To profit or not to profit: Women entrepreneurs in India

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Abstract
Entrepreneurial activity attracts certain kinds of individuals, whether it is to promote a social cause in the nonprofit sector or profit in the for-profit sector. This article looks at the behavior of women entrepreneurs in India in both the for-profit and nonprofit sectors to test for potential differences and similarities. We chose two groups of entrepreneurial women who founded and led relatively similar-size organizations in the same city and who provided services primarily to women and children. Our findings show that while all nonprofit entrepreneurs receive a high payoff from promoting social causes, there is no single unifying payoff for for-profit entrepreneurs. Family background and support, however, play an important role for both sets of entrepreneurs. We find that experience in the sector, social class, caste, and education influence entrepreneurial behavior and that this influence differs by sector.

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Entrepreneurial activity attracts certain kinds of individuals, whether it is to promote a public good or private profit. Such self-selection is not a random event, but is influenced by personal characteristics as well as by socio-economic and cultural factors. This article looks at entrepreneurial behaviour in both the for-profit and nonprofit sectors to test for differences and similarities that may occur due the sector in which the entrepreneurial activity is located. We study women entrepreneurs who have founded and run small nonprofits and businesses in one city in India. Our findings show that while nonprofit entrepreneurs receive a high payoff from promoting social causes, we do not find a single unifying payoff for for-profit entrepreneurs. Family background, however, plays an important role in both sets of entrepreneurs in an interesting way. Furthermore, we find experience in the sector, social class and caste, and education also plays important roles. Policy implications are explored.
Section 1. Introduction

Entrepreneurial women have played an important role in the development of India. As founders of nonprofit organizations they have catered to the needs of the poor and marginalized. As founders of for-profit organizations (businesses) they have found economic independence, and in both cases they are able to rise above the shackles of a caste- and male-dominated traditional society and take an active and entrepreneurial role in society. This kind of activity gave women in India an opportunity to enter the social and political spheres in ways often denied to them due to their gender.

Previous research by Handy, Kassam and Ranade, (2003) examined women’s entrepreneurship in the field of small nonprofit organizations in India (Nonprofits are often referred to as non-governmental organizations – NGOs in India and we use these terms interchangeably in this paper) They offered certain findings on entrepreneurial founders of NGOs and came to conclusions regarding women who started and founded nonprofit organizations. Whether these women differed from entrepreneurial women in for-profit organizations or not was difficult for them to say. They did not have a comparative group of for-profit entrepreneurs to make the comparisons although they speculated the similarities and differences based on previous research of women entrepreneurs in different countries.

This research addresses this gap in the literature and compares women founders of nonprofit organizations with a similar group of women founders of comparable sized for-profit businesses. It is the first research that does this comparison of nonprofit and for-profit entrepreneurs in a systematic way. The key research question is whether there exist any differences or similarities in the types of individuals who choose to start an enterprise in the nonprofit or for-profit sector. These differences are important not only at the theoretical and academic level, but to policy makers who wish to promote one or the other type of organization, or both, to advance the public good.

Entrepreneurship has been defined in the for-profit literature as the catalytic agent who sets into motion new enterprises with new combinations of production and exchange
Although the concept of ‘entrepreneurship’ is closely linked with the for-profit sector and may seem strange in the nonprofit world, it is not. Both kinds of enterprises are the result of the entrepreneur’s innovation, leadership, imagination, effort and ability. Using definitions from the for-profit literature, we define a for-profit or nonprofit entrepreneur as a self-directed, innovative leader who starts an enterprise, with new combinations of production and exchange to either promote a public or private good.

Entrepreneurs in both sectors face similar challenges: identifying opportunities, promoting innovative ideas, implementing ideas into viable enterprises, mobilizing resources, and undertaking risks inherent in starting a new project. A priori, this suggests that entrepreneurship in the for-profit or nonprofit sector are related phenomena, although the primary motivation in the two sectors differ -- making profits versus promoting a social cause. Furthermore, entrepreneurs in both sectors are equally vulnerable to personal, structural, and cultural environments in which they live.

For insights into for-profit entrepreneurship studies conducted in less industrialized countries, we examine the work by D’Cruz (2003), NFWBO (2002), Jacob (1998), Shabbir and Di Gregorio (1996), Naffziger and Terrell (1996), Berger (1991) and Gupta (1991). From all these studies we find that cultural values and norms are critical to explain entrepreneurship. This literature suggests that the decision to start a business is impacted by factors such as, family support, education and business experience, access to capital, and socio-economic and personality characteristics.

There is a paucity of entrepreneurial literature in the nonprofit sector, notwithstanding anecdotal and historical literature about charismatic founders. A few studies give us insight into nonprofit entrepreneurship: Handy, Kassam, and Ranade (2003); Glaeser and Shleifer (2001); Bilodeau and Slivinski (1996); Pilz (1995); and Young (1983). The latter three are based in North America while the former is based in India. This literature suggests that nonprofit entrepreneurs are driven by their beliefs, personal experiences, perceptions of community needs, and desire to provide services to others. Given that they must incur similar constraints and challenges as their for-profit counterparts, they are likely to be equally willing to take risks, self-directed, and innovative. However their focus is on what they can do for others while for-profit
entrepreneurs are interested in financial independence and are driven by profit maximization (Crowell, 2003; Everingham, 2002).

As we are focusing on women entrepreneurs who deal with women’s issues or business that cater primarily to women, we expect that they may share certain feminist goals. And, given that our study is located in India, we expect caste, which plays a significant role in the cultural context of India, to be a possible determinant of entrepreneurship. In addition we examine whether other socio-economic variables and their impact on entrepreneurship and how these impacts differ by sector. Other questions we aim to answer in this research are: Do women whose goals significantly differ – maximize public or private good – differ from each other and in what ways? Do they approach entrepreneurship in the same way? What motivates women entrepreneurs in both sectors? And, what experiences influence their choice of sectors?

Section 2. Methodology

To get to the heart of the questions raised above, we compare nonprofit and for-profit entrepreneurs in a relatively large city of Pune in Maharashtra, India. To control for the variance of external circumstances that may arise in studying entrepreneurship in different sub-sectors of nonprofits and for-profits, we chose only those enterprises dealing primarily with women and children. Thus, by limiting the geographical location and sub-sector we attempt to control for differences that may be attributable to the choice of location or clientele.

The 1996 Directory of Organizations (India) identifies nonprofit organizations (NGOs) in and around the city of Pune, Maharashtra which had a population of 3.755 million in 2001. To include enterprises established after 1996, we used telephone directories and referrals. From this database, we chose organizations whose mission dealt primarily with women’s issues and whose founders were women. We arrived at a final list of 26 NGOs. Nineteen women entrepreneurs of these nonprofits (73%) agreed to participate in our study, given the usual caveats of confidentiality. A few (15%) of these NGOs also made their services available to men.

We relied on the 1999 directory put out by the Association of Women Entrepreneurs/Industrialists of Maharashtra (WIMA) to identify women who had founded small businesses catering principally to women. We then identified 30 small for-profit
entrepreneurs in the same geographic region as the nonprofit entrepreneurs, who had started businesses that dealt with goods and services for a primarily female clientele. Twenty-one women founders (70%) agreed to participate in this study. Forty percent of the enterprises also made their services available to men.

We conducted in-depth interviews with both the nonprofit and for-profit founders about the founding of their business or nonprofit, and the factors that impacted and motivated their decisions. We used one instrument to ascertain socio-economic characteristics of the founder, including a self-evaluation of personality characteristics and cultural and family history. These interviews lasted between 1.5-2 hours and were conducted in the language most familiar to the respondent, Marathi or English. The author most familiar with both languages did coding of transcripts of interviews for open-ended questions. We used a simple tabulation for close-ended data questions.

Section 3. Findings

The 40 organizations studied came from different parts of the city, and, as mentioned earlier, catered primarily to women and children. The nonprofits (NGOs) are involved in providing basic services for rural and urban women and children, including counseling, primary health services, family planning, literacy training, and a variety of legal and administrative services. Many are involved in advocacy of women’s rights with local politicians and the judicial system.

The for-profit businesses, on the other hand, are involved in providing goods and services primarily for urban women and children, that include making and selling of pottery, a health and fitness club, a physiotherapy clinic, a beauty parlor, an interior design service, custom made dresses, making and selling beauty products, running a play school, making and selling jewelry, catering, fast food, and private tutoring classes.

The 19 NGOs in our sample range from 2-50 years old, the average age of 14. The 21 for-profit organizations in our sample range from 6-38 years old with an average age of 16.5 years. The difference in ages is not significant.

Nonprofit (NGO) Entrepreneurs: The women started their NGOs at ages ranging from 24-61 years old with an average age of 38, and had an average of 1.5 children. Only a third (32%) had preschool-aged children at the time of starting the NGO; the others had either older children or no children. Although they came to entrepreneurship through a
variety of paths, they all shared a feminist ideology: the conviction that attention to women’s issues is paramount for social justice. Their commitment to further the cause of women is evident from their personal histories, self-evaluation, and professional experiences; they had done social service either as volunteers or as professionals before founding their nonprofit organizations.

The women founders of NGOs were largely upper caste (84%) and with postgraduate level education (79%) and the majority were from upper (37%) or middle income (47%) classes. Over half (63%) were married, and the others were single, separated, divorced or widowed. At the time of founding, 90 percent of the women had a university education and a professional status in social work, health care, teaching or banking.

For-Profit Entrepreneurs: The women entrepreneurs started their business at ages ranging from 31-66 years old with an average age of 48 years, and an average of 2 children. Only 29 percent had preschool-aged children at the time; the others had either older children or no children. Half of the women are upper caste (52%) and over a half (61%) had postgraduate level education. Most were married (86%); the others were single, separated, divorced or widowed. The large majority (71%) were in the upper income class and the rest in the middle income class. At the time of founding, just under a third (29%) had professional status, this included professions in law, health, business, and teaching and a nearly equal number (28%) had any volunteer experience.

We now turn to the question of whether there exist any significant differences between the nonprofit and for-profit entrepreneurs. Do they differ on any of the socio-economic backgrounds? Table 1 provides the findings on the differences of the means for the two groups of entrepreneurs.

1. Socio-Economic Variables

Age, Education, and Experience: Nonprofit entrepreneurs started their enterprises at an average age of 38, while for-profit entrepreneurs started at the age of 48. This difference is significant. Nonprofit entrepreneurs tended to be professionals and highly involved in the sector prior to starting whereas many of the for-profit entrepreneurs were non-professional and came to their businesses through pursuing hobbies, which may explain difference in ages.
Most of the entrepreneurs, nonprofit (79%) and for-profit (60%), had university degrees; this difference was not significant. Educational abilities of entrepreneurs mirror the findings for for-profit women entrepreneurs in general (Hisrich, 1986). It is not surprising that most of the nonprofit entrepreneurs were highly educated as in a heavily bureaucratic country like India the highly educated are likely to be successful in negotiating the red tape and administrative requirements necessary in founding and running a small business or an NGO.

Nearly half (47%) of the women for-profit entrepreneurs were housewives before they started their own businesses. This is in stark contrast to the 5% nonprofit entrepreneurs. Over 71 percent of for-profit entrepreneurs had no professional status prior to starting a for-profit enterprise, compared with only 10 percent of nonprofit entrepreneurs who had no professional status prior to founding a nonprofit. This difference is statistically significant. Among the nonprofit entrepreneurs, 89 percent had some prior work experience in the nonprofit sector; this contrasts only 29 percent of for-profit entrepreneurs who had any previous business experience. These differences are significant, and indicate that nonprofit entrepreneurs are more likely to start NGOs after having some experience in the sector, whereas their for-profit counterparts are not deterred from starting their enterprises without business experience. The following quote of one for-profit entrepreneur is indicative of this: “Not having previous experience in running a business did not stop me, I just went ahead and did it as I enjoyed designing and making jewelry … I could make some money selling it”. We also noted that nonprofit entrepreneurs had significantly more experience volunteering than their for-profit counterparts; as one nonprofit entrepreneur explained, “I worked [volunteered] in the Youth Social Movement against corruption, dowry and caste, and to provide a common platform for women who are restricted on the basis of caste. This gave me my first look at women’s problems. I could not have done this from my regular work place”.

Thus, nonprofit entrepreneurs were more likely to have professional status and business experience, as well as volunteer experience, in the sector prior to founding the NGO than for-profit entrepreneurs, suggesting that entrepreneurship comes differently to women in each of the sectors. More women professionals take to NGO entrepreneurship after formal and volunteering experience in the nonprofit sector, whereas non-
professional women without previous experience but with personal experience and talents in production and design turn to the business world as entrepreneurs. This may be a consequence of self sorting. The more civic-minded entrepreneurs may who pursue nonprofit are more likely to engage in professional or volunteer activities earlier on. It may also the output in each sector; selling beauty products may not require the kinds of professional previous experience as would setting-up a health clinic for the poor.

**Income:** For-profit entrepreneurs were significantly more likely to come from higher income households than their counterparts in the nonprofit sector. In the for-profit sector, none of the women came from the lower income group whereas a small number of nonprofit entrepreneurs came from the lower income group (15%). Sufficient family income reduced their financial vulnerability when undertaking a new enterprise. This is key to pursuing their goals of starting for-profit businesses or NGOs; however, this was especially true for for-profit entrepreneurs. In the cases where family income was insufficient, the nonprofit entrepreneurs’ professional status allowed them to pursue income-producing employment at the same time as founding the NGO.

This finding underscores the importance of women’s financial security in undertaking entrepreneurial activity (in both the for-profit and nonprofit sectors) as found in many studies on nonprofit and for-profit entrepreneurs (Blanchflower & Oswald, 1998; Bilodeau & Slivinski, 1996; Pilz, 1995; Hisrich, 1986). This quote, from one of our interviewees, is suggestive of a recurrent theme: “I received financial support from my family at the time of starting. I was not expected to contribute to the family income”.

**Caste:** A woman's life is affected by the caste into which she is born, influencing who she marries, her occupation, her economic well-being, and even her freedom of movement. Although the caste system has no formal role in India, the presence of large number of affirmative action plans in place suggests that caste still plays a significant role in determining one’s status in Indian society. Higher caste individuals have greater opportunities and command a special standing in society. This is nuanced and subtle for the most part, but nevertheless present in Indian society (Assayag, 1995).

Our findings on caste are striking. We find significant differences in the caste of women entrepreneurs who choose to enter the nonprofit world and the corresponding for-
profit entrepreneurs. The former (84%) are more likely to belong to the higher castes than the latter (52%). This finding suggests that there may exist factors that make it likely that women of higher castes are attracted to, and are successful at, NGO entrepreneurship in India. Pragmatic reasons of social status make higher caste women more likely to have the power to combat traditionalist forces and legitimize socially controversial issues related to women (Handy et al, 2003). The barriers for women entrepreneurs in the for-profit sector may be lower, at least in terms of caste as they split fairly evenly between higher caste (52%) and middle and lower caste (48%). For-profit enterprises are not involved in controversial issues and often provide many of the traditional and more mundane services that are well-accepted by society and do not need the additional boost of status to make them successful.

Marital Status and Family Responsibilities: In examining family responsibilities as constraining women entrepreneurs, we recognize family arrangements differ in India from highly industrialized countries. In India, the cultural norm dictates that young married couples live with the husband’s family as part of an ‘extended family’ which includes all the family’s sons, their wives and children, and unmarried daughters. This arrangement involves shared domestic and financial responsibilities among family members. Furthermore, upper and middle-income households have access to inexpensive labor to help with household and childcare chores. Hence, married couples living in extended families have built in childcare and sharing of domestic responsibilities.

Women entrepreneurs in the for-profit sector were more likely to be currently married (86%) as compared to nonprofit entrepreneurs (58%). The rest were either single, or were previously married but currently single. This difference is not statistically significant. Furthermore, our findings show that the majority of women entrepreneurs (85%) had children at the time of starting their enterprise; the difference in the number of children between the nonprofit (1.5) and for-profit (2) entrepreneurs was not significantly different.

For mothers in both sectors, the issue of childcare was not pivotal in their decision-making. It is worth noting that equal number (six) of nonprofit and for-profit entrepreneurs had preschool-aged children, these women all lived in extended families, and this allowed them to work outside the home. The others had either school aged or
adult children when they founded their enterprise, and five had no children. Thus, marital status and childcare responsibilities may not affect the decision to start an enterprise regardless of sector, which is contrary to findings by scholars of women entrepreneurs in western countries (Caputo & Dolinsky, 1998; Bordt, 1997).

Financial Capital and Personal Connections: Access to financial capital or the lack thereof, is not a crucial factor in the decision making for NGO entrepreneurs although it was for for-profit entrepreneurs. Given that many nonprofit enterprises are less likely to require capital unlike many for-profit enterprises, this finding is not surprising.

Nearly half (43%) of the for-profit entrepreneurs reported difficulty in finding start up capital; many relied on family assistance or savings (and in one case an inheritance) for start up costs. Only one in four (24%) were successful in securing access to financial assistance from banks. This reflects findings by other scholars regarding for-profit entrepreneurs who reported on the difficulty of women entrepreneurs getting assistance from banks (Blanchflower & Oswald, 1998). Two thirds of the for-profit entrepreneurs (66%) relied solely on their savings, families, and friends for financial help for start up costs. Most echoed this individual’s sentiment “I had financial backing from my family however my success is as a result of being enterprising, having a business mind, and a strong will to do well”. Thus although many received financial backing, the entrepreneurship spirit that made them successful was entirely their own.

Nearly all of the NGOs started with little financial capital as their needs were minimal and start-up financing from other NGOs was common for these needs. In most cases they had access to volunteer labor; this often included recruiting friends and family. Personal connections gave many of the women (68%) access to volunteer labor and donations, as also found by nonprofit entrepreneurs in the west (Pilz, 1995).

Role Models: The for-profit literature suggests that having entrepreneurial husbands and/or family members positively affect women’s decisions to become entrepreneurs. In our case, we found that 71 percent of for-profit women entrepreneurs have entrepreneurial spouses and half had entrepreneurial parents. They are likely to gain some advantage in being familiar with the expectations, discourse and networks. These are enabling factors in their decision to starting a business for themselves (Cooper, Gimeno-Garcon, & Woo, 1994).
Interestingly, this is also true for the nonprofit sector. Despite the diverse family backgrounds, many of our entrepreneurs (89%) come from families where parents were highly involved in either the provision of, or advocating for, social services. Parents, as role models, are highly influential in shaping the values of social justice among the women entrepreneurs. Parental influence, one woman claimed, “made me decide to do social work and volunteer”; this sentiment was echoed in most all our interviews. Thus in the nonprofit sector, the human capital (influence) of parents differs from the for-profit sector where the parents provide skills and experiences of running a for-profit enterprise. In the nonprofit sector, parental influence helped shape values and parents supported the mission of the NGO. And, in a practical way, parents often helped by volunteering at the NGOs and sometimes donating money.

2. **Ideology and Motivations**

The literature on entrepreneurial women suggests that many women see themselves as feminists who undertake unconventional roles when they start a business (Brush, 1992; Fischer et al, 1993; Allen & Truman, 1993; Moore & Buttner, 1997). To ascertain whether our entrepreneurs were ideologically motivated as entrepreneurs, we asked our interviewees if they saw themselves as feminists or were moved by other beliefs to start their own enterprise. Our findings show that women entrepreneurs in the nonprofit sector wholeheartedly agreed that they were feminists and taking on unconventional roles in society. This was not so among the for-profit entrepreneurs, where only a third saw themselves as feminists, although nearly all agreed that they were stepping outside of the traditional roles of wives and mothers delegated to them.

This is not surprising in our nonprofit entrepreneurs as our sample targeted NGOs run by women for women, as many women who seek to redress the inequities in society see themselves as feminists in India (Niranjana, 1998). On the other hand, there is no particular ideology that guides the women entrepreneurs of the for-profit sector and their goals were related to professional and personal independence as noted above. This replicates the findings of women for-profit entrepreneurs in Pakistan, by Shabbir and Di Gregorio (1996). They found that entrepreneurs have different personal goals, categorized as ‘freedom seekers’ seeking personal and professional independence;
‘security seekers’ seeking to reduce financial vulnerabilities; and ‘satisfaction seekers’ wanting to try something new.

When asked why they chose the particular goods and services they provide, all of the nonprofit entrepreneurs stated unequivocally that they wanted to work in an area that dealt with women and children, hence their choice of the type of services their NGO would cater to; whereas only 23 percent of the for-profit entrepreneurs made it a deliberate choice of working in an industry targeted to women and children. Two thirds of for-profit entrepreneurs said they chose to start their enterprises because they ‘discovered a particular niche’ that they could occupy and that though they primarily served women and children, this was not the raison d’être for their choice.

Next we examine entrepreneurs’ responses to the close-ended questions; respondents were asked to respond ‘yes’ or ‘no’ to a set of motivations for entrepreneurship culled from the literature (See Table 2). The ‘desire to serve others’ was unanimously declared by all women founders of nonprofits whereas half of the for-profit entrepreneurs gave the ‘desire to make money’ or ‘reduce financial vulnerability’ as primary reasons. The responses are not surprising given that the nature of the nonprofit enterprises, but suggest that in the case of for-profit entrepreneurship the motivations may be more complex than just related to money.

The need to serve others was evident in what nonprofit entrepreneurs said: “I want to provide female leadership in the work for the downtrodden,” one NGO entrepreneur claimed; another said, “I want to make women’s groups as powerful tools of empowerment for women and children”. The desire to serve others is also found by other scholars in the nonprofit sector (Young, 1983; Pilz, 1995).

On the other hand, for-profit entrepreneurs did not share any particular vision. Only half (52%) reported that money was the driving force in their motivation to start their own business. More often than not they were already involved in the activity that later became the focus of their enterprise. They had either indulged in it as a hobby or saw themselves with a particular talent (57%); and most of them (76%) received encouragement from their families to take it to the next level and market the products and services that hitherto had been a hobby. One woman said that “I had a keen interest in beauty and self realized the need for keeping fit and so I decided to start a formal health
club.” While another said “I enjoyed fashion and designed clothes as a hobby before for myself and friends before I started my business.”

Nonprofit entrepreneurs report that that starting their own non profits allowed them to expand their professional and social connections; this was less likely for their counterparts starting for-profit businesses. On the other hand, for-profit entrepreneurs are likely to start their own enterprise to seek a professional, personal and financial independence (recall, many were lacking any professional status prior to starting the business). They were far more likely to take an existing talent or hobby and convert it to a money making enterprise with the help of their family and friends. Recall also, that most of these women came from families with entrepreneurial backgrounds.

Nonprofit entrepreneurs were not likely to report that it was the encouragement of their family and friends that persuaded them to start a NGO. This is understandable as most of them were professionals in related fields and thus had already chosen careers that were influenced by their family backgrounds. Perhaps their own deep commitment to the public good did not need further encouragement from family or friends to get started.

3. **Self-Evaluation**

We asked the respondents to elaborate on the characteristics that best describe themselves as entrepreneurs. Table 3 provides a summary of the responses. Both sets of entrepreneurs saw themselves as hardworking and persistent in achieving their goals. They saw themselves as self-confident with good interpersonal skills and high energy. As one for-profit entrepreneur said, “With good interpersonal skills and self confidence I achieved success by hard work”. Interestingly, the for-profit entrepreneurs were less likely to see themselves as ‘risk takers’ (23%) than were the nonprofit entrepreneurs (84%), a statistically significant difference. It is likely that nonprofit entrepreneurs were often taking on socially controversial issues whereas the for-profit entrepreneurs were extending their hobbies and talents and came from relatively affluent families that may have mitigated the risk. These findings replicate the findings by Pilz (1995) and McCelland (1987) who find similar characteristics in the nonprofit and for-profit entrepreneurs respectively.

4. **Discussion and Conclusion**

Our findings show that the factors differentiating nonprofit and for-profit
entrepreneurship are primarily: ideology, professional standing, previous experience, income, caste, age, family background, and the willingness to take risks. Financial stability in the household and family support is essential for most women entrepreneurs in either sector, as we noted that with the exception of three entrepreneurs from the nonprofit sector, all came from middle and higher income classes. Unlike nonprofit entrepreneurs who were primarily self motivated, four out of five for-profit entrepreneurs were encouraged by others to start their enterprise.

Can we come to any general conclusions about the differences among entrepreneurs in the nonprofit and for-profit sectors based on these findings? Given the limitation of our data to one geographical region, it is difficult to generalize; nevertheless, we suggest some tentative conclusions from the data, and caution the reader to the consequent limitations.

The salient factor in our study is that all of our NGO entrepreneurs share a feminist ideology and a desire to help others which they actualized by starting their NGOs. This is in marked contrast to the for-profit entrepreneurs who have no shared ideology. Both sets of entrepreneurs were actualizing themselves, NGO entrepreneurs in pursuing their ideology and for-profit entrepreneurs’ pursing their hobbies to gain professional status. Earnings, as well as personal and professional independence, seem to be secondary to the NGO entrepreneurs but were more important to for-profit entrepreneurs. Lacking prior professional status motivated many of the for-profit entrepreneurs to seek it by starting their own enterprise. Lack of access to financial capital was a concern for some of the entrepreneurs in the for-profit sector but did not pose a major challenge to entrepreneurs in the nonprofit sector; in this sector what is essential is access to volunteers and donations, initially through personal networks.

Neither the number of young children nor the presence of a husband affected women’s decision to start an enterprise, nor the choice of the sector. It is not that women are immune to childcare and domestic responsibilities; they receive help from either their husbands or family members by living in the extended family structures that are common in India. These resources, however, would also have been available for employment as well and thus cannot explain why women choose entrepreneurship over employment.

Parental and spousal role models are important for both kinds of entrepreneurship
although in different ways. Early experience (professional or volunteer) in the case of 
nonprofit entrepreneurs, and training or experience gained in pursuing a hobby served 
motivate many of these women to pioneer their own enterprises to further their interests, 
either for the public good or their own private profit.

The self-evaluation for nonprofit and for-profit entrepreneurs was relatively 
similar except in the case of how they perceived themselves as risk takers. Nonprofit 
entrepreneurs see themselves more as risk takers than the for-profit entrepreneurs and this 
may be reasonable given that the latter take on more controversial issues than the former.

A significant proportion of the nonprofit entrepreneurs are of high caste, whereas 
the for-profit entrepreneurs are fairly evenly split among the high and middle/lower 
castes. In India, despite the many attempts to rid society of the ramifications of the caste 
system, the system continues to operate subtly (and not so subtly) at many levels. Class 
and income often go hand in hand in India and this status helps women who start 
nonprofit ventures to facilitate resource mobilization and gives them certain immunity 
when taking on controversial issues that are deeply embedded in the traditional, cultural 
and religious fabric of society. As these challenges do not exist in starting one’s own for-
profit enterprise, we found that women of all castes were successful for-profit 
entrepreneurs.

Given that our study only looked at women non-profit and for-profit 
entrepreneurs, we cannot even say that our findings are unique to women as we have no 
comparative data on male entrepreneurs in India. Moreover, our enterprises come from 
one sub-sector (dealing primarily with women and children), thus our results may or may 
not be applicable to other enterprises or services. These concerns point to a number of 
questions for further research on nonprofit entrepreneurship. Comparative studies of male 
and female entrepreneurs in a variety of nonprofits are necessary to shed light on what 
factors are truly unique to women entrepreneurs. Comparative studies of nonprofit and 
for-profit entrepreneurship in developed and less developed countries will indicate those 
factors that can be associated to culture and economic differences and those that can be 
attributed to local structural factors and personal characteristics. In general, the paucity of 
studies of nonprofit entrepreneurship suggests that there are many interesting questions 
yet to be researched.
Despite these limitations, we can make certain policy suggestions of interest to government and donors. Governments often see nonprofits and small for-profit business as engines of development and choose to encourage such activity through tax subsidies and other means. Thus, it is not unreasonable to assume, from a public policy perspective, the need to encourage the founding of enterprises in both sectors and to ensure that those founded are sustainable and successful.

To encourage women of all castes and classes to start enterprises, what is necessary is to reduce their financial vulnerability. Otherwise, such starts up are going to be limited to those who come from financially well-to-do families. Micro-credit programs address this problem for many very poor and rural women, and should be continued. However, those who are the ‘working poor’ in urban and rural areas also need to be supported with training and resources to encourage them undertake on the challenges of entrepreneurship.

Furthermore, donors, local and international, keen to promote women’s issues are interested in encouraging start-ups and ensuring that the enterprises they fund are successful. Thus, from the donor and government perspectives, this research provides some insights on how to facilitate the growth and success of women-led enterprises.

As initial experiences and education seems to be a factor that helps women start NGOs, policies that expose more young women to higher education and volunteer work in social services will increase the number who may eventually start NGOs. Governments can make volunteering part of educational training so as to expose youth to social problems and thereby increase the pool of likely entrepreneurs. To encourage higher education among women and expose them to volunteering programs that make higher education cheaper to those who engage in volunteer services may not only give poorer women a chance in expanding their social connections, which is necessary in recruiting volunteers and donations, but also the education they will need to be successful. In addition, identifying leaders in voluntary organizations and providing them training in different skills – interpersonal skills, negotiating bureaucracies, legal and administrative aspects of starting, managing and running an enterprise may further increase their success as NGO entrepreneurs.

Government or international donors wishing to promote small businesses will
need to identify talented women who pursue hobbies and seek professional recognition. For example, talented women can be recruited from craft and art shows, garden shows, cooking competitions and other such venues and encouraged to see their hobbies as money making venture. Providing them low cost or free training in starting a small business will ensure those that do are successful.

Although existing affirmative action programs help individuals of lower castes, more attention should be paid to the education and empowerment of lower caste women in the kinds of training mentioned above and opportunities to pursue their talents (hobbies). This may help increase the likelihood of lower caste women starting small businesses.

This study cannot, naturally, shed light on those entrepreneurs who were unsuccessful. However, it sheds some light on where to direct information and training resources so that the likely pool of entrepreneurs is targeted early on, when it is critical to make good decisions.
### Table 1 Differences among for-profit and nonprofit entrepreneurs

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<thead>
<tr>
<th>Variable</th>
<th>Test</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age at founding</td>
<td>$t = -3.465$</td>
<td>$P &lt; 0.01$</td>
</tr>
<tr>
<td>Marital Status at founding</td>
<td>$\chi^2 = 3.872$ df=1</td>
<td>NS</td>
</tr>
<tr>
<td>Number of children</td>
<td>$t = -1.294$</td>
<td>NS</td>
</tr>
<tr>
<td>Caste</td>
<td>$\chi^2 = 4.607$ df=1</td>
<td>$P &lt; 0.05$</td>
</tr>
<tr>
<td>Education</td>
<td>$\chi^2 = 1.380$ df=1</td>
<td>NS</td>
</tr>
<tr>
<td>Previous business experience</td>
<td>$\chi^2 = 15.104$ df=1</td>
<td>$P &lt; 0.001$</td>
</tr>
<tr>
<td>Volunteer experience</td>
<td>$\chi^2 = 21.71$ df=1</td>
<td>$P &lt; 0.001$</td>
</tr>
<tr>
<td>Prior professional status</td>
<td>$\chi^2 = 15.14$ df=1</td>
<td>$P &lt; 0.001$</td>
</tr>
<tr>
<td>Income Class</td>
<td>$\chi^2 = 6.425$ df=2</td>
<td>$P &lt; 0.05$</td>
</tr>
</tbody>
</table>

### Table 2 Motivations for entrepreneurship

<table>
<thead>
<tr>
<th>Motivation to start own enterprise</th>
<th>Test</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seeking professional independence</td>
<td>$\chi^2 = 1.648$ df=1</td>
<td>NS</td>
</tr>
<tr>
<td>Seeking personal/financial independence</td>
<td>$\chi^2 = 7.677$ df=1</td>
<td>$P &lt; 0.05$</td>
</tr>
<tr>
<td>To expand professional and social connections</td>
<td>$\chi^2 = 12.180$ df=1</td>
<td>$P &lt; 0.05$</td>
</tr>
<tr>
<td>To enhance personal reputation/status</td>
<td>$\chi^2 = 10.935$ df=1</td>
<td>NS</td>
</tr>
<tr>
<td>To serve others</td>
<td>$\chi^2 = 40.00$ df=1</td>
<td>$P &lt; 0.001$</td>
</tr>
<tr>
<td>Wanted to try something new</td>
<td>$\chi^2 = 0.082$ df=1</td>
<td>NS</td>
</tr>
<tr>
<td>Wanted to make money</td>
<td>$\chi^2 = 13.727$ df=1</td>
<td>$P &lt; 0.001$</td>
</tr>
<tr>
<td>Pursuing a hobby/talent</td>
<td>$\chi^2 = 15.510$ df=1</td>
<td>$P &lt; 0.001$</td>
</tr>
<tr>
<td>Encouraged by family or friends.</td>
<td>$\chi^2 = 15.140$ df=1</td>
<td>$P &lt; 0.001$</td>
</tr>
</tbody>
</table>

### Table 3 Entrepreneurial Characteristics

<table>
<thead>
<tr>
<th>Self-evaluation of entrepreneurial characteristics</th>
<th>Test</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>High endurance/energy</td>
<td>$\chi^2 = 6.535$ df=1</td>
<td>$P &lt; 0.05$</td>
</tr>
<tr>
<td>self-confidence</td>
<td>$\chi^2 = 5.170$ df=1</td>
<td>$P &lt; 0.05$</td>
</tr>
<tr>
<td>interpersonal skills</td>
<td>$\chi^2 = 4.607$ df=1</td>
<td>$P &lt; 0.05$</td>
</tr>
<tr>
<td>risk taker</td>
<td>$\chi^2 = 14.593$ df=1</td>
<td>$P &lt; 0.001$</td>
</tr>
<tr>
<td>hardworking/persistent</td>
<td>$\chi^2 = 1.905$ df=1</td>
<td>NS</td>
</tr>
</tbody>
</table>
References:
D’Cruz , Nirmala Karuna Constraints on Women Entrepreneurship Development in Kerala: An analysis of familial, social, and psychological dimensions India, Thiruvananthapuram: Centre for Development Studies, 2003605-616.


Handy F., Kassam, M. and S. Ranade. “Factors Influencing Women Entrepreneurs of NGOs in India” *Nonprofit Management and Leadership* 2003 13(2) 139-54


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NFWBO National Foundation of Women's Business Owners from Center for Women's Business Research. [http://www.nfwbo.org/key.html](http://www.nfwbo.org/key.html) Retrieved March 10, 2003,


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