



## MANAGEMENT STYLES AND INNOVATION IN WOMEN ENTREPRENEURS

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### **ABSTRACT:**

Studies suggest that management style affects organizational innovation. However, not much is known about innovation in women-owned enterprises, especially in a developing society such as Nasik. The current study, therefore aims to examine how Nasik women entrepreneurs perceive and manage innovation. Due to the exploratory nature of the analysis, a qualitative approach is adopted. 10 women entrepreneurs are interviewed regarding their perception and implementation of innovation, as well as the problems they face and their solutions to those problems, based on the responses, 4 distinct management styles are identified. The study has several theoretical and practical implications. In particular they provide direction on women's development issues to policy-makers and managers, as well as researchers in the areas of culture, gender and innovation.

*Key words: Women entrepreneurs, Management style, Innovation, Qualitative Approach*

### **INTRODUCTION:**

The significance of women entrepreneurs has been increasingly felt over the past decade. In developed countries, women own 25% of total businesses and are starting up new ones at a faster rate than men. Apart from contributing to economic growth, female entrepreneurs add diversity and choices in the business environment and improve opportunities for gender equality. Studies in developing countries have shown that those with the highest economic growth such as China are also the ones where women are highly active in business. The importance of women entrepreneurs is especially noted in rural areas of India where women's

economic participation is highly associated with poverty alleviation. Due to these contributions, there has been growing research interest on female entrepreneurship. In India, most of these studies have revolved around the characteristics of women entrepreneurs, the challenges they face and what motivate them. Compared to men, women entrepreneurs are said to be better at cultivating interpersonal relationships but poorer at planning, organizing and controlling. The findings indicate that women entrepreneurs face specific challenges in the form of family commitments and sex-role conflicts. They are motivated by a combination of “push” factors e.g. poverty and unemployment and “pull” factors e.g. the need to be independent. Analysis of secondary data from different places makes some very important deductions regarding women in business. Women entrepreneurs appear to be constrained mainly by cultural values and social expectations which are manifested through a lack of educational and career opportunities. As a result Indian women are usually involved in small, low- technology businesses which do not require too much capital and skill. While the above studies have indeed improved understanding of Indian women entrepreneurs, in general scholarly research on the subject is scarce and sporadic. There is still a wide range of strategic issues which has not received in-depth scrutiny such as how their styles of management affect specific aspects of organizational performance. In relation to the above study a deeper exploration of how female management style is affected by socio-culture also seems necessary.

### **WOMEN ENTREPRENEURS IN INDIA**

Indian women’s participation in the economy may exist in any of the 4 categories of employment status that is, as an employer, an employee, an own-account worker or an unpaid family worker. As per research, that out of the total working female population in 2011, 77.5% were paid employees, 11.7% were own-account workers and 9.6% were unpaid family workers. Only 1.2% were categorised as employers. For men, the percentages were higher for the employers and own-account workers categories but lower for employees. The fact that the number of unpaid female family workers is almost five times higher than the males’ is particularly disturbing. It seems to suggest that some Indian women are being exploited and made to work for free by their own family members.

Based on that scenario, it is believed that many women become entrepreneurs to secure financial independence. But financial independence alone cannot explain women’s decision to set up their own business, after all 77.5% of Indian working women find financial independence by being employed. So what are the real motives for entrepreneurial

intention among these women? Although previous research shows that the most common appear to be intrinsic such as self-satisfaction and interest in business, a deeper analysis suggests that there are social and political factors too. As voters, Indian women compose about half of the total eligible population.

In the elections, it is no secret that women both in the ruling party and the opposition play the biggest role in house-to-house campaigns and getting right down to the grassroots. For the government, empowering women with opportunities in education and career is thus critical to ensure their political support. Since career opportunities in the government and corporate sectors are limited, women are encouraged to become business players. They are given training, funding and counselling as incentives and business networks are provided through affiliation with political parties. In addition, business equity has been used as a measure of social justice since the era of the new economic policy. Official statistics on Indian women entrepreneurs are very limited. The Indian labour force survey report (2011) states that there are 1.87 million female business owners in the country. Out of that, 17.8% are employers and 82.2% are own-account workers, suggesting that a huge majority of women-owned businesses are micro enterprises. In terms of age, the largest segment is in the 30 - 39 years category, followed by those in their 40s. Approximately a quarter of them are located in the central-western region of India, where most commercial and industrial activities are concentrated. The report also suggests that on average, women entrepreneurs in India commit fewer hours to their businesses (46 h per week) than their male counterparts (51 h per week). Unfortunately the report does not provide statistics on other important characteristics of female entrepreneurs in the country such as level of education, types of industries, duration of business, etc. In other studies, it is established that Indian women entrepreneurs are most likely to be in the service industries, have prior working experience and are small operators that is, with fewer than 20 full-time employees and earning less than 100,000 per annum. Their businesses are mainly funded by personal savings and most are either sole proprietorships or partnerships. They also tend to concentrate on local markets, with less than 10% going international. The above findings appear to affirm several widespread and long-term trends in female entrepreneurship. Research in other parts of the world also shows that since the early 2000 female entrepreneurs have been in small, service-oriented sectors have some previous work experience and are more likely than men to depend on personal sources of capital. More recently, researcher find that the majority (62%) of Indian women entrepreneurs have received tertiary education but only fractions have explored traditionally male-dominated areas such as transportation and communication. The

data indicate a high survival rate (78.4% have been operational for more than 5 years), however, only 48% display innovative characteristics such as adopting advanced technology in their business operations. The lack of innovativeness appears to be related to typical characteristics of women owned enterprises, namely their small size and high service-orientation. Further studies on innovation among Indian women entrepreneurs are timely. In particular, it should be determined whether there are additional contributing factors to the women's innovativeness or lack thereof besides firm characteristics. Early literature suggests that one probable factor is the entrepreneur's own personal traits including the propensity for "creative destruction", that is, the ability to reap profits by destroying the current social equilibrium. Later these traits are described in terms of leadership or management styles such as openness, risk- propensity, and ambitiousness. Most of these discussions, however, are rooted in western and male-dominated values. Therefore they are revisited here in the context of female entrepreneurship and cross-culturalism.

### **MANAGEMENT STYLE AND INNOVATION**

As described earlier, the traits theory posits that entrepreneurs are the ones primarily responsible for initiating changes and novelties in the society. The explanation offered is that entrepreneurs possess certain traits such as risk-propensity and ambitiousness that induce them to strive for better and greater things. Entrepreneurs are held responsible too for educating the society on the need for new ways of life and solutions to life's problems. Although this individualist perspective of innovation has been criticized as overly narrow and simplistic, the notion of entrepreneurs as agents of change has received wide acceptance among scholars. The entrepreneur's styles of leadership and management have often been linked to specific organizational practices such as innovation. Roberts Et (1989) demonstrates that a long-term view towards new ideas and ventures supports the innovative culture. A centralized approach, on the other hand, has been shown to have a negative effect on innovation. According to Zhao (2005), innovation will flourish under an open style which encourages and rewards idea development. Where other researchers summarize that transformational, participative and employee-oriented managers are more likely to encourage employee innovativeness. These studies, however, do not examine differences between male and female entrepreneurs. Therefore readers are left to assume that both groups employ the same approaches in innovation management. Such studies are considered flawed as men and women – mainly as a result of socio-culture - tend to adopt different management styles. Roffey (2002) finds that women managers are seen by their subordinates as less ego-centric

and less competitive than male managers. Chow's (2005) review of literature reveals that male leaders may be more inclined to use coercive power whereas women prefer personal interaction. From a cross-cultural perspective, too, no studies have been attempted to generalise the above findings within the Indian context. Due to cultural differences, in particular along the value dimensions identified, it is quite likely that Indian women entrepreneurs use different styles to promote organisational innovations than those of their counterparts from other societies. Indian female entrepreneurs are expected to be less assertive than women in high masculine societies. They are likely to place greater importance on feminine values such as family welfare, as well as a calm and peaceful life. Indian women are also expected to demonstrate the intricacies of social networking in a collective society. Thus, the current paper contends that a fresh analysis of female management styles is needed which may help address some existing gaps in the literature. The final output of the study is a typology of styles which will highlight: firstly, the female perspective in entrepreneurial innovation, and secondly, the cross-cultural perspective in female management styles and innovation issues.

### **STUDY FRAMEWORK AND METHODOLOGY**

The objective of the study was to develop an initial understanding of how Indian women entrepreneurs perceive and manage organizational innovation. For current purposes the following definition of innovation is used, which concurs with those offered in major studies "The level of novelty implemented by an entrepreneur with regards to the products, services, processes, technologies, ideas or strategies in various functions of the business which may facilitate the realization of its objectives. The major issues explored were:

- i.) Types of innovation implemented throughout the duration of the business.
- ii.) Problems encountered in the implementation of the innovations.
- iii.) How innovation was perceived and managed, as well as how certain problems were overcome.

### **DISCUSSION OF RESULTS**

Consistent with the thematic analysis approach, the analysis here focused on detecting prevalence that is the emergence of pattern in the responses. Within any given topic or issue, patterns emerged when certain points were repeated or emphasized by respondents. These emerging patterns or themes are discussed in the following paragraphs.

On the subject of success, 8 quoted family happiness as the ultimate measure. 2 further added that they were very thankful for being able to lead a wholesome life and contribute to the

society. The construction material supplier merely shrugged her shoulders and said “I don’t really think about stuff like that”. Only the office supplies provider, who was single, suggested business growth as her definition of success. Nevertheless, all the respondents acknowledged the need to continuously reinvent themselves. Most of them did not have problems describing their understanding of the concept of innovation, which they perceived as “change” or “something new or different”.

## **TYPES OF INNOVATION**

The discussion then proceeded to the implementation of innovation in the women’s respective businesses. The most common types of innovation among the respondents appeared to be product or service-related, as evident from the following statements:

### **Case 1:**

We’ve churned out new products beside the chilli sauce, which is still our main line. Just recently we started marketing our peanut sauce and ready-to-cook spices.

### **Case 2:**

I’ve experimented with new flavours and designs. English cookies like butter raisins are my latest. Packaging is also very important now as some of my customers buy the cookies to give them away as wedding presents.”

### **Case 3:**

To me in this line the key thing is being flexible with your operating hours. Usually my customers are only free to see me after they have returned from work or during the weekends. So I find myself adapting to my customers’ schedule very often.

### **Case 4:**

The latest trends are hair colouring and bonding, as well as palm and nail drawing. So we began to offer those services some time back. Hair styling techniques too have evolved over time... now to dry hair, there’s more than just hair dryers. We can even iron hair, so that it’s not only dry but also straight! Administrative innovations (five respondents) such as having flexible operating hours also appeared to be quite popular, as suggested below.

### **Case 5:**

Being a single mother, I’ve also had to make a lot of adjustments in terms of striking a balance between the business and my children. For instance, although I have an office, I often have to work from home to accommodate their needs.

The other types of innovation were noticeably less popular such as process: Also we’ve hired a graduate food technologist as quality controller.

**Supply:** If there are any complaints from the customers, I will immediately call my supplier and cancel other orders from the same batch. Then I will either ask for another supply or switch to another supplier.

**Market:** “Our market, too, has expanded from just the local sundry shops to multinational retail chains such as Carrefour”. Process and supply innovations might not be very relevant because the majority of the women were in low technology industries. On the other hand, the lack of market innovation could reflect: one, the women’s reluctance to venture too far from their families, and 2, the characteristics of services which make it difficult to package and distribute them.

### **Common problems in innovation management**

When asked about major challenges faced in the implementation of innovation, most of the respondents highlighted human-related problems. Sources of the problem included employees, customers and the entrepreneur herself, as typified by the following responses.

#### **Case 6:**

Sometimes the staff can be a problem. Most of them are resistant to change. For example, whenever I try to vary their tasks or get them to cross-function one another, they’ll kick up a lot of fuss.

#### **Case 7:**

I am always afraid that the customers won’t like it. Just the other day, we stopped using the old type of tea leaves because we found out that they contained too much colouring... some of the customers demanded that we continued using them because the colour looked more genuine!

#### **Case 8:**

My own limited capacity as a human being. I think being a woman has something to do with it. We tire out more easily than men. And we have more family commitments. There’s only so much that I can do in 24 h. Based on the following response there was also evidence of financial constraints, which reflected the small size of most women-owned businesses. According to case 1, our greatest constraint is lack of personal capital.

Suppose I can apply for more loans but then what if it doesn’t work out? Then I’ll end up with losses as well as more loans to repay.

Interestingly, although the respondent knew that there were external sources of fund such as government agencies; her reluctance to apply for loans indicated an aversion towards financial risks.

### **Typology of female entrepreneur-leaders**

Based on their description of how innovation was perceived and managed, as well as how certain problems were overcome, four distinct styles of female leadership were identified. These styles, referred here as the “Mother”, the “Teacher”, the “Boss” and the “Chameleon”, are described as follows.

#### **THE “MOTHER”**

This style reflects a family-oriented approach in the management of business innovation. The 4 women who fall into this category, view their employees and other stakeholders as their extended families. They are extremely protective of others, and often get involved in the personal affairs of those they perceive to be under their care. These women frequently use phrases such as “help each other out like brothers and sisters”, “they respect me like their own mother”, and “I scold them if they do anything wrong”. In their organizations, innovation is often treated with caution. Each time the entrepreneur decides to embark on a new project, she tries it out herself first.

#### **THE “TEACHER”**

The style displayed by cases 1 and 10 closely approximates that of an Educationist. The women believe in the good of academic qualification, training and continuous upgrading of skill and technology. Case 1 tells of her latest recruit, a Chemistry graduate, who is hired as her food technologist and quality controller. And case 10 apologises at the outset of the interview that she only has an hour before having to rush off to Singapore for a workshop on childhood education. The women have a very open attitude towards the learning process, and regards mistakes as a natural part of it. They encourage their employees to try out new things on their own and the organizations often develop new ideas by trial-and-error. Computerisation and automation are integrated within the process flow to improve quality and maintain standards.

#### **THE “BOSS”**

This particular style, which is adopted by cases 5 and 6, describes the entrepreneur’s emphasis on the formalization of innovation. Novelties are adopted as official business targets tied to the employees’ performance evaluation and remuneration packages. According

to case 5: I give incentives to my staff if they are willing to be flexible about their schedule... when I promote someone I take into consideration their ability to master the latest styles and trends. Instructions are given in a precise and orderly manner. As narrated by case 5, most of the time they know exactly what's expected of them. As long as I give clear instructions, they will carry them out accordingly. Especially when I have to leave the shop on some errands, I will write down my instructions on a piece of paper and put it up on the wall.

### **Conclusion**

In general, the study has found some empirical support for researchers who have argued for further discourse in women-related studies. Particularly when discussing women entrepreneurs, scholars have criticized the normal practice of comparing women and men on male terms and then making conclusions based on those biased comparisons. Thus, it is hoped that this study can provide the impetus for greater debate and reforms in female entrepreneurship research. The findings show that existing typologies of management style do not adequately explain the female perspective in innovation

The current study supports earlier observations on the popularity of social networking among women entrepreneurs in collectivistic societies. Unlike many of their western counterparts who emphasize the importance of business associations and other formal networks, the women in this study have highlighted the contribution of informal social networks such as neighbours, religious communities and political connections.

From another point of view, the study is expected to help trainers develop better training programs particularly for women entrepreneurs. Having understood that innovation is very much related to interpersonal relationships within and beyond the organization's boundaries, entrepreneurship training should also incorporate modules on cultural values as well as communication and social skills. In India, where entrepreneurship training programs are mainly concerned with the development of business plans, this proposal requires changes even at policy level since it also involves retraining the trainers or recruiting new ones. In particular there ought to be an increased effort to rope in more female trainers due to their greater understanding of the unique characteristics and needs of women entrepreneurs.

### **Suggestions for future research**

Of course, due to the limited sample size, it would be presumptuous to conclude that the study's findings can adequately explain female management styles in every setting. As

management style is highly cultural, different cultural groups are expected to have different tendencies towards a particular style.

It is also important to determine which style is more effective for women entrepreneurs. In other words, is the organization more innovative when she behaves in a specific manner? To make reasonable conclusions, obviously more data is required.

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