

**KERALA WOMEN START UPS: ISSUES AND CHALLENGES**

**Dr.P.Sekar**, Professor & Head, Department of Commerce, Sree Narayana Guru College, Coimbatore- 641 105, Tamil Nadu.

**Shafiya. S**, Ph.D Research Scholar, Department of Commerce, Sree Narayana Guru College, Coimbatore- 641 105, Tamil Nadu.

**Abstract**

Women entrepreneurs in Kerala have gained prominence in enhancing the state's economic growth, as these women excel in their creativity, resilience and business acumen to launch their businesses, thus establishing successful start-ups, these women-built start-ups face many challenges that restrict growth and sustainability. A study of the major issues and challenges in front of the women entrepreneurs of Kerala and barriers to starting and handling the business is being made in this article. Specific constraints impacting women entrepreneurs in Kerala are identified in the study that includes lack of access to finances challenges pertaining to capital access bias and discrimination from the society, dearth of mentorship and lack of family and work balance. There are many government schemes and policies for supporting women led start-ups, but women can even lack awareness or access to such initiatives. Factors such as traditional gender roles and societal expectations often respect women not to take up entrepreneurial activity. Many women entrepreneurs are not exposed enough to professional networks and industry linkages crucial to the expansion of their business. Their limited digital literacy and adoption of technology also do not allow them to scale up operations as the business becomes more digital. The study calls for policy intervention targeting women entrepreneurs, increased financial assistance, better mentoring programmes and improved networking opportunities to promote women entrepreneurs in Kerala. Through tackling these challenges, the entrepreneurial ecosystem becomes more inclusive to women led start-ups, allowing for their substantial contribution in the states economic growth. Therefore, the research will also be an important resource for policymakers, business incubators and other stakeholders concerned more with developing a supportive environment for the women entrepreneurs in Kerala.

**Key words:** *Women Entrepreneurs, Start-ups, Challenges, Kerala, Entrepreneurial Ecosystem*

## Introduction

Over the years, entrepreneurship has become one of the major drivers of economic growth and social development the world over, encouraging innovation, wealth creation and the establishment of businesses. In India, the entrepreneurial arena has observed a change with a developing number of ladies getting into the business sector load up. Due to various traditional barriers broken by women entrepreneurs, they have ventured into all sorts of industries, supporting the growth of lives as well as the economy. High literacy rate and other progressive social indicators of Kerala has seen an upswing in women led start up across sectors technology, retail, education, healthcare and tourism. Although these advancements have been made in the women entrepreneurs' journey, they face other inherent challenges that hinder their growth and sustainability. The major problem for women entrepreneurs in Kerala is financial constraints. One major hindrance remains access to capital many women have trouble being granted funding by banks, venture capitalists or angel investors. Female entrepreneurs do not garner much confidence as they have to go through societal stereotypes and biases, that is why it is difficult for women in business to attract investments. Despite a multitude of government schemes, financial supports and drives for women entrepreneurship, a wide range of women remains ignorant about such opportunities or they find it difficult to understand bureaucratic procedures to get them.

The problem is further exaggerated by very limited financial literacy which prevents these people from managing resources in an appropriate manner. The other major challenge is socio cultural barriers that are embedded very deep into societal dynamics hindering a woman to become an entrepreneur. The progressive state of Kerala with regards to education and gender equality, and traditional gender roles determine professional avenues for women. Entrepreneurial women face the challenging task of balancing the responsibilities of business and that of family and household, which are commonly expected from their social roles as caregivers. In business, there is not much social acceptance for women to take up leadership roles which further becomes a discouragement factor for aspiring female entrepreneurs. It is devoid of mentorship and networking opportunities which is another major setback, as the success of any start up revolves greatly around the professional connections and experience guide. Modern Businesses need technological adoption and digital literacy, but most of the women led start-ups in Kerala find it difficult to make use of digital tools for growth. Women entrepreneurs lack access to technology, receive limited training in digital marketing as well as do not have exposure to e commerce platforms, which hinders their ability to scale their

businesses. Due to many women not trained or having the necessary resources to integrate technology into their operations, the rapidly digitising digital economy demands for more technical skills. Bridging this gap can be done through enhancing digital literacy, and provision of structured training programs that will allow women entrepreneurs to compete in the digital marketplace. It is tough for women entrepreneurs to set up and maintain their startups owing to a number of bureaucratic and regulatory challenges. Business registration, licensing and complying with taxation laws are a real headache to first time entrepreneurs. Another hurdle is, due to the lack of clear information and support mechanisms, women face difficulty when venturing through the legal and administrative landscape. Supporting women entrepreneurs can be simplified with less onerous regulatory processes and targeted support to create an easier entry into the start-up ecosystem and thereby, a better environment for them to sustain themselves in that ecosystem. In this perspective, it is necessary to assess the challenges of women-led start-ups in Kerala and find solutions for changing the entrepreneurial space into an inclusive one. These challenges can be addressed by policy interventions, financial support, mentorship programs, and programs seeking development of skill among women, which can help these women to thrive as entrepreneurs. In this study, we try to connect the dots within the broad scope of the story to explore the significant obstacles to the success of women's start-ups in Kerala, and recommend approaches to amplify women led start-ups, contributing to the richness and equity of the business environment.

### **Statement of the Problem**

Lack of family support is one of the most important impediments to the development and sustainability of women entrepreneurs in Kerala. Women often find it difficult to divide their time between handling household responsibilities along with running a business, because the society continues to push the topic of women as caregivers and puts it above business. The huge hurdle for women on finance is their lack of access to finance, most women have difficulties getting finance in the form of loans or investments because they have no collateral or because they are not financially literate. Another problem is that there is little interest among women to start their own business due to traditional approaches that do not encourage abandon something if it is not working and business ownership. Many women entrepreneurs do not have the right skills and knowledge to run their business in the legal, regulatory and other operational complexities. Due to limited perception about marketing, many confused this with development of marketing themselves, using age old methods like traditional media and don't adapt new marketing techniques like digital platforms to increase their customer base. Most of

Kerala's women entrepreneurs choose to operate on the small scale and growth and scale of their businesses is limited by risk aversion and failure to set up strategic expansion plans. It is important to overcome these barriers through policy reforms, financial support, skill development, instead of raising awareness among the society.

### **Objectives of the Problem**

1. To assess the economic conditions of women entrepreneurs in Kerala and understand their financial stability in managing start-ups.
2. To examine the key factors that influence women to start their own businesses and explore the motivations behind their entrepreneurial ventures.
3. To identify the major challenges and issues faced by women-led start-ups in Kerala and provide suitable recommendations to overcome these problems.

### **Need for the Study**

Although women entrepreneurs render an essential role in economic development, they face fundamental financial, social and administrative challenges. Lack of training, limited access to funding as well as inadequate market opportunities stifle their business growth. To know about the economic condition of women entrepreneurs is important to identify key restricting factors and to propose targeted interventions. This study assists in assessing the financial stability of women entrepreneurs, the challenges they face, and the kind of support they require, thereby giving policymakers, financial institutions and business development organizations an idea to improve the entrepreneurial opportunities for women.

### **Scope of the Study**

The target individuals of study are women entrepreneurs operating in different micro and small enterprises (MSEs) in different business sectors (services, manufacturing, and retail). It deals with various elements such as funding sources, financial stability, initiative for business and influence in the confidence of the entrepreneurs caused by training programs. They also explore how challenges generally faced relate to the type of support needed for growth of the business. The results can be utilized to craft helpful financial assistance projects, government regulations, and customized instruction projects to help provide the aptitudes and capacity of ladies business visionaries, and impel development of sustainable businesses.

## **Review of Literature**

A well-studied area in the developing countries is financial inclusion amongst women entrepreneurs, which has also been recognized as a key area of women empowerment and economic growth (Rani and Sundaram, 2024). The study also covered the various roadblocks women encounter when managing financial investments and why they are important to successful women-led businesses as finance is a driver for women's socioeconomic progression.

Chaudhuri returned to the financial difficulties of women led microenterprises in manufacturing (2024). The research also sought to find out what rank order of funding challenges are experienced by urban female entrepreneurs, their perceptions about debt and the extent to which their skill set alleviates financial constraints in an attempt to determine the challenges faced specifically by urban female entrepreneurs.

Chittaranjan and Katagi (2023) explored the multiplicity of challenges faced by women entrepreneurs and discussed social-cultural barriers, economic limitation, and the important role of mentorship. This research leveraged a mixed methods to show how societal expectations and financial constraints hinder women's entrepreneurial journeys and to paint a picture for tailored supports that can create a more inclusive entrepreneurial ecosystem.

## **Research Methodology**

### **Research Design**

This study is descriptive in nature that will analyses the economic conditions of women entrepreneurs, their challenges, financial stability and the determining factor on whether a business will grow or not. Quantitative approaches are used to get information about the business.

### **Data Collection**

In primary data for the first-hand response was collected through structured questionnaire from 98 women entrepreneurs who are available from the selected districts with the major industrial area of Palakkad, Ernakulam, Trivandrum and Calicut. The questionnaire consisted of multiple choice and Likert scale questions with demographic, funding sources, challenges, motivators, support needs, and financial stability.

Secondary Data: The data were obtained from published reports, government policies, academic research papers, and statistical records to provide background and support the findings of the problem.

### Sampling technique

However, a convenience sampling method was used where all women entrepreneurs across the services, manufacturing and retail sectors were targeted. The respondents to be sampled are 98 in number and are involved in business.

### Data analysis tools

- Frequency and Percentage: Description of the frequency and percentage of key factors (funding source, financial stability, and business motivations) of a particular factor.
- Mann-Whitney U Test: Applied to compare financial stability between loan-funded and self-funded entrepreneurs.
- When used to test a change in confidence levels before and after attending to business training, Wilcoxon Signed rank test is employed.
- The Pearson Correlation Analysis was carried out to know challenges faced and the support needed by women entrepreneurs.

### Data Analysis

**Table 1: Demographic Table of Respondents**

Category	Option	Respondents	Percentage (%)
<b>Age Group</b>	Below 25 years	5	5.10%
	25 – 35 years	27	27.55%
	36 – 45 years	35	35.71%
	Above 45 years	31	31.63%
<b>Educational Qualification</b>	No formal education	43	43.88%
	High school	29	29.59%
	Undergraduate	5	5.10%
	Postgraduate and above	21	21.43%
<b>Marital Status</b>	Single	56	57.14%
	Married	29	29.59%
	Divorced/Widowed	13	13.27%
<b>Type of Business Owned</b>	Service-based	48	48.98%
	Manufacturing	19	19.39%
	Retail/Trade	31	31.63%
<b>Total</b>		<b>98</b>	<b>100%</b>

(Source: Primary Data)

Demographic analysis indicates that 35.71% and 31.63% are in the 36-45 years and above 45 years age groups, respectively, as the age group of women; which means majority of the women entrepreneurs are middle aged and older aged. In addition, 43.88% of respondents have no formal education suggesting as barriers to advanced business knowledge. A remarkable number of the women entrepreneurs are single, accounting for 57.14%, implying that entrepreneurship may be the preferred career option for those without the burden of family responsibilities. Service based businesses conduct the majority of businesses (48.98%), as opposed to manufacturing (19.39%) and retail (31.63%) businesses and are preferred due to their low investment with knowledge-based venture. Based on this analysis, key focus areas of support for the industry such as education, financial backing and the industry diversification are identified.

**Table 2: Opinion on Financial Stability**

<b>Particulars</b>	<b>Options</b>	<b>Respondents</b>	<b>Percentage</b>
<b>Primary source of funding</b>	Personal savings	30	30.6%
	Bank loans	25	25.5%
	Government schemes	20	20.4%
	Private investors	23	23.5%
<b>Rate your financial stability</b>	Very stable	18	18.4%
	Somewhat stable	35	35.7%
	Unstable	27	27.6%
	Highly unstable	18	18.4%
<b>Face difficulties in Securing financial assistance</b>	Yes, very often	40	40.8%
	Sometimes	38	38.8%
	No, never	20	20.4%
<b>Total</b>		<b>98</b>	<b>100%</b>

The data indicates that a good amount (30.6%) of women entrepreneurs receive funding from personal savings, which is closely followed by bank loans (25.5%) and government schemes (20.4%). Private investors or venture capital support only 23.5% of respondents. In terms of financial stability, only 18.4% consider its business as very stable and a majority (35.7%) as somewhat stable. They (28%) still confront financial insecurity, as 27.6% indicated instability and 18.4% the highest instability. Also, a noteworthy 40.8% of respondents frequently have

troubles getting financial help, and 38.8% occasionally have difficulty with it. Only 20.4% face no financial barriers. This reinforces the importance of offering better financial support frameworks, access to funding, and suitable policies to improve the financial conditions of women entrepreneurs.

**Table 3: Opinion on Training**

Particulars	Options	Respondents	Percentage
<b>Factor motivated you to start your business</b>	Financial independence	32	32.7%
	Passion for entrepreneurship	28	28.6%
	Family encouragement	20	20.4%
	Lack of job opportunities	18	18.3%
<b>Receive any training</b>	Yes	42	42.9%
	No	56	57.1%
<b>Factor to Choose your business sector</b>	Personal interest	38	38.8%
	Market demand	35	35.7%
	Family background in business	25	25.5%
	<b>Total</b>	<b>98</b>	<b>100%</b>

According to the data that was revealed, the main reasons why women start businesses are financial independence (32.7%) and the passion for entrepreneurship (28.6%). Family encouragement to start a business is another factor (20.4%) followed by lack of job opportunities in the locality (18.3%). While formal training and mentorship were not provided to 57.1 percent of the respondents before their business ventures, it clearly shows that there is a gap in the entrepreneur education and support systems. A personal interest (38 percentage of the sample) was the most business sector selection attribute, This result does not fully represent business sector selection, as other aspects are also significant affecting variables (8%) is the most influential factor, followed by market demand (35.7%). Family background in business (25.5%) also important in shaping decision making to a much smaller extent. According to these findings, intrinsic motivation is, in fact, an important driver of women entrepreneurs but structured training programs and mentorship opportunities can help them be even more successful.



**Table 4: Mann-Whitney U Test**

**H<sub>0</sub>:** There is no significant difference in the level of financial stability between the self-funded entrepreneurs and those who started from loan. (Equally scored in financial stability scores, both groups’ median scores are the same.)

Test Statistics	
	financial stability
Mann-Whitney U	800.000
Wilcoxon W	1661.000
Z	-2.772
Asymp. Sig. (2-tailed)	.006
a. Grouping Variable: funding source	

A Mann–Whitney U test was conducted to determine the relationship between financial stability and funding source in the form of self-funding vs loan. When the test is run, there was a Mann-Whitney U value of 800.000 and Z-score of -2.772. With 0.006 (2-tailed) < 0.05, the asymptotic significance is less than 0.05 significance level. Thus, we can show that there is a statistically significant difference in financial stability between the two groups. Since the p-value is such a low number, rejecting the null hypothesis (H<sub>0</sub>) and saying that there is indeed a significant difference in financial stability ratings between self-funded and loan funded entrepreneurs.

**Table 5: Wilcoxon Test**

**H<sub>0</sub>:** There is no significant difference in confidence levels (marketing) before and after going for business training programs. The median confidence level before training is also the median confidence level after training

Ranks				
		N	Mean Rank	Sum of Ranks
after training - before training	Negative Ranks	22 <sup>a</sup>	16.27	358.00
	Positive Ranks	6 <sup>b</sup>	8.00	48.00
	Ties	70 <sup>c</sup>		
	Total	98		
a. after training < before training				
b. after training > before training				
c. after training = before training				

Test Statistics <sup>a</sup>	
	after training - before training
Z	-3.640 <sup>b</sup>
Asymp. Sig. (2-tailed)	.000
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

To determine if business training programs significantly improved faith in marketing, the Wilcoxon Signed-Rank Test was applied. The response reveals that the number of respondents in total is 98, out of them 22 gained lower confidence after training, 6 respondents had higher confidence after training and 70 respondents remained the same. The test statistic  $Z = -3.640$  and the p-value (Asymp. Furthermore, Sig. 2-tailed) = 0.000 is below 0.05 level of significance. This indicates that, statistically significant, the participants' confidence levels dropped after the program. Further, this finding is justified by the fact that the negative mean rank (16.27) is larger than the positive mean rank (8.00). With this, one can deduce that the training program might have not provided for a boost in confidence and thus the need for further assessment of the content and the mode of delivery might be practicable.

**Table 6: Correlation**

**H<sub>0</sub>:** There is no significant correlation between the challenges faced by women entrepreneurs and the type of support they need for business growth.

Correlations			
		Challenges faced	Support needed
Challenges faced	Pearson Correlation	1	.969**
	Sig. (2-tailed)		.000
	N	98	98
Support needed	Pearson Correlation	.969**	1
	Sig. (2-tailed)	.000	
	N	98	98
**. Correlation is significant at the 0.01 level (2-tailed).			

Pearson correlation coefficient between the challenges faced by women entrepreneurs and creation of support needed for the women entrepreneurs is 0.969 i.e. shows positive correlation. Hence, if the challenges faced by women entrepreneurs are increasing their need for business

support is also increased. As p-value (0.000) is less than 0.01 which confirm the statistical significance of the correlation at 1% level. Hence, we have accepted our hypothesis ( $H_0$ ) and therefore infer that there is a relationship between the types of support necessitated for business growth and challenges faced. It means that the solution of central entrepreneurial challenges (e.g. financial problems, market access and institutional knowledge) can considerably improve the success of a business.

### Findings

- It shows that young (35.71%) as well as older (31.63%) women are more engaged in entrepreneurship than middle ones.
- 43.88 percent of the respondents have no formal education as a result of which there exists a barrier to business knowledge; 57.14 percent are single and hence, could have fewer family responsibilities; liberty to engage in entrepreneurship could also be responsible for entrepreneurship; out of the respondents 48.98 percent run service based businesses, meaning they chose to opt for low investment venture as compared to 19.39 percent who run down manufacturing businesses and 31.63 percent running the retail businesses.
- Some use bank loans (25.5%), government schemes (20.4%) or private investors (23.5) while 30.6 percent of the businesses are reliant on personal savings. Yet, 18.4% only consider their business very stable while 35.7% feel a little stable.
- Firstly, they were motivated to be financially independent (32.7%) and have a passion for entrepreneurship (28.6%). Lastly, this gap is highlighted by their lack of formal training and mentorship received (57.1%).
- There is a large ( $p = 0.006$ ) difference between self-funded and loan funded entrepreneurs in terms of financial stability. The stability challenge of loan funded entrepreneurs may be different from that of the self-funded ones.
- Marketing had lower confidence after training with 22 respondents having lower confidence, 6 higher and 70 the same. It is possible that the training program was not effective, and thus requires further evaluation.
- There is a strong positive correlation (0.969,  $p = 0.000$ ) between challenges and support. In particular, there comes a greater financial, marketing, training and policy support required for women, who in general, face more difficulties to start and grow such businesses.

## Suggestions

- Given that majority of women entrepreneurs find themselves in financial instability and are unable to access bank loans, government schemes, and further investments through private investment houses. In addition, low interest loans and grants should be available for new and emerging women led businesses at an early stage.
- Due to the ineffective practice of building confidence using the current training programs particularly in marketing, the training programs posed in ICCD will be adjusted and modified to develop market strength in alumni. The implementation of practical, hands-on training, mentorship from proven entrepreneurs and industry relevant workshops should be used to improve business skills of the youth.
- Women entrepreneurs need better access to markets and to be connected. They can expand their reach and it will expand their customer base through initiatives like trade fairs, online marketplaces and networking forums.
- There should be stronger policies from government in supporting women entrepreneurs by enforcing easy business starting, tax benefits, and subsidies for women led startups. Awareness campaigns about programs in which financial aid and support is available can be increased for more women to take part in.

## Conclusion

It shows some of the key economic challenges and influencing factors that act a barrier to women becoming as Entrepreneurs. Results indicate that inaccessibility to market, lack of a formal training, and the financial instability, are important impediments to expansion in their business. Women would rely on their personal savings or no external fundings, this shows the need for financial support in improving. It also revealed that though passion and financial independence prompts most women into entrepreneurship, lack of structured mentorship and training hinders them to have confidence in areas such as marketing. The results of statistical analysis confirm that funding source has an effect on financial stability as well as the fact that challenges encountered are related to the type of support needed. The success and sustainability of women led businesses can be addressed by improving access to finance for more funds, appropriate training, networking connections and strong policy support.

## References

1. Chittaranjan, M., & Katagi, S. (2023). Challenges faced by women entrepreneurs: Socio-cultural barriers, economic constraints, and the role of mentorship. *International Journal of Entrepreneurship and Small Business*, 45(2), 112-128.
2. Rani, S., & Sundaram, K. (2024). Financial inclusion and women entrepreneurship: A pathway to economic empowerment. *International Journal of Entrepreneurship and Innovation Management*, 58(1), 79-95.
3. Chaudhuri, P. (2024). Financial challenges in women-led microenterprises: An analysis of funding constraints and skill gaps. *International Journal of Management and Technology*, 32(1), 45-60.