

Factors Considered Important for Establishing Small and Medium Enterprises by Women Entrepreneurs—A Study on Khulna City

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Abstract

Half of the population is women who need to be incorporated in nation's workforce for the sustainable economic development. In the context of Bangladesh, the development of Small and Medium Enterprises (SMEs) can be considered as a vital instrument for poverty alleviation and can ensure the rapid industrialization. This study attempts to explore the

forces that encouraged women entrepreneurs to start their SMEs. The study was made on the entrepreneurs of Khulna, a metropolitan city of the country. The data was collected through a survey on five major dimension those are assumed to have influence on entrepreneurial decision namely socio-demographic, motivational, financial, regulatory and business environmental dimensions. Respondents' opinions from the survey were analyzed through simple descriptive statistics such as percentage and mean to draw findings. From the study it was found that women entrepreneurs in Khulna were mostly encouraged to start SMEs for motivational or pull factors such as gaining self-independence, providing financial support to family, improving quality of life and passing leisure time etc. Among the others factors found to be influential were inspiration from friends and relatives, availability of markets, profits potential etc. The study also revealed that as like other developing countries, women entrepreneurs of Khulna suffer from lack of financial support, complexity of regulatory systems, gender based discrimination, lack of adequate training facility and environmental support. Government and private initiative is important in this regard to overcome the hurdles and encouraging more and more participation of women in SME sector.

Keywords: SMEs, entrepreneurship, motivation, regulatory force, business environment

1. Introduction

Bangladesh is a developing country situated in the South Asian region that is inside a vicious circle of poverty with over population. Recent statistics reveal that the country's population is about 142.32 millions with almost half of them are women (female and male is 100: 100.3) (Bangladesh Bureau of Statistics 2011). About 50% of the population lives below poverty line (based on US\$1.25 per day per person). According to a statistics it is the second highest percentage among the South-Asian countries (Bangladesh Ministry of Finance, 2009). In the context of Bangladesh, the development of Small and Medium Enterprises (SMEs) can be considered as a vital instrument for poverty alleviation and can ensure the rapid industrialization. Around 6% of the country's \$90 billion economy (Bangladesh Ministry of Finance, 2009) comes from SMEs, which is also the largest sector in terms of employment generation. Although women are about half of the formal and informal labor force and thus, half of our development depends on them, it has been found that at present, women entrepreneurs constitute very insignificant part (less than 10%) of the total business entrepreneurs in Bangladesh whereas women in advanced market economies own more than 25% of all businesses. (Chowdhury, 2011).

Women's entrepreneurship has a tremendous potential in empowering women and transforming society. Bangladeshi women entrepreneurs need to have an extra quality to fight with adverse situations which seems to confront the female entrepreneurs than their male counterparts in the present-day context. Women entrepreneurs face various problems not only from their family and society but also within business including lack of capital, insufficient experience, unavailability of raw materials, and lack of marketing opportunities. In spite of these, in Bangladesh, not only have the women entrepreneurs increased their standard of living and earned more respect, but they have also contributed to the family and the society, the business and export growth, supplies, employment generation, productivity and skill development. So it is important to know what factors influenced these insignificant women entrepreneurs to start their ventures so that other women can be encouraged to become entrepreneurs. Different factors are assumed to influence women to start their own ventures including socio-demographic factors, motivational factors, financial factors, regulatory and business environment factors etc. In this research, an attempt is made to provide an analysis of the factors that influence women when they start their new business.

2. Objective of the Study

Broad Objective: The broad objective of this study is to analyze the factors considered important by women entrepreneurs' in establishing SMEs in Khulna city.

Specific Objectives

- To identify the socio-demographic factors that influences women entrepreneurs' in establishing SMEs.
- To find out motivation factors that influences women to enter into own business.

- To analyze the financial factors that influences women entrepreneurs' in new business creation in SMEs.
- To identify regulatory factors that influences women entrepreneurs' when they start their new business.
- To find out the business environment factors that influences the women in their new business establishment.

3. Methodology

The purpose of this research is to discover the different factors that women entrepreneurs considered influential when they start their new business. In order to do so, five broad factors namely socio demographic, motivational, financial, regulatory, and business environment factors had been chosen from the past relevant literature for analysis.

Both “primary data” and “secondary data” were used in conducting the research. Different books, journals, newspapers, articles and internet etc. were consulted to formulate the problem and finding the major factors and variables important for new venture development. For primary data collection, Khulna city had been selected. Primary data had been collected from respondents located at different areas of Khulna City such as Shonadanga, Gollamari, Daulatpur, Khalispur, South-central road, Ahsan-Ahmed road, Samsur Rahman road, Khan-jahan-ali road, Raypara cross road, and Dolkhola Bylane. These areas were selected for their importance as suitable location for small scale enterprises. A structured questionnaire was used for gathering information. Data were collected by visiting the respondent's home and office through face to face interview.

A set of questionnaire was prepared for conducting the field survey for primary data collection. The questionnaire had two sections. Both open ended and close ended questions had been used. Section –A represented the general information about the respondents and section –B included questions related to the broad five influencing factors that had been considered as important for women in their new business establishment. They were socio demographic factors, motivational factors, financial factors, regulatory factors, and business environment factors. To measure the influence a number of variables under each major factor were considered. In case of measuring the level of agreement about the influencing factors 5-point rating scale was used. The rating of the scale was as follows: strongly disagree (1), disagree (2), neutral (3), agree (4) and strongly agree (5).

There was no fixed information regarding the population of women entrepreneurs in Khulna city. According to the BWCCI (Bangladesh Women Chamber of Commerce Industries) approximately 150-250 women entrepreneurs were present in Khulna city. From them 100 entrepreneurs were taken as sample for data collection. The samples were selected on the basis of convenience for collecting the primary data. After collecting the data through questionnaire from women entrepreneurs, data were interpreted using simple descriptive statistical tool like percentage and mean. To do analysis some computer software like MS Word and MS Excel has been used to come up with findings.

4. Literature Review

Small and medium enterprises (SMEs) act as a vital player for the economic growth, poverty alleviation and rapid industrialization. SMEs are significant in developing country's economic growth, employment generation and accelerated industrialization. In recognition of the strategic importance of the development of SMEs, Bangladesh government has declared SMEs a priority sector for the first time in the Third Five Year Plan (1986-1990) (Hasan *et al*, 2009). The definition of Small and Medium Enterprise (SMEs) varies from country to country. According to the European Union (2003) SMEs are defined as enterprises which have at most 250 employees and an annual turnover not exceeding 50 million Euros. Further there is the distinction of small enterprises — they have fewer than 50 staff members and less than 10 million Euros turnover — and micro-enterprises (less than 10 persons and 2million Euros turnover) (Ahmed, 2011). The government of Bangladesh also, provides an official definition of small and medium enterprise (SME) in terms of sector (service, business industrial), asset and manpower involvement. Small Enterprise refers to the firm/business which is not a public limited company and complies the following criteria: •Service sector-(Fixed Asset other than Land and Building) Tk 50,000-50,00,000, employed Manpower (not above) 25 •Business sector – (Fixed Asset other than Land and Building) 50,000-50,00,000,employed Manpower (not above) 25 •Industrial 50,000-1,50,00,000, employed Manpower (not above) 50. Medium Enterprise refers to the establishment/firm which is not a public limited company and complies the following criteria: •Service Sector –(Fixed Asset other than Land and Building) Tk.50,00,000-10,00,00,000, employed Manpower (not above) 50 •Business Sector (Fixed Asset other than Land and Building) Tk. 50,00,000-10,00,00,000 employed Manpower (not above) 50 •Industrial Sector –(Fixed Asset other than Land and Building) Tk.1,50,00,000-20,00,00,000,employed Manpower not above 150 (Bangladesh Bank 2011)

As mentioned earlier, women constitute very insignificant portion of our formal and informal labor force. So it is important to promote women entrepreneurship and women enterprises for rapid and sustainable economic growth. Hence it is essential to know the factor or forces which motivate women to start their venture. The factors those can influence a woman to become an entrepreneur can be divided into two categories namely the push factors, and the pull factors. The push factor is allied with negative environment, and the pull factor is attributed to positive developments. The push factor may result from low income, low job satisfaction or lack of job opportunities, and strict working hours. The pull factor, however, may result from the need of fulfilling the desire, to help others, to attain self accomplishment. (Robinson, 2001). According to Dhaliwal (1998) the push factors are to be evident in the developing countries in women entrepreneurship development. Another study on empirical evidence of the push and pull factors revealed that women entrepreneurs in the developed countries were influenced by the need for achievement, while women entrepreneurs in the developing countries were influenced by a combination of push and pull factors (Orhan and Scott, 2001).

A number of studies explained the factors influencing entrepreneurs' decision to start and grow business. Socio-demographic factors might affect women's decision to develop their

own enterprises. Among those education is a very important factor. Education and managerial experience may contribute to women's business growth but certainly has positive impact on entrepreneurial performance. Entrepreneurial capability is not only the result of formal education and training but also include experience and practical learning derived from previous paid employment or managerial position (Gatewood *et al.*, 2004). Educated entrepreneurs can discharge the entrepreneurial responsibilities effectively, can take risk more easily, have access to information regarding entrepreneurial activities and more likely to identify better opportunities to start a new business. Where as it may be expected that people with a low level of education have more difficulties finding a paid job, and therefore see no other possibility than to engage in entrepreneurship. Hence, high educated people are more likely to pursue opportunity-based ventures, while less educated entrepreneurs are more involved in necessity entrepreneurship (Ibru, 2009). Another major factor that dictates women decision to become self employed is family commitments. For instance, spouse and father's occupation might play a major role in the development of a woman business. Responsibilities towards children are another factor that can affect a woman decision to start a business enterprise. Besides these, environment and culture also influence the decision to create new business (Shane, 1993; Shapero and Sokol, 1982).

Motivation is entrepreneurial internal stimulation characterized as pull or push factors based on different personal position, nature and desire. In self-enterprise development women are strongly influenced by motivational factor. Buttner and Moore (1997) and Lerner *et al.* (1995) have given more importance to women's motivations to start their own businesses (self-fulfillment and personal goal attainment, etc.). Schwartz, (1976) observed that their major motivations to start a business were the need to achieve, the desire to be independent, the need for job satisfaction and economic necessity. In addition to that desire to control, need for achievement, to improve the financial situation, desire to be independent and the need for job satisfaction are also some notable motivating factors (Scott, 1986; Begly and Boyd, 1987; Carsrud and Olm, 1986). According to Gitile *et.al.* (2008), for many of the younger women the "search for independence" was associated with freedom from misery of unemployment and recognition that self-employment offered the only way out. Among other factors, entrepreneurs' belief in their skills and ability motivates them to enter in business creation (Shaver *et al.*, 2001). Capacity to assess risk is a facilitating factor for entrepreneurship development (Carland and Carland, 2005).

Financial factors are also crucial for women entrepreneurship development. Accessing credit, particularly for starting an enterprise, is one of the major constraints faced by women entrepreneurs. Women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions about female entrepreneurs by loan officers. When women do have access to credit it is often in small amounts, whether this suits their needs or not. In addition to this, women entrepreneurs in developing countries continue to suffer from poor overall assets, poor enforcement of financial rights and the existence of unequal inheritance rights and consequently poor access to community and social resources. High transaction costs, the rigidity of collateral requirements and heavy paperwork are further

impediments to women entrepreneurs (Charumathi, 1998; Tiwary, Ojha and Pain, 1998; Finnegan and Danielsen, 1997; Shayamalan, 1999). Women, in particular the less educated ones, also find it more difficult to get financing from banks because they lack information on how to go about securing a loan. Moreover, bank managers are often more reluctant to lend to women than to men (Vishwanathan, 2001). In the area of guarantees, several discouraging habits have become ingrained in financial institutions and banks, such as requiring male members to accompany women entrepreneurs for finalizing projects proposed by women, as well as almost invariably insisting on guarantees from males in the family (Commonwealth Secretariat, 2002). Women entrepreneurs in developing countries usually can have access to limited amount of working capital at higher interest rate because of their dependence on the family members for security or collateral. These in turn affect the enterprise and its survival (Sinha, 2005). Encouragingly, many Non-Government Organizations (NGOs) at the local, national and international levels work to support women's entrepreneurship. On the positive side, however, the popularity of the micro-credit strategy propelled a global movement toward making micro-loans available to people all over the world. Such credit provides the needed opportunity for entrepreneurs to start or improve business in order to make profit and improve their lives (Allen *et al.*, 2008; Brana, 2008; Lans *et al.*, 2008; Majumdar, 2008; Roslan and Mohd, 2009; Salman, 2009; Shane, 2003; Tata and Prasad, 2008). There is a positive relationship between credit and opportunity for entrepreneurial activity. For example, credit was found to have positive effect on opportunity for entrepreneurial activity of women in USA (Allen, 2000), Nigeria (Akanji, 2006) and France (Brana, 2008).

Regulatory factors refer to different rules of the Government that facilitates women entrepreneurship development. Regulation requires relatively clear demands, effective supervision and significant sanctions. The Government through its policy implementation can influence both economic and non-economic field for the entrepreneurs' development. Government can provide a facilitative socio economic setting for women entrepreneurs that minimize the risk entrepreneurs are to encounter. Compassionate actions of the Government can therefore be considered as the most advantageous for entrepreneurial growth. On the contrary laws and regulations which are difficult to comply for women inhibit their business development (Marcellina *et al.*, 2002). Negative governmental actions, such as colonial disruption, act as inhibiting factors of entrepreneurial development. Commitment of the Government can flourish entrepreneurship development in any country. (Scott, 2001)

Business environment factors seem to be more important to the success of women entrepreneurial activity. The local surrounding for business, available market access, stable condition of the country's labor force, available raw material, proper process of product development all are fundamental factors of business environment. Production and marketing efficiency are important determinants of entrepreneurial success. Unfortunately many women entrepreneurs cannot ensure their production and marketing efficiency due to their poor managerial and technical skills (Sinha, 2005). The business environment factors pose a lot of challenges to business because they are outside the control of the business owner. Business factors play a greater role in entrepreneurial activity because, despite the possession of the requisite personal entrepreneurial characteristics such as education, right attitude to risk,

motivation, energy and working experience; the environment may hinder women entrepreneurs from exploiting entrepreneurial opportunities (Kuzilwa, 2005; Shastri & Sinha, 2010; Vob & Muller, 2009). Hence business knowledge also is a major part of business environment. It includes knowledge of product range and market trends. Business skills include technical and managerial skills which could be acquired through adequate training (Salman, 2009). Gender-related discriminations, among other business environmental factors, especially in developing countries, also pose hindrance to women entrepreneurial activity (Otero, 1999). Women entrepreneurs are mostly found in agriculture, and also in different services where they had experience or where experience was not necessary (Akanji, 2006; IFC, 2007; Okpukpara, 2009).

5. Analysis and Interpretation

In this section effort had been made to identify the major factors which influenced women entrepreneurs to establish their business. This section also includes a comparative analysis of the factors in terms of their degree of importance to women entrepreneurs in starting up their business.

5.1 The Background Information of the Respondents

This section of the study presents the sample profile taken for the study and it shows the following pattern as shown in table 1a and table 1b.

Table 1a. The background information of the respondents

Variable		Frequency(f)	Percentage (%)
Age	15-20years	0	0%
	21-30years	14	14%
	31-35years	41	41%
	36-40years	30	30%
	40-45years	12	12%
	46and above	3	3%
Educational qualificationwq1	Post Graduation	4	4%
	Graduation	25	25%
	HSC	38	38%
	SSC	24	24%
	No formal education	9	9%
Marital status	Single	8	8%
	Married	80	80%
	Divorced	0	0%
	Widow	12	12%
No of children	1-2	58	58%
	3-4	38	38%
	5- 5andabove	4	4%

From table 1a it was found that the age of the women entrepreneurs varied from 15 to 46 years and above. But the majorities (71%) of them were between 31 to 40 years of age. Among the 100 respondents there was no one in the age group of 15 to 20 years in this occupation. Among the women entrepreneurs only 4% have post graduation, 25% has graduation degrees, 38% has completed HSC level and 24% has SSC level and 9% has no formal education. From socio-cultural perspectives in Bangladesh, marital status of women is also an important factor that has vital influence on women's socio-economic life. Among the women entrepreneurs interviewed, 80% were married, 8% are single, and 12% are widow. All the respondents were found to have children in their family.

Table 1b. The background information of the respondents

Variable		Frequency(f)	Percentage (%)
Types of Family	Nuclear/conjugal family	54	54%
	Extended or joint family	36	36%
Types of business	Manufacturing	8	8%
	Retail	30	30%
	Service	32	32%
	Trading	2	2%
	Combination	18	18%
	Other	12	12%
Previous occupation	Yes	20	20%
	No	80	80%
Sources of capital	Bank Loan	28	28%
	NGOs	46	46%
	Other(Parent, husband, own savings, property)	26	26%
Enterprise Ownership	Sole ownership	76	76%
	Joint family Partnership	7	7%
	Other	17	17%
Employed people	0-3	65	65%
	4-7	31	31%
	8-11	4	4%

The table- 1-b also represented the other important and relevant background information of women entrepreneurs, which include types of family, business types, sources of capital, and number of employed people in their business enterprise. The survey reflected that the largest segment of women entrepreneurs (54%) belonged to nuclear or conjugal families, while only (36%) belonged to joint or extended families. Among the surveyed entrepreneurs 32% women are involved in services sector, 30% in retailing, 8% are in manufacturing, only 2% in trading and 18% involved in combination of one or two different business together. This is consistent with the findings of other research that women in urban areas mostly involved in different service related ventures. Most of the respondents had no previous experience of business or any kind of occupation. The respondents' source of capital were also different as

around 46 % of women were found to manage their initial investment by the loan from NGOs, 28% from private or public commercial banks and 26% from the own personal sources. Thus NGOs are playing important role in supporting women entrepreneurs through providing startup capital. Among the enterprises 76% were owned by individual, 7% were of joint family partnership, and 17% were of other types. According to the survey 65% enterprises have only 0 to 3 employees, 31% had 4-7employees and Only 4% had 8 to 11employees.

Thus the profile of the respondents indicates that the sample was taken to reflect the socio-demographic and behavioral differences of the women entrepreneurs. It also covered different types of business owned by them. Hence the sample was expected to be representative of the women entrepreneurs of Khulna City.

5.2 Influencing Factors of Women Entrepreneurship Decision

In this section, opinion of the respondents regarding different factors assumed to have influence on the entrepreneurial decision making were analyzed. Sample mean of the respondents' opinion about each of the variables under the major five factors were calculated to measure the degree of influence of those factors in setting up the business. The opinions were taken using five (5) point scales where the meaning of the scale value was such that 1 indicates strong disagreement while 5 indicates strong agreement with the opinion. Thus mean score 3 was considered as neutral, mean score 3-4 was considered as having moderate level of influence, mean score above 4 was considered as having significant influence and mean score below 3 was considered as insignificant in entrepreneurs' decision to start their business. The study showed following results.

5.2.1 Socio Demographic Factors

Under this major dimension/factor, the variables considered were academic qualification of the respondent and her family members, family formation (nuclear vs. joint), occupational background of parents, cultural inspiration, social encouragement and encouragement from friends and family members. Table 2 of the following shows the opinion of the respondents.

Table 2. Socio-demographic factors influencing entrepreneurial decision

Influencing Factors	Mean Values
Academic qualification is an influential factor to start the new venture	2.67
Family formation/pattern is an influential factor to run the new business	3.28
Educational background of family member influenced in starting new business	2.76
Cultural inspiration is an influential factor in starting new business	2.85
Occupational background of parents influence in entrepreneurial decision making.	3.33
Societal encouragement is an influential factor in starting new business	3.32
Encouragement from friends and family is an influential factor in starting new business.	(3.71)
Socio-Demographic Factors	3.13

The mean value of respondent's opinion on these factors reflects that, type of family, occupational background of parent, societal influence and inspiration from friends and family had moderate level of positive impact on entrepreneurship development. But encouragement from friends and family members had the highest mean value (**3.71**) among the variables under this major dimension, which exhibits that it was the most influential socio-demographic factor that women considered important in establishing SMEs. Among other factor educational background of the respondents was found not to have significant influence in setting up their business (as indicated by mean score 2.67). This finding is consistent with the fact that majority of the respondents had less than graduation degree.

From the above table it was also found that as a major dimension socio-demographic factor had moderate level of impact on entrepreneurs' decision (mean value 3.13).

5.2.2 Motivational Factors

This dimension includes such variables as self-dependence and economic freedom, desire to provide additional earnings to family, unavailability of suitable job, desire to pass leisure time, inspiration from personal characteristic like high need for achievement, self efficacy, autonomy etc., interest to prove ability equal to male counterpart, desire to improve quality of life, social status, and skill and innovativeness. These variables were assumed to reflect motivation of the women entrepreneurs to start and run SMEs. Table 3 shows the opinion of respondents regarding this.

Table 3. Motivational factor influencing entrepreneurial decision

Influencing factors	Mean Value
Achieving self dependence and economic freedom influenced to start business.	4.91
Providing additional earnings to the family is an influential factor to start business	4.75
Having no suitable alternative job influenced to start business.	3.68
Utilization of leisure time is an influential factor in setting up business.	4.41
Inspiration from personal characteristics is an influential factor in setting up business	3.97
Business convenience as an influential factor	4.57
Proving that women have equal ability compared to men is an influential factor to start business	4.08
Requirement of fewer employees is an influential factor in setting up business	4.40
Association of minimum risk is an influential factor setting up business	4.28
Improvement in quality of life and upgrading social status is an influential factor	4.60
Personal skills and innovativeness is an influential factor in starting new business.	4.77
Motivational Factors	4.40

Motivational factors have strong influence on entrepreneurship development. Among the motivational factors self dependence, economic freedom, providing additional income, improvement in life quality and personal skills, innovativeness all were found to be crucial factors (mean score above 4.60). But self dependence and economic freedom had the highest mean value (**4.91**) while unavailability of suitable job had shown the least mean value (**3.68**). This indicated that the entrepreneurs were not compelled to take up the profession rather they willingly established their venture. From the table it was also found that the mean value of all motivational factors is 4.40 reflecting the importance of this dimension in setting up SMEs.

5.2.3 Financial Factors

For new business establishment financial accessibility plays key role. Hence, this section tried to identify the opinion of the respondents about whether they were facilitated by this factor or not. The table 4 shows the results.

Table 4. Most influential among the financial factors

Influencing factors	Mean Value
Easy accessibility to adequate finance influenced in taking business decision	2.15
Corruption free procedures to disburse fund of financial authority is an influential factor in taking business decision.	2.12
Implementation of refinancing scheme by govt. is an encouraging factor for women to start business.	2.60
Easy to get loan from the banks is an influential factor in setting up business	2.61
Available facility to get foreign loan as an influential factor	2.69
Reasonable interest rate of financial system is an influential factor in setting up business	1.91
Financial support from NGOs is an encouraging factor in setting up business.	3.47
Financial Factors	2.50

The study found that the women entrepreneurs' had not had the easy accessibility to finance. In all the variables relating to financial factors showed mean score below 3 except financial support from NGOs. The overall mean value (2.50) for this factor was also very low which indicated that women entrepreneurs in Khulna city faced difficulty in arranging funds for their businesses.

5.2.4 Regulatory Factors

Regulatory factors are crucial for new business development. Among the factors that generally influence the SME establishment includes government permission seeking procedure, tax procedures, different regulatory agency requirements, availability of supportive organizations, and security system etc. Respondents' opinions regarding this dimension are shown in Table 5.

Table 5. Among the regulatory factors most influencing factor

Influential Factors	Mean Value
Reasonable tax rate and efficient payment procedures is an influential factor	3.03
Trouble free TIN number getting procedures is an influential factor	2.98
Supportive Government regulatory agencies is an influential factor	2.62
Available supportive organization that help to get trade license is an influential factor	2.77
Supportive rules regulations and security for business development is an influential factor	3.06
Trouble free trade license getting procedures as an influential factor	2.69
Regulatory factors	2.85

Among the regulatory factors, Govt. tax procedure and supportive government rules and regulations and security for business development were found to have mean score just above 3.00 and in all other variables mean scores were below 3.00 indicating the women entrepreneurs' dissatisfaction regarding the Government and regulatory system. Hence it can be assumed from the study the government rules, regulations and support services were not sufficient to encourage women entrepreneurs in setting up SMEs.

5.2.5 Business Environment Factor

Congenial business environment is fundamental for new business establishment and also for business expansion because it is beyond the entrepreneurs' own control.

Table 6. Among the business environment factors most influential factor

Influential factors	Mean Value
Supportive local surroundings for business set up are an influential factor in setting up business.	3.31
Availability of skilled labor force is an influential factor in setting up business	3.11
Available training facilities from Govt. and other organization is an influential factor in setting up business	2.94
Available suppliers of raw material and other elements as an influential factor in setting up business	3.46
Faced no issues of gender discrimination in starting new venture	2.43
Potential for getting profitable price rate for product/service encouraged to start new business.	3.67
Easy accessibility to customer is an encouraging factor to start business.	4.35
Govt. and NGOs support for product development is an influential factor in starting business.	2.89
Availability of transportation and communication facilities is an influential factor for starting new business.	3.42
Business Environment Factors	3.28

From table 6 it was found that among the business environment factors easy accessibility to customer has the highest mean value (4.35). So, according to the respondents' opinion easy accessibility to the customer was one of the most influential factors in their entrepreneurial decision. From the respondents' opinion it was also found that supportive local surroundings, availability of skilled labor force, raw materials suppliers and potential to charge profitable price had moderate level of influence on their decision to set up business. And from table 6 it was also found that mean value business environment dimension was 3.28 reflecting moderately favorable business environments for women to start SMEs.

5.2.6 Relative Comparison of Different Factors Those Women Considered Important in Establishing SMEs

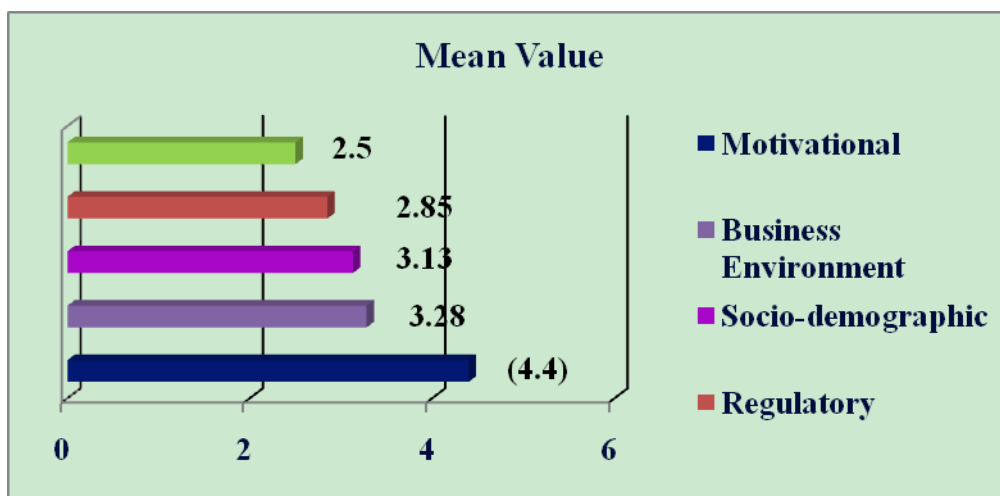


Figure 1. Relative comparison of different factors

The figure 1 shown above presents relative comparison of different factors that women considered influential for establishing SMEs based on the mean values. Women entrepreneurs' motivation to do business was the most influential force in their venture establishment followed by moderately supportive business environment, and moderately positive socio-demographic factors. They had shown unfavorable opinion regarding government support and complex regulatory system. The entrepreneurs suffered most from the difficulty in managing financial supports.

6. Findings

Women owned enterprise is the key to the creation of women entrepreneurship development that energizes the economic progress. Different influencing factors are positively related with women entrepreneurs that facilitate the entrepreneurship development in SME sectors. The findings of the survey on factors that influences women in establishing SMEs in Khulna city are presented below-

- Socio-demographic factors reflect that, occupational background of parents, societal influence and inspiration from friends and relatives were certainly related with women's new business creation. And women were mostly influenced by their friends and relatives in entrepreneurial decision making.
- Women were strongly influenced by various motivational factors that had significant impact on their entrepreneurial decision making. For providing extra income to the family and utilizing the leisure time and improving quality of life, they started their own business. They were choosing those businesses which were convenient for them as women. They were mostly involved in retailing and service sectors. Low business risk and requirement of low employee involvement also motivated them to enter into the business. Their skills and innovativeness and personal characteristics also inspired them to start own business enterprise. But among all the motivational factors desire to gain self dependence and economic freedom had the strongest influence on their entrepreneurship decision making.
- Women entrepreneurs faced difficulty in getting start-up capital from conventional banking system. They mostly depended on the NGOs for their startup capital. Among the hundred respondents 46% had the loan from different NGOs. So, financial support from NGOs was crucial to women entrepreneurs to start their own venture.
- Women entrepreneurs found the regulatory factors not very influential or supportive to their business.
- Business environment is also a focal point in new business development. Favorable local surroundings for business set up, available labors, raw materials or other elements and profitable price for selling products or service were moderately influencing women in new business creation. And easy accessibility to the customers acted as the most influential business environment factor in entrepreneurship decision making.

7. Conclusion

Entrepreneurship serves as the catalyst in the process of industrialization and economic growth. Women entrepreneurship plays a vital role in economic development. It is impossible to achieve the target of a poverty-free society without incorporation of women in the mainstream economy.

The study found that the women entrepreneurs' were influenced by several supporting conditions prevailing in socio-cultural, regulatory and business environment of Khulna city along with their personal characteristics, when they start their new business. Inspiration from the occupational background of the family members and encouragement from friends and relatives played as vital socio-demographic factors in their business establishment. While the educational qualification, cultural inspiration might not act as major influencing factors for them.

Motivational factors have the strongest influence among all other factors. The study found that women entrepreneurs of Khulna city, in starting their venture, were influenced more by pull factors such as providing additional income to the family, utilizing the leisure time,

upgrading the social status, gaining economic freedom and self-independence. This finding was found to be consistent with the findings of some earlier studies related to women entrepreneurship development in developing countries. Business convenience, limited employees' involvement and low risk in business motivated them greatly to enter into the business. They were also influenced by their skill and innovativeness to start the new business enterprise.

As like the other developing countries, women entrepreneurs did not have the easy accessibility to finance at the time of their business starting. Financial support from NGOs acted as a vital influencing factor for them. In addition to that, the high interest rate of financial system and complex loan sanction procedures acted as deterrent factors in way to the business establishment. So, these issues need to be addressed. The Government needs to be more concern about these issues to encourage women entrepreneurship development. The government should also take steps to simplify the rules and regulations to encourage the women entrepreneurs as they found the regulatory systems as unsupportive.

Supportive local surrounding for business set up, available supplies of raw material and other elements, available transportation facilities, profitable price rate for product and service selling played as vital influencing factor for women in new business establishment. Among all business environment factors easy accessibility to customer has the strongest influence for women's new business establishment. But existing training facilities, support for product or business development, which are also vital for a new business establishment, were not encouraging conditions yet. However the Government, NGOs and other supportive organizations should have to be more cooperative and put more emphasis on these influencing factors which might enhance participation of women in SMEs.

Several studies conducted previously by different authors on entrepreneurship development pointed out some differences in the overall business and social environment between urban and rural areas. Social dishonor of women, especially in rural areas of Bangladesh, is a common societal norm. Rural women entrepreneurs are bounded by some social customs and religious (purdah system) barriers that create difficulties in their operation (Rahman, Hossain and Miah, 2000). One study reported that 84% women surveyed in a village preferred starving to work in fear of religious fundamentalist (Haider and Akhter, 1999). Rural women also suffer more for marketing inefficiency since they cannot maintain necessary contact with the customers. Women entrepreneurs in urban areas do not face much problem in marketing (Shehabuddin, 1992). This study was conducted on the entrepreneurs of urban area so findings might differ if opinion taken from entrepreneurs of rural area. The study can be done in the other cities of the country to know the entrepreneurial decision process of women entrepreneurs. Further study can also be conducted to find ways how to overcome the unfavorable conditions to encourage more women participation in entrepreneurial activities. Yet the findings can shade light on the areas which to highlight for promoting women entrepreneurs to start SMEs. Government and NGOs can be benefitted from the findings of the study in policy formulation as well.

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