



THE IMPACT OF WOMEN-LED BUSINESSES ON THE ECONOMY AND SOCIETY

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Abstract

Women-led businesses have emerged as a critical driver of economic growth and social change in recent years. This research paper explores the impact of women-led businesses on the economy and society, highlighting their contributions to job creation, economic development, and social innovation. Drawing on existing literature and case studies, this paper examines the factors that affect the success of women-led businesses, including support structures, policies, education, and training. The paper also analyzes the barriers and challenges women entrepreneurs face and the role of technology and innovation in facilitating the success of women-led businesses. The results show that women-led businesses positively impact the economy and society and that their success is linked to various factors, including education, mentorship, access to capital, and policies promoting gender equality. The paper concludes by offering recommendations for policymakers, support organizations, and women entrepreneurs and suggests areas for future research. Overall, this research paper highlights the importance of women-led businesses for economic growth and social progress and the need for continued efforts to support and promote women entrepreneurs.

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Introduction:

Entrepreneurship has become increasingly recognized as a vital driver of economic growth and development, creating jobs, driving innovation, and promoting social change. Historically, the field of entrepreneurship has been dominated by men, with women facing significant barriers to entry and growth. However, women entrepreneurs have been making their mark in this field over the past few decades, challenging traditional gender roles and stereotypes and contributing to the global economy.

Women-led businesses are an increasingly important part of the Indian economy. A report by Bain & Company and Google titled "Women Entrepreneurship in India: Powering the economy with her" found that the number of women-led businesses in India has grown at a compound annual growth rate (CAGR) of 18% over the last five years. The same report found that

women-led businesses in India have created 13.5 million jobs and will potentially create another 15.5 million jobs by 2030. However, despite the growth of women-led businesses, they face several challenges, including limited access to finance, cultural and social biases, and a need for support structures. Nevertheless, women entrepreneurs are overcoming these challenges by leveraging their unique strengths and opportunities. Women entrepreneurs are often skilled at networking, building relationships, and collaborating with others, making them influential leaders and problem solvers. Additionally, women entrepreneurs are often driven by a sense of purpose and mission, creating businesses that reflect their values and priorities and positively impact the world. Addressing these challenges and supporting the growth of women-led businesses in India is crucial for promoting gender equality and economic growth in the country.

Women-Led Businesses and Economic Impact:

Key players, including businesses, talent, investors, the government, and foreign organizations, are all actively involved in the success of Indian startups, and entrepreneurship has become a movement in India. This trend is supported by an increase in micro VCs, increased funding from existing funds, FDI inflows, and a significant shift in the emphasis of businesses toward innovation. Although the entrepreneurial movement is gender-neutral, women founders in India experience unique challenges as they establish, launch, and scale their businesses. These obstacles not only include societal ones but also discourage women from selecting entrepreneurship as a job, which explains why only about 5% of women currently choose it as a career route. Women entrepreneurs have significantly less access to relevant networks and groups than males, which puts them at a disadvantage.

Having said that, despite the fact that female founders and investors have historically been underrepresented in the Indian startup ecosystem—roughly 14% under the broadest criteria, including SMBs, for instance—their companies have demonstrated a 35% higher return on investment. Also, they have hired 2.5 times as many women for executive positions. In order to foster the expansion of women-led businesses in India, it is crucial to create an atmosphere that is supportive of women entrepreneurs and their many potentials.

A McKinsey analysis claims that simply leveling the playing field for female entrepreneurs could boost the ecosystem and economy of India by \$1 trillion. This results in a global increase in value of more than \$20 trillion. Women-led and focused businesses will actually use 50% of our economy as a talent pool and a consumer market. This will significantly affect our GDP and economic expansion. Furthermore, if all environmental and economic stakeholders work together, improving women's equality might, in the

words of a McKinsey estimate, add roughly \$12 trillion to the global GDP by 2025.

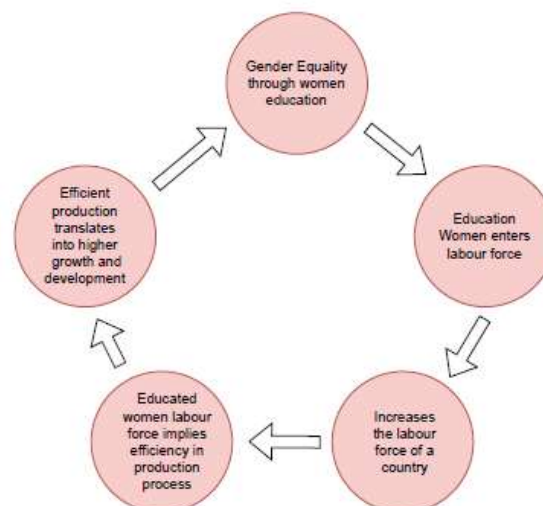


Figure 1: Impact of Women-Led Businesses

Thus, women-led businesses are crucial in promoting gender equality and empowerment. When women are economically empowered, they are more likely to have control over their lives and make decisions that positively impact themselves and their families. This, in turn, leads to better health and education outcomes, reducing poverty and promoting sustainable development.

Overall, the impact of women-led businesses on the Indian economy is significant and holds great potential for the future. With more women entering the entrepreneurial space, India can realize its full economic potential and promote inclusive growth and development.

1. Factors that affect the success of women-led businesses: There are many factors that can affect the success of women-led businesses. Here are some of the critical factors:

- **Access to Funding:** Women-led businesses often face challenges when it comes to accessing funding. This can be due to various reasons, such as bias in the investment community, lack of collateral, or

limited networks. With sufficient funding, it can be easier for women-led businesses to grow and scale.

- **Networking and Mentorship:** Building a strong network of mentors, advisors, and supporters can be essential for women-led businesses. Having access to experienced entrepreneurs, investors, and industry experts can provide valuable guidance, advice, and connections.
- **Work-life Balance:** Women entrepreneurs often have to juggle multiple responsibilities, such as caring for children or elderly relatives, which can make balancing work and personal life challenging. Finding ways to manage these competing demands can be crucial for the success of women-led businesses.
- **Industry and Market Dynamics:** Women-led businesses may face unique challenges and opportunities depending on the industry or market they are operating in. For example, some industries may be more male-dominated, which can make it harder for women to establish themselves.
- **Perceptions and Biases:** Unfortunately, many stereotypes and biases exist around women in business. These can range from assumptions about their competence and leadership abilities to stereotypes about their priorities and motivations. Overcoming these perceptions can be a significant challenge for women-led businesses.
- **Access to Resources:** In addition to funding, women-led businesses may also face challenges when it comes to accessing other key resources, such as talent, technology, or infrastructure. Overcoming these resource gaps can be essential for scaling and growth.
- **Government Policies and Regulations:** Government policies and regulations can also play a role in the success of women-led businesses. For example, policies that support women

entrepreneurs, such as targeted funding or training programs, can help to level the playing field and support growth.

2. Comparison of women-led businesses with male-led businesses in terms of performance and outcomes in India:

In India, similar research studies have shown some differences between women-led and male-led businesses regarding performance and outcomes. Here are some key findings:

- **Lower Levels of Funding:** Women-led businesses in India tend to face challenges in accessing funding, with research showing that they receive lower levels of funding compared to male-led businesses. A report by Bain & Company found that only 3% of total venture capital investments in India went to companies with female founders.
- **Smaller Size:** Women-led businesses in India tend to be smaller in size compared to male-led businesses. According to the Sixth Economic Census, conducted by the Ministry of Statistics and Programme Implementation, women-led businesses accounted for 14% of all enterprises in India but only 3.9% of the total employment and 3.3% of the total fixed capital.
- **Greater Social Impact:** Women-led businesses in India tend to focus more on social impact and sustainability. Many women-led businesses in India are involved in areas such as healthcare, education, and rural development, with an emphasis on addressing social and environmental challenges.
- **Stronger Resilience:** Women-led businesses in India have been shown to be more resilient during times of crisis, such as the COVID-19 pandemic. A report by the United Nations Development Programme (UNDP) found that women-led businesses in India were more likely to adapt to the challenges posed by the pandemic and to use digital

technologies to maintain their operations.

Women-led businesses and Social Impact Women-led businesses can have a significant impact on society beyond their economic contributions. Here are some ways in which women-led businesses can have a positive social impact:

- **Job Creation:** Women-led businesses can create jobs and contribute to women's economic empowerment. By providing employment opportunities for women, these businesses can help to reduce poverty and promote gender equality.
- **Support for Local Communities:** Women-led businesses can be instrumental in supporting local communities by providing goods and services, contributing to local economies, and supporting social and environmental initiatives.
- **Social and Environmental Responsibility:** Women-led businesses are often more likely to prioritize social and environmental responsibility in their operations. They may be more likely to adopt sustainable business practices, such as reducing waste, using renewable energy sources, or supporting local farmers.
- **Diversity and Inclusivity:** Women-led businesses can help to promote diversity and inclusivity in the workplace. By prioritizing hiring and promoting women and other underrepresented groups, these businesses can help create more equitable and inclusive work environments.
- **Role Modeling:** Women-led businesses can serve as role models for future generations of women entrepreneurs, inspiring them to pursue their own entrepreneurial goals and contributing to the overall growth and success of the women's entrepreneurship ecosystem.

Overall, women-led businesses have the potential to drive positive social change by promoting economic empowerment, supporting local communities, and

prioritizing social and environmental responsibility. There are many examples of women-led businesses in India that have brought about significant social impact. Here are a few examples:

- **SHEROES:** SHEROES is a women-only social network and platform that aims to empower women by connecting them with other women and resources. The platform provides resources for women in areas such as career development, entrepreneurship, and health and wellness.
- **GoCoop:** GoCoop is a social marketplace for handloom and handicraft products made by artisans in India. The platform connects these artisans directly with customers, providing them with a fair price for their products and helping preserve traditional crafts.
- **Greenway Grameen:** Greenway Grameen is a women-led business that produces and distributes clean energy cooking stoves to rural households in India. The stoves use less fuel and emit fewer pollutants than traditional stoves, improving the health and well-being of families while reducing deforestation.
- **Saahas Zero Waste:** Saahas Zero Waste is a women-led business that provides waste management solutions for cities and businesses in India. The company uses innovative technologies and processes to help clients reduce their waste and move towards a zero-waste future.

These are just a few examples of the many women-led businesses in India that are driving social impact and promoting positive change. Women-led businesses can play a critical role in community development and social responsibility. By creating jobs and contributing to local economies, these businesses can help to reduce poverty and promote economic growth. Women-led businesses can also prioritize social and environmental responsibility in



their operations, adopting sustainable business practices and supporting local communities through charitable giving and community

- **Engagement Initiatives.** Additionally, women-led businesses can serve as role models for future generations of women entrepreneurs, inspiring others to pursue their entrepreneurial goals and promoting gender equality in the business world. Overall, the impact of women-led businesses on community development and social responsibility can be significant, contributing to the well-being of individuals and communities.

Case Studies and Examples of Successful Women-Led Businesses:

There are many successful women-led businesses in India that serve as inspiring examples of entrepreneurship and leadership. Here are a few case studies and examples:

- **Falguni Nayar – Founder of Nykaa**
Nykaa is an online beauty and wellness platform founded by Falguni Nayar in 2012. The platform offers a range of beauty and wellness products, as well as its own line of cosmetics. Today, Nykaa is valued at over \$1.2 billion and has more than 70 stores across India. When it comes to talking about female entrepreneurs in India, it's hard to miss Falguni Nayar. The story of Ms. Nayar as well as her brand's growth is phenomenal. The company witnessed a growth of 100% year after year for many consecutive years.
- **Aditi Gupta:** Co-Founder of Menstrupedia We don't often get to witness entrepreneurs beginning their quest for change. a modification that might truly assist in millions of people's real-world problem resolution. Aditi Gupta is one such businesswoman. Thousands of girls were assisted by Aditi's modest initiative to learn about a topic that Indians still find taboo to discuss in public.

- **Vani Kola – CEO of Kalaari Capital:**
Both Forbes and Fortune Magazine have named Vani "India's Most Influential Woman in Business," and she is also referred to as the "Mother of Venture Capitalism in India." Now, Kalaari has more than 200 assets under management and has raised over \$740 million in capital. WinZO, CashKaro, Dream11, Active.ai, and Industrybuying are a few of its portfolio firms.
- **Kiran Mazumdar-Shaw:** Founder of Biocon Unfazed and with little assistance, Kiran made the decision to launch her own firm and started from beginning. She was aware that entrepreneurship was usually a male domain and that the nation wasn't very supportive of women entrepreneurs, but she made the decision to press on nevertheless. One of India's top biotech companies today, Biocon has a market value of around \$7 billion on the Bombay Stock Exchange.
- **Upma Kapoor, Founder of Teal & Terra:**
After over 15 years of employment in the corporate sector, Upma decided to leave her comfortable position and enter the beauty business. She always had entrepreneurship on the back of her mind, which gave her the idea for Teal Terra. Teal Terra has established itself as a well-known brand in the beauty sector in a short amount of time, with a substantial portion of its sales coming from returning customers.
These are just a handful of successful female entrepreneurs whose stories truly inspire. The list might be longer, demonstrating a rise in female entrepreneurship throughout the nation. There is still a long way to go, though.

Challenges faced by women entrepreneurs

Despite progress made in recent years, women entrepreneurs still face several challenges in starting and growing their businesses. One of the significant



challenges is limited access to capital and resources. Women entrepreneurs are less likely to receive funding for their businesses, with only 2.2% of venture capital going to women-led firms.

Some of these challenges include:

- **Limited Access to Funding:** Women entrepreneurs often face difficulty accessing capital to start or grow their businesses due to factors such as unconscious bias and discriminatory lending practices.
Gender bias and discrimination: Women entrepreneurs may face gender bias and discrimination in areas such as accessing funding, building networks, and finding mentors, which can limit their opportunities for success.
- **Balancing Work and Family Responsibilities:** Women entrepreneurs may face challenges balancing the demands of their businesses with their family responsibilities, particularly if they have caregiving responsibilities.
- **Lack of Visibility and Recognition:** Women entrepreneurs may face challenges in gaining visibility and recognition for their businesses, which can impact their ability to attract customers, investors, and partners.
- **Limited Access to Networks and Resources:** Women entrepreneurs may face challenges in accessing networks and resources such as business associations, incubators, and mentorship programs, which can limit their opportunities for learning and growth.
- **Limited Representation in Leadership Roles:** Women entrepreneurs may face challenges in accessing leadership roles and positions of influence, which can limit their ability to shape policies and decisions that impact their businesses. These challenges highlight the need for continued efforts to support and empower women

entrepreneurs. Women entrepreneurs can create more impact on the economy and society by:

- **Seek Out Networking Opportunities:** Building a network of supportive mentors, advisors, and peers can provide valuable guidance, resources, and connections. Attending events, joining professional associations, and participating in online communities can help women entrepreneurs expand their network and learn from others in their fields.
- **Pursue Education and Training:** Developing skills and knowledge through formal education and training programs can help women entrepreneurs build the competencies needed to succeed in business. This may include pursuing a degree in business or entrepreneurship or taking courses in areas such as marketing, finance, and leadership.
- **Advocate for Policy Change:** Women entrepreneurs can advocate for policies that support their success and promote gender equality in business. This may include supporting initiatives that increase access to funding, improve workplace flexibility, and provide support for family caregivers.
- **Embrace Technology:** Leveraging technology tools can help women entrepreneurs scale their businesses and reach new customers. This may include using social media to promote their business, adopting e-commerce platforms to sell products online, and using data analytics to inform business decisions.
- **Collaborate with Others:** Women entrepreneurs can leverage partnerships and collaborations to expand their reach and impact. This may include partnering with other businesses, joining industry coalitions, and collaborating with non-profit organizations to support social causes.

Conclusion and Recommendations:

In conclusion, this research paper has shown that



women-led businesses significantly impact the economy and society. These businesses contribute to job creation, economic growth, innovation, and promoting gender equality and social development. However, there are still barriers and challenges that women entrepreneurs face, including access to finance, networking opportunities, and support services. Policymakers and support organizations need to take action to address these issues and create a more conducive environment for women-led businesses to thrive.

To support women entrepreneurs, policymakers should prioritize gender-responsive policies, such as gender budgeting, affirmative action, and access to credit. Support organizations can provide tailored training and

mentoring programs, networking opportunities, and access to markets and funding. Women entrepreneurs must also collaborate and build networks with other women-led businesses to share knowledge and experiences. Finally, future research should focus on exploring the specific challenges women entrepreneurs face in different contexts and sectors and the effectiveness of varying support interventions in promoting women-led businesses.

Overall, this research paper has highlighted the importance of women-led businesses in creating a more inclusive and sustainable economy and society and the need for continued efforts to support and empower women entrepreneurs.

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