Women Participation: Paradoxes in Management of Small Scale Industries: Urban – Rural Disparities

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Abstract

Role of women in business is on the increase from a global perspective. Significant importance is given to women's role in small business ventures to ensure women empowerment. However, no initiative was taken in past research to identify regional disparities in the level of women participation in day-to-day management. The aim of encouraging women participation in business ventures was not only to ensure success to their endeavours but also to assure social and economic development in both rural and urban sectors. Conceptualizing the importance of aforesaid move and the degree of its impact on women enterprises, this study attempts to identify the regional dichotomy in the level of women participation by focusing on nine urban and six rural small business units purposively selected from two States in India. Hypotheses were tested with primary data collected with questionnaire administered in aforesaid regions focusing on a sample of 200 women entrepreneurs. Chi and z tests were used and results were modelled to express regional disparity in level and nature of women participation. This study developed a new paradigm that facilitates further research in this field.

Keywords: Small business enterprises, Participatory management, Women empowerment and Urban-rural disparity

1. Introduction

Effective participation in management of owned business enhances owners' confidence, bringing in better leadership and growth. Past experience reveals that effect of participation on the performance of business varies according to level of involvement. However; employee-ownership has been advocated with an aim to enhance worker motivation through organizational democracy and thereby to increase productivity. In this context, majority of small business enterprise build up by female owner-employees with an aim to ensure women empowerment in management, unfortunately, face a host of issues.

No doubt, the owner-manager-employees' awareness of the nuances of doing business in the changing global markets apparently rely upon the level of their involvement in management with the aptitude and skill to work as a team. Conceptualizing the profound impact of the aforesaid factors in women empowerment, several past studies claim that absence of such factors are more apparent in women entrepreneurs than in their male partners, expressed more by illiterate women than by their educated counterparts (Vohra, 1986; Karl,1995; Biswas, 1999; Rajendra, 2003) . Obviously, Indian women entrepreneurs are not an exception to the aforementioned issues.

While women of India share many of their disabilities with women in the undeveloped countries (Vernon, 2001) their absence from managerial responsibilities is more extensively evident in certain regions due to the level of education and gender-segregated characteristics possessed by certain communities in India. Majority of small business enterprises organised for and by the women of backward regions are expected to function with the notion that they should possess the identity of owner-manager-employee in business operations. Furthermore, to

introduce more women from all strata into the aforesaid concept, government of India encourages these types of ventures by supporting them with finance and technology, channelized through local NGOs, banks and cooperatives.

As discussed in past reviews, the aim of this movement is to encourage economic and managerial empowerment of women with their new identity as owner-manager-employee of small enterprises along with sharing of profit through mutual help (Sen, 1990; Malhotra et.al, 2002; Basu and Srivastava, 2005; Bali, 2006 and Pitt, *et.al*, 2006). In addition to the abovementioned objective, few studies portray these business enterprises as small economically homogenous entity of rural groups voluntarily (self-help groups) coming together with an aim to encourage thrift by depositing surplus in a common fund which could be lent to members as collateral credit (Abhaskumar, 2000).

Similarly, few others define this enterprise as the useful tool to encourage vulnerable members in communities to do business (Rao, 2002) through mutual help (Rajmohan, 2003). Admitting the fact that this venture would be successful in India only if it functions on mutual trust (Lalitha, 2002), member participation is strongly recommended in these ventures not only to enhance women's role as owner-employee but also to encourage their political, economical and social empowerment (Ritu, 2003).

Hence, conceptualizing the significance of women participation in small business and acknowledging the limitations that restrict their role unreservedly at the stage of formation and functioning of small business enterprises, this paper aims to identify the regional dichotomy in the level of women participation in management by selecting few Indian small business units from urban and rural areas as case examples.

2. Literature Review

Participation has different meanings to different people. While some consider it as a matter of principle, few others define it a practice. Regardless of the notion it holds, for the owner of a small business unit, it is a means to success. Studies reveal that participation can take in various forms in a business unit, such as partial involvement with mere consultation to active participation in top management including conceptualization, planning, implementation, monitoring and evaluation of business activities (World Bank, 1998; SAIEA, 2005 and Mary, 2008). Correspondingly, some other researchers sum up the aforementioned concepts affirming that the criteria for different levels of participation in a small venture could be based on the availability of information and mode of its utilization in business enterprises (Fuerst & Fuerst, 1979 and Helm *et. al*, 1993).

Apparently, close reading of various reviews on the need for women participation in management encourage the notion of women-managers-employees system acknowledging the benefit it could give to women in controlling their own enterprise (Ravallion *et. al,* 2001; Bennet 2002 and Narayan and Deepa, 2002). Past reviews also argue that owner participation in management removes socio-institutional barriers and enhances the capabilities of women to engage, influence, and hold accountable to the functions of their business (Rowlands 1995; Sen 1999 and Nussubaum 2000). However, it is true to assume that women involvement in managerial functions may vary from one region to another, indicating the need and ability to participate, based on the living condition of each individual.

Few studies observe that despite the potential they possess, the number of women participation at the top management is surprisingly low in many developing countries (Barbara et.al, 1986 and Marilyn and Ronald, 2004). These findings are corroborated with Linda's (2001) study – 'Breaking through the Glass Ceiling; Women in Management'- in which she argues that despite the high level of education acquired by women in several regions, their participation level in decision making is very low. Apparently, this concept is justified by Powell (1999) who criticizes the social system that deprives women of the opportunities that could groom them up to become qualified managers. Powell's findings are supported by Azura and Marilyn, (2001), who condemn the attitude of those societies that discourage women involvement in aforesaid activities. However, in contradiction to these beliefs, several empirical studies done to assess women's ability to undertake responsibilities evidently prove that women are also equally competent to handle managerial jobs, if opportunities are offered to them in rightful manner (Robinson, 2001; Chattopadhyay *et al.*, 2002 and Vinicombe and Singh, 2002). In addition, a specific study on rural women by Agarwal (1999) finds it apparently clear that rural women are more exposed to various threats and obviously these exposures enrich their skill to challenge global changes.

In brief, when viewed through this lens, this study eventually identifies that despite the number of research done in past to appraise the relevance of women participation a gap in the assessment of regional disparities among women in their participation in management still exists. Hence, this study focuses on rural-urban disparity in women participation in managerial functions and therefore, holds following two-fold objectives. Firstly, this research examines the awareness level of owner-manager-employees on the importance of their participation in management of their own small business ventures. Secondly, the study explores the extent of awareness as well as level of participation in decision making, comparing urban and rural women entrepreneurs in two selected states in India. Hence the paper develops three hypotheses:

 H_1 : There is significant difference in the perception of urban and rural women on the objective of organizing small business units or H_0 : $p_0 \neq p_1$.

H₂: There is significant difference between urban and rural women in their awareness level on the need to know managerial functions of own small business enterprises or H₀: $p_0 \neq p_1$.

H₃: There is significant difference between urban and rural women in their involvement and participation in the management of owned business units or H₀: $p_0 \neq p_1$.

The study acknowledges the limitation of exploring only the level of participation in terms of women-members' perceptions, excluding the socio-economic or legal causes that have profound influence in management of women enterprises.

Cognizant of this limitation, the authors believe that the result of the study would develop a new paradigm that facilitates further research in this field.

3. Research Methods

The research instrument to analyze women owner-manager-employee awareness on small enterprise management and their level of participation was designed with primary and secondary information. Primary data was collected through a survey conducted in two purposively selected regions from West Bengal and Kerala, the only two States in India holding a similar long history of socialism that possesses the philosophy of equal participation in management. Conceiving the similarity in culture and life style, the prominent difference assumed between these two states are in the level of women literacy rate, which is 30 percent less in Bengal than Kerala, a state with 90 % literacy (Census of India 2001). Obviously the study expects influence of this disparity in the findings. However, being an industrial state majority of female enterprises are organized in urban areas in West Bengal and being agricultural state Kerala women enterprises are mainly concentrated in the rural areas. This justifies the reason for selection of population for the study. Apparently, nine women owned small business units, three each from three urban centres of west Bengal, as well as six small scale units, two each respectively from three Panchayats of Kerala, representing one percent of the total units registered under the State Industrial centres, constitute the sample for study.

Hypothesis H1 and H2 were tested with a primary survey administered with a questionnaire designed with 12 questions grouped under two sections. 200 women enterprisers, 100 each from two states, covering all the sample units, were contacted to collect data. However, only 55 women from urban sectors, and 60 from rural sectors responded to the survey. Likert scale was used to analyze the response. Respondent registered her level of agreement for each items on a balanced rating scale, ranging from agree (1) to disagree (-1). Validity of these hypotheses (H1&H2) was measured with *z* test setting a threshold value for p > 0.05.

The third hypothesis, instrument to analyze the extent of women participation in management (H3), was tested collecting primary data targeting the survey on women owner-employees as well as functionaries of supporting NGOs. Grouping the questions under five levels (Pretty, *et.al*, 1995) the questionnaire was administered in the aforesaid regions selecting the same sample but adding 25 functionaries too, randomly selected from both regions, into each group. Chi-square test was used to examine the significance. The survey was done at two time phases based on the availability of respondents such as in October, 2010 and March, 2011.

4. Analysis

4.1 Perception on objective of organizing small business units

The first part of paper analyses the perception of women-owner-manager-employee on the necessity of participating in small business venture. Though many past reviews argued for women empowerment through organizing business enterprises (Thakur, 1988; Sarma, 1992; Jaya, 1995 and Rao, 2001), the objective of this analysis was to understand how far the respondents were conscious and aware of the importance of small business enterprises in their daily life.

It is a universal belief that women empowerment through small business ventures are a strategic move for socio-economic development of communities. International organizations too support this concept with the notion that addressing women empowerment through micro financing is a significant move to reduce poverty (Vijayalaxmi and Ramathirtham, 2010). Table 1 identifies significant difference in the degree of perception

between the two groups of respondents, except in terms of the opportunity of engaging in social services, which was more enjoyed by rural women than urban counterparts. Acknowledging similarity in the results, study rejects hypothesis H_1 and accepts null hypothesis.

Insert Table 1 here

4.2 Awareness of Self-Responsibility in Management as Owner-Manager-Employee

Contradictory to the findings of many past studies that confirm high level of exposure for urban women to exercise power in top management (Rao, 2003; Surender, 1997 and Vanaja, 2010), table 2 reveals that the awareness level of respondents on their role and responsibility as owner-manager-employee was found to be significantly high for rural women than urban counterparts. Authors observed that respondents' awareness level on their right to participate in management was more evidently seen among rural women, who had taken it as a passion in Kerala. Even though the spirit of socialism exists in both regions, perhaps, the higher level of literacy might have supported Kerala women to be more concerned about their rights and responsibilities. Perceiving the disparities (table 2) study accepts hypothesis H_2 .

Insert Table 2 here

4.3 Degree of Participation in Management Functions

The degree of participation in the functions of an enterprise defines state of management followed by the organization. According to Weber (1905) management of an organization could be grouped under *bureaucratic* leadership if its functions are structured and followed by few hands who take decisions prior to sending it to the members. However, in management under *democratic* leadership (Lewin, *et.al.*, 1939) an organization gives space to team members to share their ideas in final decision making process which results in increased employee satisfaction and ownership feeling. Contradicting the aforesaid notion of management, Fiedler (1967) argues for *people-oriented* management, which he suggests essential to bring in efficiency and supports for the sustainability of an organization. Corroborating the benefits of all the above types of management, Burns (1978) motivates an innovative type of management under *transformation* leadership arguing that it will promote member participation by motivating them to work as a team. Conceptualizing the feature of each aforementioned management types the analysis (table 3) was modelled in fig.1.

Insert Table 3 here

The level of participation of two groups of respondents is highlighted in table 3. Significant difference identified between urban and rural women, hence study accepts hypothesis H_3 . The results of analysis reveals that while rural women enterprises showed a tendency to move into more *people oriented* type of management, with high level of awareness and medium level of participation, urban women enterprises expressed a low level of awareness and medium level of participation that initiated a shift from bureaucratic to *democratic style* of management (fig.1)

Insert Figure 1 here

5. Conclusion

While women have captured an ever-increasing share in business ventures, how to improve their role as manager is yet under debate. This was reflected in the representation of women in small business units in India, particularly in sectors where the literacy level was found to be very low. Apparently, observing the functioning of few business ventures, study identified virtual absence of women owner-employees from their responsibilities of manager in own business. Besides the pertinent regional difference in women participation discovered by the study, the more alarming issue identified was lack of consciousness and awareness among the urban women on their right to participate in own business. While effective management of small business units today depends mostly on balanced contribution from participants from all levels, initiative measures have to be adopted to attract, educate and bring in more women owner-employee to undertake managerial responsibilities, especially in regions where women suffer deprivation due to low level of literacy. Assuming that the regional disparity might be due to lack of interest of own responsibilities as manager-employee of own business, involvement by rural women in daily affairs should be insisted as the desired qualification by government and supporting NGOs at the time of organizing such small groups. In brief, by leave space for further research in this field, this paper concludes with a hope that more women enrolling to higher education could enhance interest and skill to manage own business by the future generations.

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Democra	Urban respondents			Rural			Z *	P*
Purpose		Respondents						
	Score	Mean	SD	Score	Mean	SD		
Financial benefit	54	0.98	0.13	57	0.95	0.25	0.8168	0.414
Social service	24	0.43	0.71	50	0.83	0.52	-3.4209	0.0006
Outside exposure	29	0.52	0.66	35	0.58	0.76	-0.453	0.6506
Sense of independence	51	0.92	0.32	58	0.96	0.18	-0.8162	0.4144
Personality development	43	0.78	0.59	52	0.86	0.46	-0.8058	0.4203
Self esteem	22	0.40	0.70	33	0.55	0.79	-1.0794	0.2804

Table 1. Perception on the objective of establishing a small venture with group effort

Note: 95% confidence interval; * p > 0.05 (source: Primary survey)

Table 2. Awareness of self responsibilities and rights to participate in management

Awareness level on	Urban respondents			Rur	al Respo	ndents	Z*	P*
	Score	Mean	SD	Score	Mean	SD		
As employee of my business unit	54	0.96	0.26	60	1.0	0	-1.141	0.2539
As manager of my unit	43	0.78	0.53	53	0.88	0.41	-1.124	0.2608
As owner of my unit	52	0.94	0.29	59	0.98	0.12	-0.951	0.3416
Know daily affairs of management	39	0.70	0.59	58	0.96	0.25	-3.028	0.0025
Participative decision making	15	0.27	0.75	58	0.98	0.18	-6.842	0.0001
Concerned of profit/ loss	27	0.49	0.69	56	0.93	0.31	-4.344	0.0001

Note: 95% confidence interval; * alpha> 0.5 and p > 0.5 (source: Primary survey)

Urban respondents Rural respondents									1
		-							
	(n=80)			0/		()	n= 85)		- es
Levels of Participation	Count		% yes	% yes to	C		% yes to	% yes to	% difference
Levels of Farticipation			to total urban	total sample		ount = 85	total	total	iffe
	(<i>n</i> =	= 80)	n=80	n=165	n=	- 83	rural n= 85	sample n=165	р %
		10		b		N		d	E
a. Passive participation	у	n	a	U	у	IN	c	u	E
Informed before decision making	24	56	30	14.54	42	43	52.5	25.45	10.9
Informed after decision making	51	29	63.7	30.9	73	07	91.25	44.24	13.3
Participate in decision making	10	70	12.5	6.0	75	05	93.75	45.45	39.4
Total yes for (a)	85				190				
Average of total percentage: yes	28.3			17.1	170	63		87.4	
b. Participation for material ince									
Only to contribute money	35	45	43.7	21.21	21	64	26.25	12.72	8.48
Only to provide labour	43	37	53.75	26.06	61	24	76.25	36.96	10.9
Only supply raw material	02	78	2.5	1.21	03	82	3.75	1.818	0.60
Total yes for (b)	80			-	85	-			
Average of total percentage :yes	26.6			16.6	28		35.4		
c. Participation information shar		l consul	tation						
Participation in meetings	21	59	26.25	12.72	32	53	40	19.39	6.7
Provide market info	06	74	7.5	3.63	01	84	1.25	0.60	3.0
Conduct feedback for planning	01	79	1.25	0.60	02	83	2.5	1.212	0.6
Access to meeting proceedings	22	58	27.5	13.3	20	65	25	12.12	1.2
Accessibility to records	15	65	18.75	9.09	20	65	25	12.12	3.0
Participate in budget preparations	22	58	27.5	13.33	71	14	88.8	43.03	29.7
Total yes for (c)	87				146				
Average of total % yes	14.6		8.73	24		3	0.4		
d. Self-mobilization/active partic	ipation								
Participation in crisis	21	59	26.25	12.7	78	07	97.5	47.27	34.5
Participate in action plans	16	64	20	9.6	71	14	88.7	43.03	33.3
Run activities independent	25	55	31.25	15.1	64	21	80	38.78	23.6
Interact and share with external	14	66	17.5	8.4	55	30	68.75	33.33	24.8
institutions (banks, NGOs etc)									
Interact to get technical advice	28	52	35	16.9	72	13	90	43.63	26.6
Retain control on resources	05	75	6.25	3.0	33	52	41.25	20	16.9
Facilitate flow information to	06	74	7.5	3.63	41	44	51.25	24.84	21.2
link production with marketing									
Total yes for (e)	78				265				
Average of total percentage: yes	15.6			9.45	53		66.25		

Table 3. Degree of participation in management functions

Note: Chi squared equals 3.035, with 1 degree of freedom, two-tailed P = 0.0005

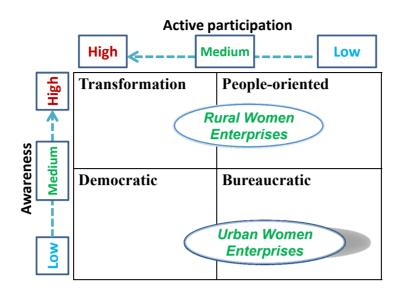


Figure 1. Type of management based on level of women participation in urban and rural India