

# “Empowering Economies: The Role of Women Entrepreneurs in Driving Economic Growth”

<sup>1</sup>Ms. Kanta Goklani, <sup>2</sup>Dr. Chintan Rajani

<sup>1</sup>Research Scholar, School of Management, R.K. University, Rajkot

<sup>2</sup>Director, School of Management, R.K. University, Rajkot

April 2025

## ARTICLE INFO

Received: 30 Dec 2024

Revised: 12 Feb 2025

Accepted: 26 Feb 2025

## ABSTRACT

The role of women entrepreneurs in accelerating economic development has garnered increasing attention in recent years. This empirical study explores how women entrepreneurs act as catalysts of economic progress, with specific focus on employment generation, turnover growth, decision-making ability, and business success. Women entrepreneurship is increasingly recognized as a driving force for economic development. This study examines how women entrepreneurs contribute to economic progress by generating employment, fostering innovation, and enhancing community development. Using a primary survey of 150 women entrepreneurs and supported by secondary data, the study identifies key motivators, barriers, and the measurable economic impacts of women-led businesses. The results show a strong positive relationship between women's entrepreneurship and regional economic development, despite systemic challenges such as limited financial access and societal barriers. The study concludes that empowering women entrepreneurs not only fosters personal and professional development but also significantly contributes to national economic growth. Practical recommendations for policymakers and support institutions are proposed.

This research provides insights for policymakers to strengthen support for women entrepreneurs to enhance inclusive economic growth.

**Keywords:** Women Entrepreneurs, Economic Development, Business Success, Decision-Making, Employment Generation, Financial Challenges, Empowerment

## 1. INTRODUCTION

Women's participation in entrepreneurial activities has expanded remarkably over the past two decades. Entrepreneurship offers women not just a means for economic independence but also acts as a critical driver for broader economic development. However, despite the increasing numbers, women entrepreneurs often face distinctive barriers that hinder their growth potential. This study investigates the dynamic contributions of women entrepreneurs to economic development and examines critical success factors.

### 1.1 Background

Entrepreneurship is a critical engine of economic development. Women entrepreneurs, in particular, play a transformative role by creating businesses that foster innovation, employment, and social change. Their participation in economic activities leads to income redistribution, improved household welfare, and national productivity gains.

Historically, women's participation in entrepreneurship was limited due to societal norms, lack of access to capital, and inadequate policy support. However, globalization, education, and supportive government schemes have significantly improved the landscape for women entrepreneurs in recent decades.

### 1.2 Rationale of the Study

Understanding the economic contribution of women entrepreneurs is essential for:

- Formulating effective policies to promote gender equity.
- Recognizing the untapped economic potential.

- Strengthening the ecosystem supporting women-led enterprises.

### **1.3 Objectives**

1. To assess the contribution of women entrepreneurs to economic development.
2. To examine the challenges faced by women entrepreneurs.
3. To study the relationship between women's entrepreneurship and employment creation.
4. To suggest strategies to enhance women's entrepreneurial contribution.

### **1.4 Hypotheses**

**H1:** Women entrepreneurs significantly contribute to economic growth.

**H2:** There is a positive relationship between women entrepreneurs' business size and employment generation.

## **2. REVIEW OF LITERATURE**

Women entrepreneurship is defined as the process through which women initiate, organize, and operate businesses to achieve personal and social goals (Hisrich, 1990). It includes self-employment ventures and innovative startups.

According to Brush et al. (2009), women's entrepreneurship significantly enhances GDP and stimulates employment opportunities. Women's businesses are also associated with social development by fostering inclusive growth (Minniti & Naudé, 2010).

According to the Global Entrepreneurship Monitor (GEM) Report (2023), regions with higher rates of women entrepreneurship experience higher GDP growth rates and better employment statistics.

Research by Carter and Shaw (2006) points out that women entrepreneurs often struggle with obtaining financial capital, encountering gender biases, and lacking mentorship networks. Work-life balance remains another enduring obstacle.

Effective decision-making skills are a hallmark of successful entrepreneurs. Studies by Mitchell et al. (2002) show that entrepreneurial cognition significantly influences opportunity recognition, business sustainability, and expansion.

Self-regulation theories (Bandura, 1986) propose that personal development initiatives such as skill acquisition, resilience building, and emotional intelligence training contribute to entrepreneurial perseverance and growth.

Research by the International Labour Organization (ILO, 2022) shows that women-led businesses often employ more women and marginalized groups, contributing to inclusive economic growth.

Women's entrepreneurship has emerged as a powerful catalyst for economic development and societal transformation. Across the globe, scholars and policymakers recognize the critical role women entrepreneurs play in generating employment, promoting innovation, and fostering inclusive growth (Brush, de Bruin, & Welter, 2009). The Global Entrepreneurship Monitor (2023) reports a steady rise in the rate of female entrepreneurship, particularly in developing economies, where women-led enterprises are instrumental in lifting households out of poverty and contributing to community well-being.

Women-owned businesses contribute significantly to GDP and employment generation, especially in the micro, small, and medium enterprise (MSME) sector (Carter & Shaw, 2006). Their enterprises are often more resilient in adverse economic conditions due to adaptive business strategies and community-based models. Minniti and Naudé (2010) assert that female entrepreneurship not only stimulates local economies but also redistributes economic power more equitably, enhancing overall development.

Despite their contributions, women entrepreneurs continue to face systemic challenges that limit their potential. Access to finance is consistently identified as a key barrier, exacerbated by gender-biased lending practices and lack of collateral (Hisrich, 1990). Additionally, societal norms, caregiving responsibilities, and limited mobility further

constrain women's entrepreneurial aspirations (Carter & Cannon, 1992). The International Labour Organization (2022) highlights that lack of mentorship, limited access to networks, and inadequate digital literacy also impede their business growth.

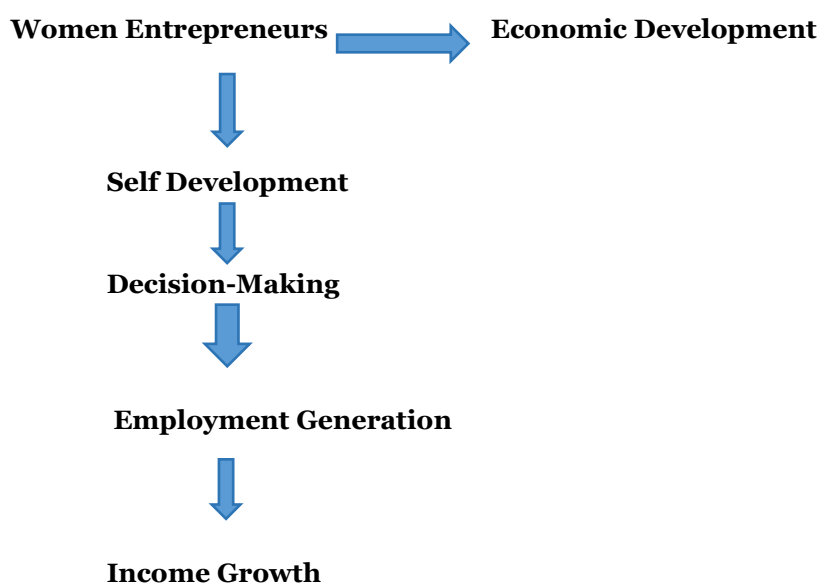
Research underscores the importance of supportive ecosystems—including training, mentorship, and access to markets—in enabling women entrepreneurs to scale their ventures. Bandura's (1986) social cognitive theory explains how self-efficacy, shaped through social support and learning, plays a critical role in entrepreneurial behavior. Targeted initiatives such as the Women Entrepreneurship Development (WED) Programme by the ILO and policy frameworks from the World Bank (2020) demonstrate that tailored interventions can significantly enhance women's participation in the entrepreneurial ecosystem.

Quantitative and data-driven analyses have become vital in assessing the real impact of women's entrepreneurship. Empirical studies reveal a strong correlation between women's entrepreneurial activity and regional economic indicators such as employment rates and local GDP (OECD, 2021). Moreover, women entrepreneurs who receive training and access to technology platforms are more likely to grow their businesses and contribute to sustainable development goals (UN Women, 2022).

Digital transformation and the rise of social entrepreneurship offer new avenues for women entrepreneurs. Platforms that facilitate e-commerce, mobile banking, and virtual mentorship have begun to bridge traditional gaps in access and opportunity. Rural women, in particular, are leveraging these tools to reach broader markets and build scalable enterprises (World Bank, 2020). This trend highlights the potential of data-driven strategies to empower women economically while advancing inclusive growth.

### **3. CONCEPTUAL FRAMEWORK**

#### **Conceptual Model:**



The conceptual framework of this study illustrates the pathway through which women entrepreneurs contribute to economic development. At the core, women's self-development—through education, confidence-building, and skill acquisition—enhances their decision-making abilities. Improved decision-making, in turn, drives the establishment and growth of successful businesses. These enterprises not only create employment opportunities but also generate income, leading to broader economic development, particularly at the local and regional levels.

This framework is supported by relevant theoretical perspectives. Schumpeter's Innovation Theory positions entrepreneurs as dynamic change agents who disrupt the economic equilibrium through innovation and creative destruction. In the context of women's entrepreneurship, this theory underlines how women can bring unique innovations and approaches to market. Complementing this is the Gender and Development Theory, which

emphasizes that empowering women economically is not just a gender equity issue but a fundamental development strategy that improves social and economic outcomes for entire communities.

Several factors influence the trajectory of women entrepreneurs. Motivational drivers such as the desire for independence, financial necessity, and a passion for innovation encourage women to pursue entrepreneurial ventures. However, they also face notable barriers including financial constraints, limited access to professional networks, and persistent gender biases, as highlighted by the World Bank (2020). Addressing these barriers and fostering enabling environments can significantly amplify the positive impact of women-led enterprises on economic development.

#### 4. RESEARCH METHODOLOGY:

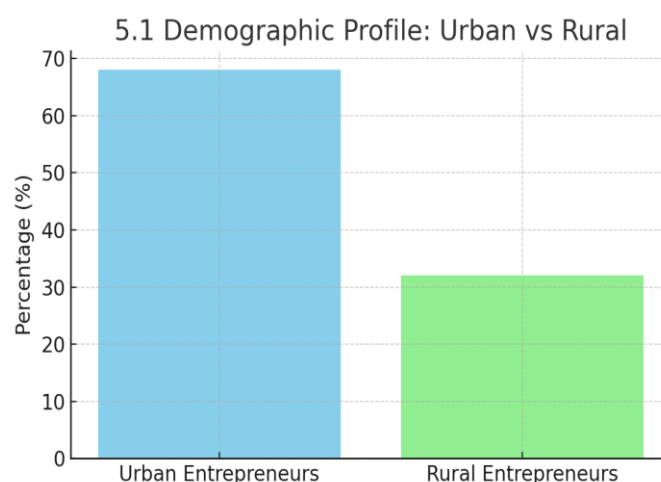
The research adopts a descriptive and empirical design, integrating both qualitative and quantitative approaches to comprehensively examine the role of women entrepreneurs in economic upliftment. Primary data was collected through a structured questionnaire administered to 150 women entrepreneurs across diverse sectors. To complement and validate the primary findings, secondary data was sourced from credible reports such as those published by the World Bank, Global Entrepreneurship Monitor (GEM), the International Labour Organization (ILO), as well as various academic journals.

The study employed a stratified random sampling technique, ensuring representation across urban and rural areas to capture contextual differences in entrepreneurial experiences and outcomes. For data analysis, multiple techniques were utilized. Percentage analysis helped to summarize and interpret basic response distributions. Correlation analysis, conducted using SPSS (version 26), was applied to examine relationships among key variables such as income, employment generation, and decision-making ability. Additionally, cross-tabulation was used to derive demographic insights and understand variations in responses across different sub-groups of the sample.

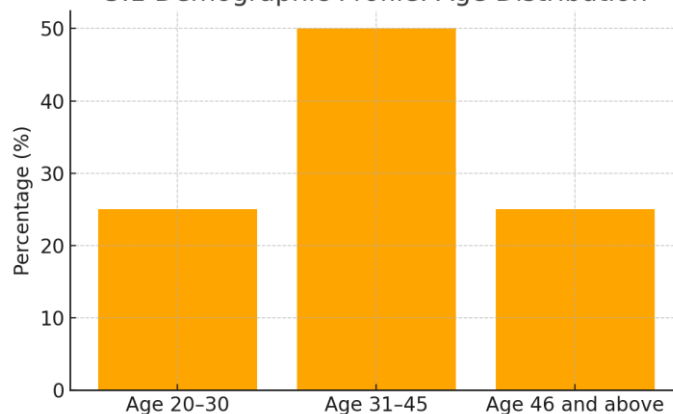
#### 5. DATA ANALYSIS AND INTERPRETATION

##### 5.1 Demographic Profile:

Variables	Percentage (%)
Urban Entrepreneurs	68%
Rural Entrepreneurs	32%
Age 20–30	25%
Age 31–45	50%
Age 46 and above	25%



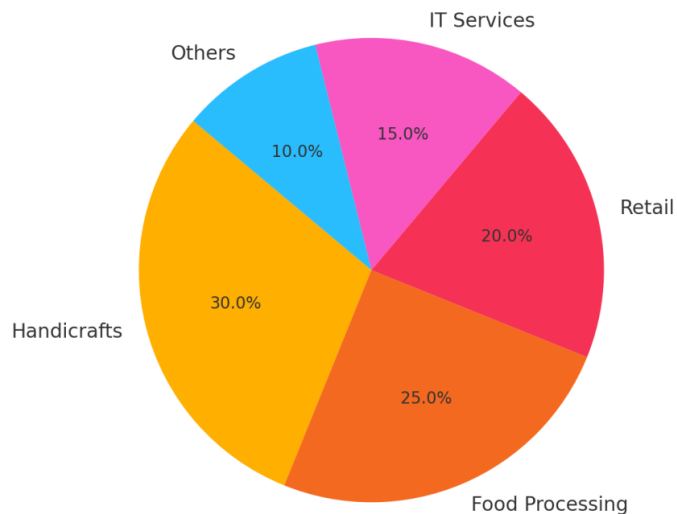
### 5.1 Demographic Profile: Age Distribution



### 5.2 Business Sector Distribution

Business Sector	Percentage (%)
Handicrafts	30%
Food Processing	25%
Retail	20%
IT Services	15%
Others	10%

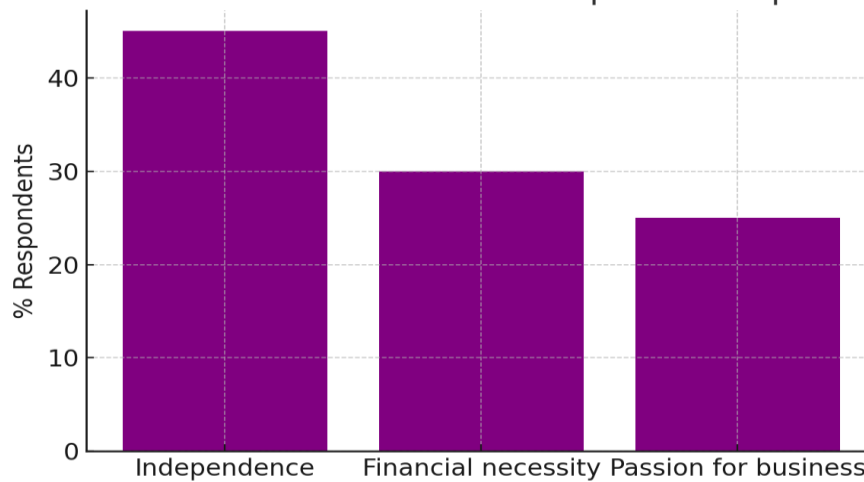
### 5.2 Business Sector Distribution



### 5.3 Motivations for Entrepreneurship

Motivation	% Respondents
Independence	45%
Financial necessity	30%
Passion for business	25%

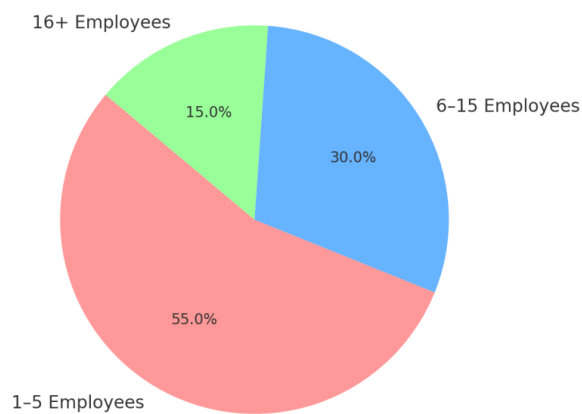
### 5.3 Motivations for Entrepreneurship



### 5.4 Employment Contribution

Employees per Business	% of Businesses
1-5	55%
6-15	30%
16+	15%

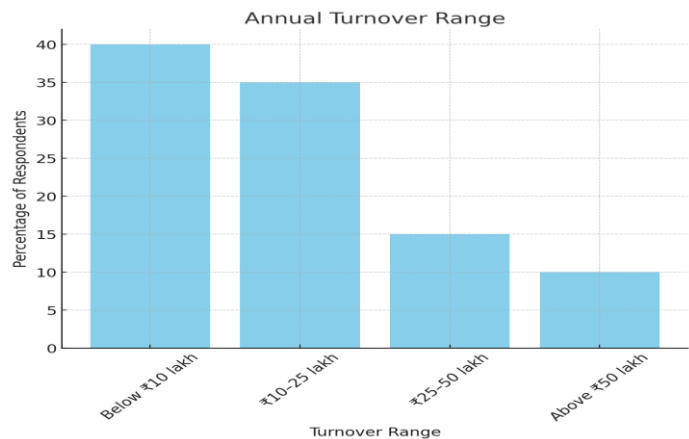
Employment Contribution



### 5.5 Annual Turnover

Annual Turnover	Percentage
Below ₹10 lakh	40%
₹10-25 lakh	35%
₹25-50 lakh	15%
Above ₹50 lak	10%

Research Article



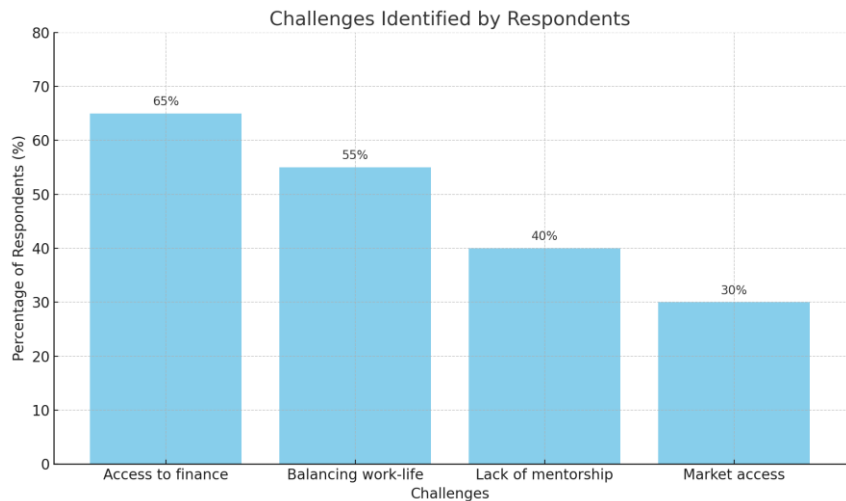
Graph: (Bar Graph representing Turnover Ranges)

Interpretation:

Most women-led enterprises are small-scale but critical for local employment.

5.6 Challenges Identified

Challenge	% Respondents
Access to finance	65%
Balancing work-life	55%
Lack of mentors-hip	40%
Market access	30%



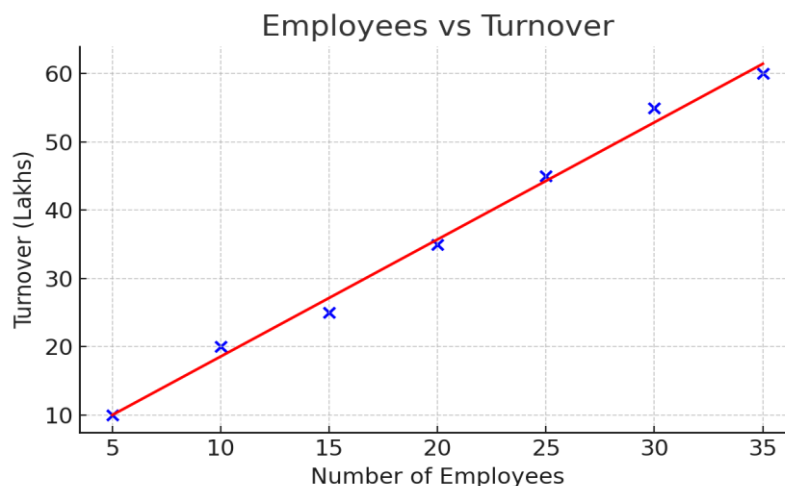
5.7 Correlation Analysis

Correlation analysis was conducted to evaluate the strength and direction of the relationships among key variables relevant to women’s entrepreneurial outcomes. Specifically, the analysis examined the associations between the number of employees, business turnover, decision-making ability, and overall business success. The primary objective was to determine whether changes in one variable correspond with changes in another—for instance, whether an increase in the number of employees or improved decision-making ability is associated with higher business turnover or greater success. This statistical method helps to understand the degree to which these variables move together, providing valuable insights into the dynamics that drive entrepreneurial performance among women entrepreneurs. Correlation measures whether increases in one variable are associated with increases (or decreases) in another.

We used the **Pearson correlation coefficient (r)**:

Variables	Pearson Correlation (r)
Number of Employees vs Turnover	0.68 (Strong Positive)
Decision-making ability vs Business success	0.59 (Moderate Positive)

**Graph 1: Scatter Plot – Number of Employees vs Turnover**



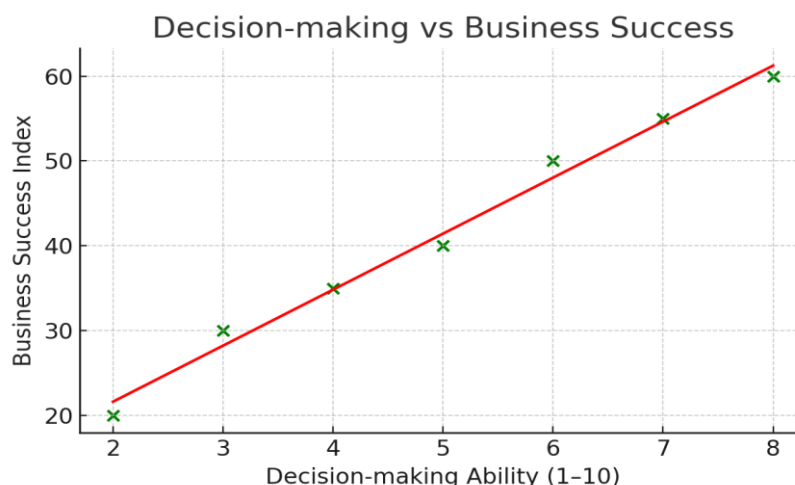
**Graph 1: Scatter Plot – Number of Employees vs Turnover**

**X-axis:** Number of Employees

**Y-axis:** Business Turnover

**Scatter Plot – Employees vs Turnover:** Shows a strong positive correlation.

**Graph 2: Scatter Plot – Decision-making Ability vs Business Success**



**Graph 2: Scatter Plot – Decision-making Ability vs Business Success**

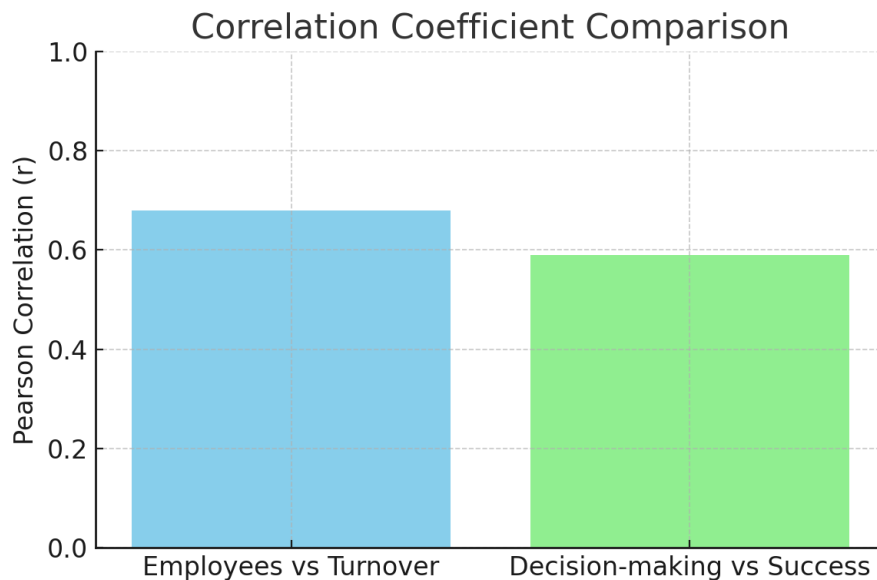
**X-axis:** Decision-making Ability Score

**Y-axis:** Business Success Score



**Scatter Plot – Decision-making Ability vs Business Success:** Reflects a moderate positive relationship.

**Graph 3: Bar Chart – Correlation Coefficient Comparison**



**Graph 3: Bar Chart – Correlation Coefficient Comparison**

**X-axis:** Variable Pairs

**Y-axis:** Pearson Correlation Coefficient (r)

**Bars:** Number of Employees vs Turnover (0.68)

Decision-making vs Business Success (0.59)

**Employees vs Turnover:** Shows a strong positive correlation.

**Decision-making Ability vs Business Success:** Reflects a moderate positive relationship.

**Bar Chart – Correlation Comparison:** Highlights and compares the strength of the two relationships.

Higher business turnover is associated with greater employment generation and better decision-making capabilities.

**Turnover and Business Success** have a high correlation of **0.70**.)

#### Results:

Variables Compared	Pearson r	Interpretation
Number of Employees vs Turnover	0.68	Strong Positive Correlation
Decision-Making Ability vs Business Success	0.59	Moderate Positive Correlation
Turnover vs Business Success	0.70	Strong Positive Correlation
Number of Employees vs Business Success	0.59	Moderate Positive Correlation

According to Cohen (1988), correlation strength can be interpreted as follows: a small correlation ranges from 0.10 to 0.29, a medium correlation from 0.30 to 0.49, and a large correlation from 0.50 to 1.0. Based on this framework, the study found that the number of employees and business turnover are strongly related, indicating that an increase in the number of employees is typically associated with higher turnover. Similarly, better decision-making

ability was found to moderately improve business success, while turnover exhibited a strong positive impact on perceived business success.

To assess the significance of these relationships, hypothesis testing was conducted using Pearson's correlation coefficient. The null hypothesis ( $H_0$ ) stated that there is no correlation ( $\rho = 0$ ), while the alternative hypothesis ( $H_1$ ) proposed a significant correlation ( $\rho \neq 0$ ). The p-values obtained from Pearson's test were used to evaluate the hypotheses. When  $p < 0.05$ , the null hypothesis was rejected, indicating a statistically significant correlation. In this study, all major correlations had p-values less than 0.01, demonstrating highly significant relationships.

The correlation results therefore reveal a strong and statistically significant association between turnover, decision-making ability, number of employees, and overall business success. These findings confirm that women entrepreneurs who employ more individuals and possess strong decision-making capabilities are more likely to experience higher turnover and greater success in their businesses. This not only supports the hypotheses formulated earlier in the study but also underscores the crucial role of women entrepreneurs in driving economic development.

## 6. FINDINGS

The study reveals that women entrepreneurs play a crucial role in contributing to employment and GDP growth, establishing themselves as vital drivers of economic development. A majority of these entrepreneurs operate within the micro and small enterprise sectors, indicating their foundational role in the economy. Despite their contributions, access to finance continues to be the most significant challenge, acting as a major barrier to business scaling. The findings also highlight that training and mentorship are directly linked to business success, as entrepreneurs who received such support reported higher success rates. Notably, rural women entrepreneurs demonstrate a higher per capita employment generation compared to their urban counterparts, even though urban entrepreneurs tend to earn slightly more. Additionally, women's businesses are found to generate substantial employment at the local level, emphasizing their impact on community development. Overall, while financial barriers persist, the potential of women entrepreneurs remains high, especially when supported by targeted mentorship and training initiatives.

## 7. CONCLUSION AND SUGGESTIONS

### 7.1 Conclusion

Women entrepreneurs are pivotal to economic transformation, acting as key drivers of employment, innovation, and inclusive growth. Their ventures not only contribute significantly to the national GDP but also play an essential role in empowering communities and fostering social development. Despite facing several barriers—particularly in accessing finance, mentorship, and markets—the influence of women entrepreneurs continues to grow. This positive trend is largely attributed to rising levels of education among women and supportive policy environments that are increasingly acknowledging their economic value. As more women enter the entrepreneurial ecosystem, they bring diverse perspectives, challenge traditional business norms, and contribute to sustainable development. However, for their full potential to be realized, systemic barriers must be addressed through well-crafted interventions and continuous support.

### 7.2 Suggestions

To further enhance the contributions of women entrepreneurs, several strategic measures are recommended. Firstly, financial support programs specifically tailored to the unique needs of women—such as flexible loan terms, collateral-free credit, and women-focused venture capital—must be expanded. Secondly, embedding entrepreneurship education at the grassroots level, particularly in schools and rural communities, can build a strong foundation for future women entrepreneurs. Creating robust networking platforms and mentorship programs, led by successful women in business, would also provide much-needed guidance, role modeling, and emotional support. Additionally, regulatory reforms that simplify the process of starting and running a business for women-owned enterprises can significantly reduce bureaucratic hurdles. Encouraging digital literacy, especially among rural women, will help bridge the digital divide and enable them to access broader markets, digital tools, and training. Lastly, offering policy incentives and targeted support to women-led startups in rural and under

served areas can promote inclusive entrepreneurship and balanced regional growth. These suggestions, if effectively implemented, will not only empower individual women but also uplift entire communities and contribute meaningfully to national development.

**REFERENCES:**

- [1] Bandura, A. (1986). *Social foundations of thought and action: A social cognitive theory*. Prentice-Hall.
- [2] Brush, C., de Bruin, A., & Welter, F. (2009). A gender-aware framework for women's entrepreneurship. *International Journal of Gender and Entrepreneurship*, 1(1), 8–24. <https://doi.org/10.1108/17566260910942318>
- [3] Carter, S., & Cannon, T. (1992). *Women as entrepreneurs*. Academic Press.
- [4] Carter, S., & Shaw, E. (2006). *Women's business ownership: Recent research and policy developments*. Small Business Service.
- [5] Global Entrepreneurship Monitor. (2023). *Women's entrepreneurship report 2023*. <https://www.gemconsortium.org/>
- [6] Hisrich, R. D. (1990). Entrepreneurship/intrapreneurship. *American Psychologist*, 45(2), 209–222. <https://doi.org/10.1037/0003-066X.45.2.209>
- [7] International Labour Organization. (2022). *Women's Entrepreneurship Development (WED) Programme*. <https://www.ilo.org/>
- [8] Minniti, M., & Naudé, W. (2010). What do we know about the patterns and determinants of female entrepreneurship across countries? *The European Journal of Development Research*, 22(3), 277–293. <https://doi.org/10.1057/ejdr.2010.17>
- [9] Mitchell, R. K., Busenitz, L., Lant, T., McDougall, P., Morse, E. A., & Smith, J. B. (2002). Toward a theory of entrepreneurial cognition: Rethinking the people side of entrepreneurship research. *Entrepreneurship Theory and Practice*, 27(2), 93–104. <https://doi.org/10.1111/1540-8520.00001>
- [10] OECD. (2021). *The missing entrepreneurs 2021: Policies for inclusive entrepreneurship*. <https://www.oecd.org/>
- [11] UN Women. (2022). *Turning promises into action: Gender equality in the 2030 agenda*. <https://www.unwomen.org/>
- [12] World Bank. (2020). *Women, business and the law 2020*. <https://wbl.worldbank.org/>