Factors Determining Proactive Behaviour of Women Entrepreneurs in Madurai District

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Abstract
Women entrepreneurial activity is a key element of economic growth in the contemporary business world. It is essential in the present emerging market economy. It is an important source of employment for women across countries in the era of liberalization and globalization. It empowers women. Miller points out that the strength of a small scale enterprise lies in the entrepreneurial orientation which is a construct of innovation, risk-taking and proactive behaviors. In particular, proactive behavior is an important component of entrepreneurial orientation. The prior empirical research works show a positive relationship between entrepreneurial performance and proactive behavior. Thus, it is pertinent to shape the women entrepreneurs to exhibit their proactive behaviors for the success in the business ventures. In this context, the present research paper focuses on the various factors determining a proactive behavior of women entrepreneurs in Madurai district. The present research shows that training in starting a new business has a greater influence on the proactive behavior of women entrepreneurs. Therefore, training should be considered as an essential component for stimulating entrepreneurial orientation among women entrepreneurs.

Keywords: Women entrepreneurs, Proactive behavior, Social support, Family support and Institutional credit support

Introduction

Entrepreneurial orientation is a combination of innovativeness, risk-taking and pro-activeness. Indeed, many research studies bring out the point that proactive behavior is the most important dimension of entrepreneurial orientation. Proactiveness refers to the processes which are aimed at seeking new business opportunities. It shows the initiative, drive and perseverance of entrepreneurs.

It provides insight into the likelihood of a plan. The social scientists argue that an entrepreneur can create the competitive advantage by anticipating changes in future demand or even shape the environment by not being a passive observer of environmental pressures but an active participant in shaping their own environment. In short, proactive women entrepreneurs can predict the future and thus they can capitalize on emerging business opportunities.

Methodology

Women entrepreneurs are those women or a group of women who initiate, organize and operate a business enterprise. The women enterprise is an enterprise owned and controlled by women or a group of women having a minimum financial interest of 51 percent of capital and giving at least 51 percent of employment generated in the enterprise to women. The present analysis is based on the primary data provided by women entrepreneurs in Madurai district. The sample size has been determined using Cochran's formula:

$n_0 = Z^2 P(1-P)^2 \div d^2$, where n_0 = sample size, $Z = 2.58$ for one percent level of significance, P = the ratio of a number of small-scale service enterprises owned by women entrepreneurs to the total number of small-scale service enterprises in the district. And d2 = margin of error or degree of accuracy required. There were 2412 registered small-scale services enterprises in the district.

Among them, 411 were owned by women entrepreneurs (as on 31-03-2014) in the district. Using the above formula the sample size has been determined as 64 small-scale service enterprises owned by women entrepreneurs in the district. The sample units have been selected based on simple random sampling method.

The researcher developed three different scales for the measurements of proactive behaviour, family support and social support. All the three scales are on five-point Likert type scales in which respondents are requested to choose between pairs of opposing statements.

The primary data were collected from these 64 women entrepreneurs using the well-designed interview schedule. The primary data were analyzed using the Logistic Regression analysis. The Logistic Regression model fitted for the present study is given below:

$$\text{Logistic } (P) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \ldots + \beta_{10} X_{10} + \mu$$

Where
X_1 = Entrepreneur's age
X_2 = Entrepreneur's educational qualification
X_3 = Previous business experience
X_4 = Training
X_5 = Family business background
X_6 = Family support
X_7 = Family type
X_8 = Social support
X9 = Inherited entrepreneurs
X10 = Institutional credit support

Results and Discussion

The proactive behavior of entrepreneur provides insight into the likelihood of a future action that results in anticipation and action.

A proactive entrepreneur can understand what may well be about to happen in future. Chow, Lumpkin and Dess outline that a proactive entrepreneur can capitalize on emerging business opportunities.

The researcher framed 15 statements showing the proactive behavior of women entrepreneurs. These statements have been taken for the Confirmatory Factor Analysis (C.F.A) to examine their reliability and validity.

The standardized factor loadings of the statements, their 't' statistics, Composite Reliability and Average Variance Extracted have been computed to test the content validity and convergent validity.

The reliability has been examined with the help of Cronbach Alpha. The results are given in Table 1.

Table 1 Reliability And Validity of Statements Showing Proactive Behaviour of Women Entrepreneurs

Sl. No.	Statements	Standardised Factor Loadings	't' Statistics	Other Statistics
1	I am result oriented	0.7688	3.3234*	
2	I examine the business problems from different angles	0.9627	4.1302*	
3	I motivate my employees who are committed to their jobs	0.7680	3.9868*	
4	I reward my employees who are creative	0.8968	3.9968*	
5	I assess all the consequences of my past decisions	0.6580	1.9990	Composite Reliability = 0.8135
6	I solve the business problems before they become complicated	0.9080	4.0123*	
7	I view the future of my business optimistically	0.8020	3.9680*	
8	I work hard for achieving higher growth of my firm	0.6898	2.0062*	
9	I have trust in consultative management	0.7898	2.8668*	Cronbach Alpha = 0.8319
10	I exhibit originality and independence in my business	0.8968	3.7163*	
11	I courageously face the problems related to my business	0.6070	1.9972*	
12	I act in the way that builds my respect	0.7268	2.0198*	
13	I have the smart business strategy to get things done successfully	0.9869	4.1205*	
14	I have a complete understanding of the task or problem by an appropriate approach to end in a smart solution	0.7062	3.8672*	Average Variance Extracted = 57.92
15	I nurse open-mindedness to discuss the task with experts to understand its various dimensions and impending challenges	0.8596	3.9978*	

Source: Primary data

* indicates one percent level of significance

** indicates five percent level of significance

The standardized factor loadings of the statements have ranged from 0.6070 to 0.9869. As the standardized factor loadings of the statements have been greater than 0.60, their content validity has been confirmed. The statistically significant 't' values prove the convergent validity. These findings are supported by the Composite Reliability and Average Variance Extracted. The Cronbach Alpha has been 0.8319 showing that the included 15 statements indicating the proactive behavior of women entrepreneurs have explained 83.19 percent of the variations. Thus, all the statements have been considered for measuring the proactive behavior. The scores on the variable proactive behavior have been computed by adding the scores of all the 15 statements showing the proactive behavior obtained

by each sample entrepreneur and the median score has been computed. Based on the median score, the entrepreneurs have been classified as proactive and indolent. It has been found that 48.44 percent of women entrepreneurs who have owned service enterprises in the district has been proactive and other have been indolent. The results of the Logistic regression analysis for examining the factors determining the proactive behavior of women entrepreneurs are furnished in Table 2.

Table 2 Estimated Values of the Logistic Regression Coefficients of Proactive Behaviour of Women Entrepreneurs (N = 64)

Sl. No.	Variable	Coefficient	Wald Statistics	Odds Ratio
1.	Entrepreneur's age	0.128* (0.048)	7.037	1.136
2.	Entrepreneur's educational qualification	0.064 (0.296)	0.047	1.066
3.	Previous business experience	0.002 (0.173)	0.001	1.002
4.	Training	1.633** (0.765)	4.553	5.117
5.	Family business background	-0.315 (0.734)	0.184	0.730
6.	Family support	-0.041 (0.105)	0.156	0.959
7.	Family type	-0.572 (0.734)	0.608	0.564
8.	Social support	-0.092 (0.104)	0.777	0.912
9.	Inherited enterprise	0.527 (0.721)	0.534	1.693
10.	Institutional credit support	0.053** (0.027)	3.792	1.055
	Constant	-7.043 (2.765)	6.491	0.001

Source: Primary data

Figures in the brackets are standard errors

Log Likelihood = 59.867

Chi-square value = 14.816**

* indicates one percent level of significance

** indicates five percent level of significance

The results of the Logistic Regression analysis bring out the following important points regarding the proactive behavior of women entrepreneurs in the study area. The variable "Training" has been coded as zero for untrained and one for trained women entrepreneurs in the present study. The Odds Ratio for this variable is 5.117. This implies that the trained women entrepreneurs being proactive

is 5.117 times more than that by untrained women entrepreneurs engaged in service enterprises in the district. It is also obvious from the Odds Ratio that the proactive behavior improves when the age of women entrepreneurs increases by one unit. The women entrepreneurs become more proactive when they enjoy greater access to the institutional credit. The Hosmer – Lemeshow test (Chi-square value) indicates that the Logistic regression model fitted for the present analysis is good. The predictive accuracy of the model could be understood from the following classification matrix:

Table 3 Classification Matrix for Proactive and Indolent Behaviours of Women Entrepreneurs

Sl. No.	Category	Predicted Membership		Total
		Group-I	Group-II	
1.	Proactive	24 (77.42)	7 (22.58)	31 (100.00)
2	Indolent	4 (12.12)	29 (87.88)	33 (100.00)

Overall Efficiency = 82.81 per cent.

The fitted Logistic regression correctly classifies 24 out of 31 women entrepreneurs under group I and 29 out of 33 women entrepreneurs under group II. That is, 53 out of 64 women entrepreneurs are correctly grouped by the Logistic regression showing that the overall efficiency is 82.81 percent.

Policy Implications

Based on the findings of the study the following suggestions are given for making the women entrepreneurs proactive:

1. The present research shows that the training on starting a new business has a greater influence on the proactive behavior of women entrepreneurs. Therefore, Entrepreneurial Development Programmes (EDPs) should be considered as the most important aspects for stimulating entrepreneurial orientation among women entrepreneurs in the study area.

2. It is surprising to note that young women entrepreneurs engaged in service enterprises in the district are indolent. Thus, special training programmes have to be organized for shaping the proactive behavior of young women entrepreneurs in the district.

3. The institutional credit support motivates the women entrepreneurs to be more initiative and hard working. Thus, the existing credit policy has to be reviewed completely and suitable amendments are required for ensuring smooth and easy access to institutional credit by women entrepreneurs in Madurai district.

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