0.471. The correlation value between finance and success of business is 0.417 which is also a moderate value indicating that finance is also an important challenge for the women entrepreneurs and family commitment correlation value 0.272 indicates low relationship between the success of business and family commitments.

9. DISCUSSION AND CONCLUSIONS

Finances were one of the most important challenge faced by women entrepreneurs which is in line to the previous research showing that access to finance is one of the major factor for women entrepreneurs. Many researchers have considered access to finance from many different aspects [80, 6, 39, 40, 41, 53, 55, 60, 68, 5]

Increase workload leads to family to work role conflict which in turn becomes a hurdle in the success of women entrepreneurs. Work to family conflict is proved by many other researchers [37,16] emphasized the fact that the quandary of family and work role conflict for women may become serious issue. As success of their business is depended on their personal success which means great commitment to their work increasing the workload that may lead to family and work role conflict for married women.

Family commitments also was being considered as one of the major constraints for women entrepreneurs however the prior researches in the regard of family commitments influencing women entrepreneurs present two views on the concept, first one is of the view that families are highly accommodating and encouraging [33] playing their positive role in encouraging females to pursue career as entrepreneurial endeavors [44]. Whereas the other view of family supports the idea that females are
not admired for their job rather they are discouraged by the family, females opt for entrepreneurial endeavors in order to prove them persuaded by the family discouragement [42].

Societal constraints are also regarded as a challenge faced by women entrepreneurs. This factor had also been an important aspect of research in Pakistan [31, 32, 22] revealed that male dominant societies create problems for women entrepreneurs by discouraging their participation in business activities, limiting their interactions to markets and by discouraging their social mobility in Pakistan. The same study further emphasized that women entrepreneurs in Pakistan face not only environmental constraints but also have to face some traditional constraints. These constrains include Scio cultural, religious, constitutional, rules and regulation etc.

10. Suggestions
At this point of time of socio economic situations in Pakistan, there is a dire need of promoting job provider instead of job seekers. For this purpose Pakistan has to promote women entrepreneurs resulting in increased job opportunities for others while at the same time raising family living standards.

In view of present study and some of the previous study we would like to conclude some of the following suggestions.

1. Easy access to finance may be made available for potential women entrepreneurs enabling them to opt for self-employment.
2. Some awareness campaign may be promoted, for the families of women entrepreneurs emphasizing the need of their business success as an important mile stone for the whole family wellbeing.
3. Long hours for schooling will also help women entrepreneurs to feel little secure and comfortable on child care aspect.
4. Trained house maids may be provided to women entrepreneurs helping them in their household activities.
5. Over all society need to lessen their stereotype thinking of not admiring women potential of being successful entrepreneurs.

Limitations
As many women entrepreneurs are not registered officially, it was difficult to locate them thus limiting the sample size. Some of the women entrepreneurs are not highly educated so it would be convenient to gather responses if the questioner may be translated to local language. Moreover the results may not be generalized for the wholepopulation as the data collected is from three cities only.

Acknowledgement
I would like to thank my co-researcher and supervisor for full support and cooperation throughout this voyage of leaning.

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