



A comparative study on the financial performance of women entrepreneurial companies in India

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Abstract:*The economic growth that has been achieved in the last two centuries can be largely attributed by the role played by entrepreneurs through the cutting edge of innovations to the market. The promotion of female entrepreneurship is a relatively new concept and still developing in practice, if combined with marketing and skills development training and it has potential for fostering economic growth, women's income generation and women's empowerment. Many studies focused on developing and understanding of the relationships among variables central to dynamic capabilities inquiry and their outcomes. In this study an attempt made to understand the capabilities of women entrepreneurs in financial achievements. This paper helps to identify the role of women producers and the importance of them in generating income and contributing to sustainable development. The paper also throws light on the contribution of women Entrepreneurs in the development of an economy and their additions to particular nation's GDP. The overall study concluded that promoting women's entrepreneurship will greatly help to build and make the Industries strong in India.*

Key Words: *Women Entrepreneur, GDP, Financial performance, Economic growth.*

Introduction:

Entrepreneurial activities in the past two decades have been shown to influence economic development and growth (Naude, 2008). The powerful role of women played in this process has been the theme of much entrepreneurial research, mostly from developed nations (Shane, 1997). The entrepreneurs contribution to economic advancement is likely to differ in

developing countries when compared to developed countries(Lingelbach et al 2005; Van Praag and Versloot, 2007), and remains a relatively unexplored research topic (Van Stel et al, 2005). Women, constituting nearly half of the population, can be a strong force and resource for sustainable socio-economic development when provided with adequate support, but are unfortunately given only secondary



roles, especially in developing and under-developed countries (India, 2011; Ghosh and Choudhuri, 2011). Banerjee and Duflo (2007) report the apparent apathy of the poor to perceive opportunities for successful business ventures, and Gifford (1998) concluded that in poor countries, the environment may be such that it attaches a very high cost for an individual to turn attention away from pressing matters to seek or perceive and take advantage of new opportunities. As irrespective of Gender, it is hard for the individuals to make use of new avenues, Women in particular societies has to break the rock to utilize the new tunnels and especially in funding or sourcing finance the women are considered to be unsecured.

A number of national and international studies have also documented the sex-typing of occupations (Anker, 1998), and highlighted the intricate relationship between the domestic responsibilities of women and their great potential to be successful in business that seems critical in a developing Economy (Boserup, 1970; Boulding, 1983; Dube, 1997). In India, this phenomenon has been noted in a number of industries such as knitwear and garments (Vijayabhaskar, 2002; Singh and Sapra, 2007). These jobs provide

limited opportunity for upward mobility (Neetha, 2002).

Several socio-cultural and political factors are responsible for such gender biases, which are gradually being overcome but not adequately or urgently, even with governmental policies of equal opportunity for women in education and jobs (Anker, 1998; Beck et al, 2003; Peredo, 2001). Economic development of a country or a geographic region depends on four major factors: land, labour, capital and entrepreneurship (Kilby, 1971; Myint and Krueger, 2009), the last one perhaps the weakest in most indigenous populations and transition economies such as Meghalaya (Tan 2001; McMillan and Woodruff, 2002; Naude, 2008).

Objectives of the study:

- 1) To study the contribution of women entrepreneurs to Indian GDP.
- 2) To analyze the potential of women entrepreneurs in financial achievements and to locate lacuna.
- 3) To find the Industries in which women lack performance.
- 4) To compare the financial achievement of women with that of men in the similar industry.

Research methodology:



Financial Highlights of top ten performing companies headed by women have been used for the study. Annual Report of the competitor headed by men of all companies is also considered and compared.

Data and tools Used: The data used for the study are secondary from the annual reports of companies and from web sources and earning per share, market price per share, debt- equity ratio, turnover ratio, return on total assets are tested.

Limitations and scope of the study: The study is purely based on secondary data and it has focused only on the ten companies wherein Indian Entrepreneurial population comprises 15% of women. The study is not specific with regard to industry as it analyze the financial performance of women owned organizations belonging to various sectors. Certain Industries lack women footage so that the importance and need of female participation in those sectors is insisted in the study. The paper also

motivates women stressing their competitiveness against men. The requirement for the financial performance of women Entrepreneurs is culled from the study.

Analysis & Interpretation:

In the next decade nearly 1 billion women are likely to enter the global labour force. But their economic potential is largely unrealized. According to a report by Booz & Company, a consultancy, if female employment rates matched those of men, GDP would increase by 5% in America and 9% in Japan by 2020. The impact would be even larger for developing countries, home to most of the world's women who lack adequate education and support (social and political). Increasing female employment would increase GDP significantly in countries like India and Egypt, where female labour-participation rates are below 30%. These countries rank low in Booz's index of women's economic empowerment.

Figure-1: economic contribution of women over the world.

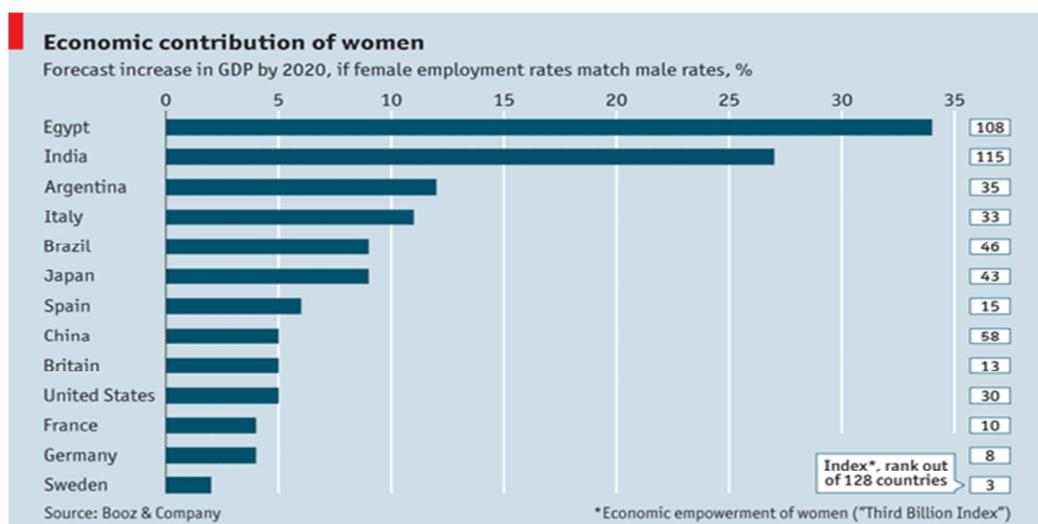


Table 1: Analysis of financial performance of companies headed by women (2012-2013)

S.No	Name of the entrepreneur	Company name	Turnover Ratio	EPS	Debt-Equity	Highest MPS	Return on net assets
1	Kiran Mazadhur Sahaw	BIOCON	20%	25	0.09	306.80	15%
2	Ekta Kapoor	Balaji Tele Films	9.4%	2.04	----	63.90	31.5%
3	Indra Nooyi	Pepsi Co	13.9%	22	1.5	73.66\$	23.17%
4	Naina Lal Kidwai	HSBC	30%	67	0.6	999.17	2.1%
5	Chanda Kochar	ICICI Bank	41%	72.20	0.5	1214.3	1.66%
6	Indu Jain	Times Group	28%	24	----	98	29%
7	Neelam Dhawam	Hawlett-packard	18%	74	1	877.45	22.09%
8	Sulajja Ferodia Motwani	Kinetic Motors	32.19%	41	0.7	421.25	32%
9	Priya Paul	Apeejay Park Hotels	36.89%	14.45	0.8	122	38.72%
10	Mallika Srinivasan	TAFE	23%	55.7	0.3	654	28%



The table 1 depicts the energized efforts of women in managing their companies' financials at a higher end. The Debt Equity Ratios gives a clear picture that they are more concerned in maintaining the adequate liquidity level and also to have fair returns at low risk. Maintaining ideal debt equity ratio by the companies avoids major economic recessions and disasters. The return on total assets and turnover ratio is also satisfactory. EPS and MPS of the companies is also equally competent to their competitive companies headed by male CEO's and CFO's. An individual's business finance management can be traced from personal finance management effectiveness; Women being good at managing family finance also could manage and achieve financial highlights.

Conclusion:

Though women are good at managing finance, when it comes for sourcing finance, women face particular hurdles, from a lack of collateral to discriminatory regulations and ingrained gender bias. Small loans can make a big difference. Microfinance providers such as Women's World Banking and Grameen are addressing the need. But financial institutions must do a

better job of banking on women's potential by thinking creatively and forging partnerships, like Coca-Cola's \$100m initiative with the International Finance Corporation, to give more women a shot at the resources that can enable them to start up or scale up. Narrowing the gender gap in employment will increase global income per person by as much as 20% by 2030. But the benefits go beyond the bottom line. Women business leaders inspire other women to pursue their dreams. They may also find it easier to balance work and family outside the traditional corporate world. In emerging markets, women reinvest 90% of their earnings in their families and communities which means that investing in women is an investment in our collective future. The world needs women entrepreneurs, and women entrepreneurs need all of us. It is time to provide the support and tools to ensure that, in 2014 and beyond, women-led businesses flourish.

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