Determinants, Barriers, and Growth Outcomes of Women Entrepreneurship in Bangalore: A Review of the Literature

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Abstract

Women entrepreneurship has grown from a descriptive research interest into a field that asks why gendered enterprise gaps persist and how they are reproduced. This review brings together the literature related to the determinants, constraints and growth performance of women entrepreneurs in the context of the Bangalore and Indian urban landscape in general. It synthesizes the evidence based on entrepreneurship theory, feminist economics and empirical studies specific to India under the four headings of financial and credit access, social capital and networks, regulatory environment, and burden of domestic labour. Financial and care related factors appear to be the most common barriers to entry and growth, whereas social and regulatory factors seem to be more specific and highly correlated with caste and a firm's formal vs. informal sector status. The review includes five gaps in the literature, and ends with an integrative framework and a research agenda for future studies that advocate a structural over a deficit explanation.

Keywords: *women entrepreneurship; Bangalore; credit access; social capital; care economy; informal sector; gender and caste*

1. Introduction

Women's entrepreneurship has now received its new champion in the research and policy agenda as a result of the challenges around climate, livelihood and equity issues, though the early efforts primarily focused on counting women entrepreneurs and their difference from men. The field has undergone a transformation over the past 30 years, whereby it has been moving gradually towards examining why these differences exist, and how institutions perpetuate them. This review is a part of this second tradition. It is not an encyclopaedic survey of the field, which is now too large to be encompassed here, but charts the currents of work most relevant to the study of women's entrepreneurship in Bangalore and highlights points of consensus, conflict and where there is no evidence.

Bangalore is a case in point. It brings together the paradoxes of women's entrepreneurship in stark contrast; the India of a large number of women who are running micro businesses (food, textiles, beauty, and trading informal) and the India that is a hub of technology and a showcase of a highly educated, formal and male dominated startup community. This dichotomy has not been directly addressed in most Indian literature and here an attempt is made to find out the reason.

The paper is presented in a thematic manner. In Section 2 the theoretical tenets and the feminist critique that transformed them is outlined. The four structural determinants are reviewed and a working definition provided for each in Section 3. The next section, "Barriers across the Enterprise Lifecycle"

(Section 4), is devoted to barriers throughout the enterprise lifecycle. Section 5 brings together all of the evidence and highlights research gaps. A framework and a research agenda are proposed in Section 6, the Sustainable Development Goals are connected to the review in Section 7 and the conclusion is given in Section 8.

2. Theoretical Foundations

The study of women's entrepreneurship has been based on three traditions. The first, inspired by business school studies in the 1970s and 1980s, was to assume that men were the norm and see women's smaller and slower growing companies as proof of their personal shortcomings. This was later called “deficit thinking” (Ahl 2006), because the problem had nothing to do with the fact that the observations were all incorrect, but with the fact that they made the problem into personal shortcomings, making them easy to address using training based policies that did not intervene in the structures.

The contextual turn put this right. In addition to the three M's (Money, Markets and Management), Brush, de Bruin and Welter (2009) add Motherhood and the broader Meso/Macro environment and Welter (2011) states that the concept of opportunity and success is determined by the social and institutional context. The limitation of the critics such as Marlow and Martinez Dy (2018) is that context can be used to describe the constraints that women experience but does not tell why the constraints or whose interests are being served.

The most pointed critique has been from the feminist scholarship. Ahl's (2006) discourse analysis revealed that the field continually constructed women as a problem to be explained, and Marlow and Patton (2005) disentangled the masculine norms that were embedded in seemingly neutral collateral and growth requirements in the realm of lending. Henry, Foss, and Ahl (2016) make a methodological point relevant to India: models that capture the gender effect vary in their specification of the structures they include and models that are modeled after the West tend not to include the structures that do the work here (caste, family structure, community networks, regulatory legibility). The discourse analytic approach, which is part of the contextual theory, is not the one that has been picked up by Indian scholarship, much of which has been deficit focused thus perpetuating the existence of the deficit oriented framing of domestic policy research and the lack of a theoretical platform for caste.

3. Determinants of Entrepreneurial Entry and Growth

This section summarizes 4 structural determinants with a conceptual definition (what it is) and empirical definition (how it is usually measured) for each. Table 1 shows the definitions.

3.1 Financial and Credit Access

Capital is one of the most often identified factors that influence the entrance and development and the gender difference in capital is among the most widely replicated findings in the literature. Verheul and Thurik (2001) demonstrated over twenty three countries that size and sector do not fully account for the lower capital starting position of women owned firms as compared to comparable, and similar sized, male owned firms. In the case of India, the mechanism is evident Bankers in Maharashtra were more interested in family endorsement and property collateral than in business quality, thereby excluding women because of the fact that land is asymmetrically registered in male names, Banerjee et al., (2015) found. It has broadened inclusion at the bottom end but its structure limits the size of the enterprises, leaving successful women in the “graduation” bottleneck between the level of inclusion in the SHG credit and formal bank credit.

3.2 Social Capital and Networks

Burt (2004) argues that bridging ties those that connect groups of people who are disconnected from one another are important to entrepreneurs, and Renzulli, Aldrich and Moody (2000) discovered that women's start-up networks are more densely packed with kin and less with non-kin contacts. There are two conditions which should be changed in the Indian case. A class based theory would not explain the way in which caste based networks transmit information about the economy and informal credit, and so a high caste woman may be better-off in terms of bridging capital than would a lower caste woman based on her gender alone, whereas a Dalit woman is at risk of multiple exclusions. Peer networks also have a role to play, as deliberately established peer networks demonstrated by Viswanath and Mehrotra (2020) can form new weak ties, but these are likely to be beneficial only to women with already high levels of digital literacy and may thus be more apt at perpetuating existing asymmetries than at bridging them.

3.3 Regulatory Environment

There is a substantial amount of literature that discusses the regulatory burden, but little of it focuses on a gendered dimension. Srinivas and Jeyaranjan (2020) demonstrate that the formal system has been designed to suit the needs of companies with the help of accountants and lawyers, and therefore is too complex for companies without these agents. The education and class based access to intermediary access tracks is a gender filter, since education and class are both nominally gender neutral. In Bangalore, Ramachandran and Bala Subramanya (2018) chronicle the interaction between zoning laws, commercial premises regulations and the skyrocketing rate of property prices that ends up locking women entrepreneurs in their homes before their businesses even begin.

3.4 Domestic Labour Burden

The greatest constraint is the care burden, which is the most empirically valid and the least theoretically elaborated. The mainstream view assumes that time allocation is a free choice of the individual while feminist economics (Folbre, 1994) offers a view of determining time allocations as being normatively influenced and determined by intra household power in a way that is not open to renegotiation by women. The burden is mediated at least in three ways: by an actual loss of time, by a mental bandwidth depletion, and by a “false flexibility” effect, which makes self-employment seem always available for home use. The common theme is that there is a shared link to the concept of care as economic infrastructure, and that this does not get compensated for by any enterprise specific scheme, but that its absence puts women's enterprise under strain.

Table 1. Conceptual and Empirical Definitions of Determinants

Determinant	Conceptual definition	Empirical definition (measurement)
Financial & credit access	Access to start-up and growth capital that is not gender biased.	Approval rate for loans, loan size, need for collateral and guarantor, and use of informal credit.
Social capital & networks	The information, referral and resource value of a woman's business ties.	Network character (kin vs non-kin), bridging ties vs bonding ties, platform and SHG membership.
Regulatory environment	The expenses and legibility of meeting formal enterprise requirements.	Compliance time and cost, registration and zoning eligibility, use of professional intermediaries.
Domestic labour burden	Occupations of enterprise time and attention that are unpaid care and housework.	Hours of unpaid work, Care responsibilities, Perceived flexibility and interruption of work.

4. Barriers Across the Enterprise Lifecycle

4.1 Pre-Entry Barriers and the Permission Structure

Pre-entry barriers have not been well studied as people who never entered are not included in surveys and therefore tend to be overrepresented in the literature on operating barriers. Qualitative work helps to fill in part of the gap. Goyal and Parkash (2011) outline a “permission structure” of family and social negotiation that filters out a lot of would be entrepreneurs without raising any capital, with the real cost being the time and emotional labour required to overcome resistance and which is disproportionately on women. Bhasin and Fernandez (2017) trace the differences in those negotiations in class and place in South India.

4.2 Financial Exclusion

The Bangalore city case study demonstrates three mechanisms of financial exclusion, which are best understood. The financial exclusion has the best evidence base and is evident in Bangalore. Collateral replaces hard to evaluate business quality, thus harming women's business interests due to unequal property ownership. Micro enterprises must face more expensive informal credit due to documentation and compliance cost, increased following the introduction of GST in 2017. Both the non-recognition of women's economic agency and male co-signatories when they are not necessary reflects and reproduces the non-recognition of women's agency and discourages applications which survey and then do not record.

4.3 Sectoral Concentration and the Growth Gap

In many settings, women's businesses grow more slowly, and their survival rates are lower (Coleman & Robb, 2009); Cliff (1998) found that women's expressed growth intentions were lower, either because they were an actual preference or because it was an internal constraint. The rest of the difference is due to differences among sectors, and is accounted for by the effect of sectoral concentration, according to Minniti and Naudé (2010). In Bangalore, Bala Subramanya (2017) finds a revenue growth gap of around four percentage points one of the highest in his sample, and strongest among firms five to ten years old, indicating that it is not at the entry point that the barrier takes a bite, but rather when companies are about to grow.

4.4 The Informal Sector and the Measurement Problem

Surveys rely on the registered firm database and so do informal enterprises, which account for 40-65 per cent of women's micro enterprises (NITI Aayog, 2021), and thus are lost from the data. The literature thus attempts to measure a minority, the formal sector, and extends its findings. Harriss-White (2003) suggests that informal enterprises build up actual skills that are not detected by formal indicators, and that the common benchmark may therefore fail to assess a potential, rather than just a lack of it.

Table 2. Summary of Determinants and Evidence

Determinant	Typical effect	Consistency of evidence
Financial & credit access	Strong constraint	Chinese work norms focus on highly consistent; collateral norms and guarantor norms are central.
Social capital & networks	Positive (enabler)	Mixed (caste, sector, and digital access).
Regulatory environment	Constraint	Supported, but not typically gender disaggregated; is an indirect filter.
Domestic labour burden	Strong constraint	Well rounded in development economics and weak in enterprise theory.
Sectoral concentration	Negative (on growth)	Coherent; accounts for about 50% of the measured gender growth gap.

5. Synthesis and Research Gaps

The evidence when read together suggest that financial and care related constraints are the most consistent barriers to entry and growth, while social and regulatory barriers are more dependent upon context and closely linked with caste and formal/informal status. A fifth strand, the policy critique disjuncture, is across all of the four major strands that are reviewed; the gaps exposed by each strand in this table are the ones that are being reviewed.

Table 3. Reviewed Work and Knowledge Gaps

Reviewed work	Knowledge gap identified
Thorat & Dubey (2012); Yengde (2019)	Caste is an important variable in the study of social capital, credit, and permission, but is not considered a structural determinant, except in most studies as a control variable.
NITI Aayog (2021); Harriss-White (2003)	The majority of women's enterprise is informal and is underrepresented in datasets, thus skewing both barrier and growth findings.
Ramachandran & Bala Subramanya (2018)	The intra city spatial variation in Bangalore is yet to be mapped and when the relevant unit is smaller, policy is set at a city level.
Folbre (1994); Kabeer (2012)	Although there is ample evidence of the impact of care economy analysis, it does not form part of enterprise theory.

There are two additional trends. Most Indian evidence is single country and cross sectional and does not allow causal and cross cultural inferences on the relationship between intention and enterprise outcomes. Policy research questions tend to be about the success or failure of a particular scheme with respect to its declared objectives instead of whether or not the declared objectives are appropriate to the structural problem; so too are the evaluations and criticisms poorly linked to the policy research questions.

6. Proposed Framework and Future Research Agenda

In the framework in Figure 1, financial and credit access, social capital, regulatory environment and domestic labour burden are seen as structural determinants of entry and growth (D1–D4), while caste and community position and formal or informal sector location are as mediators cutting across all the pathways (M1–M2) and conditioning every pathway. Future studies on the informal sector should: (i) pursue caste disaggregated enterprise data and theorize caste as a determinant, not a control; (ii) engage in enumeration and follow up of informal enterprises; (iii) map intra city variation across the economic zones in Bangalore; and (iv) place care economy analysis at the center of the theoretical agenda and evaluate care infrastructure in a manner that is comparable to financial and regulatory infrastructure.

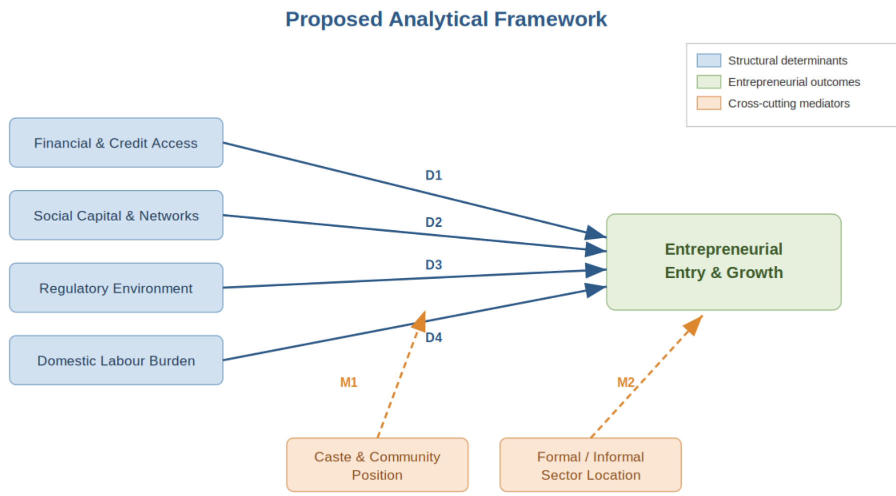

Figure 1. Proposed analytical framework. Solid arrows denote structural determinant effects (D1–D4); dashed arrows denote cross-cutting mediation (M1–M2) by caste/community position and formal/informal sector location.

7. Alignment with the Sustainable Development Goals

This Review addresses a number of the UN Sustainable Development Goals. It also supports SDG 5 (Gender Equality) by identifying structural barriers to women's economic inclusion, SDG 8 (Decent Work and Economic Growth) by exploring conditions of entry, growth and survival of enterprises and SDG 10 (Reduced Inequalities) by highlighting how caste and informal sector status intersect with gender based disadvantage in the urban Indian economy.

8. Conclusion

Real intellectual progress and a recalcitrant unsolved problem are described in the literature. It has developed more sophisticated theory and more effective methods, with the contextual turn and critique of the feminist movement, but it has yet to find a consensus on the explanation of the unabated gender enterprise gap despite decades of policy work. The best answer is that it is a structural tradition: the gap is not due to women's characteristics; it will not fix itself without deliberate structural change. For Bangalore it means data that goes beyond the formal sector, approaches which consider caste as a structure, designs that move with firms across the uneven geography of the city, and policy analysis that integrates evaluation and critique. This is one step on that agenda, which is provided here as a framework.

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