

# A Study on the Restricted Effects of Development on Women Owned Microenterprise

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**Abstract:** *This is presented as a response to the increasing need for rigorous impact assessment in ICT4D. We developed two theoretical models that predict relationships between business expansion, ICT use, and selected antecedents. We used structural equation modeling (SEM) to test the models with data from a multistage probability survey of women micro-entrepreneurs in Mumbai, India. The two models anticipated a measurably significant, however limited causal connection between admittance to ICTs (as the free factor) and business development (as the reliant variable). The theoretical model and analytical methods suggest that future studies should focus more on the specific factors that mediate the impact of ICTs on the growth of very small businesses.*

**Keywords:** Microenterprises, urban women, development, limited growth.

## I. INTRODUCTION

Challenging the long-held claim that information and communication technologies (ICTs) enable development is now a central premise of ICT4D scholarship. In fact, a lot of researchers have called for thorough studies that look at the effect of ICTs that are more and more spread out (Donner, 2008; 2010 by Donner and Escobari; 2009 Duncombe; Heeks, 2010a; Molla and Heeks, 2009). We chose a research site that we believed would be especially fruitful for probing the role of ICTs—namely, microenterprises owned by women in Mumbai, India—and the research that is reported here is a partial response to the need for studies that investigate whether, to what degree, and under what conditions ICTs enable microenterprises to grow. With information gathered through a multistage probability design, we tried two models of ICT influence on business development using structural condition demonstrating (SEM). The two models anticipated a statistically significant, causal connection between admittance to ICTs (as an independent variable) and business development (as the reliant variable). However, only a small portion of the variation in business growth could be explained by these independent variables. In this manner, these findings offer one setting specific illustration of the restricted effect of ICTs on microenterprise development and consequently provide a more nuanced image of ICTs as empowering agents of development

## II. LITERATURE REVIEW

ICTs and Financial Development From a macroeconomic viewpoint, ICTs have been shown to have positive ramifications for the economies of non-industrial countries. In the nations of Africa, for instance, a 10% expansion in the availability of cell phones brought about a 0.59% increment in per capita Gross domestic product (Waverman, Mesci, and Fight, 2005), while across the Worldwide South, a 10% increment in broadband entrance was projected to deliver a 1.38% increment in per capita Gross domestic product. At the miniature level, there is little proof about the effect of PCs on microenterprises, largely because paces of PC and Web dissemination are low, and the expenses of PC use make it an economically ugly choice for most microentrepreneurs (Chinn and Fairlie, 2010). On the other hand, it does appear that mobile phones have a positive economic impact on small businesses. Two comprehensive literature reviews (Donner, 2008; Donner and Escobari, 2010) finish up that mobile telephones might work with the quest for price information, lessen business-related travel, and aid in correspondence with existing providers and customers, however proof that cell phones also make it feasible for micro entrepreneurs to expand their base of providers and clients — key components of financial development — is blended. Abraham (2006), Jensen (2007), and Aker (2008)

provide the strongest evidence that using a mobile phone by microentrepreneurs helps correct information asymmetries and creates more efficient markets. These studies demonstrate that grain traders in Niger (Aker) and participants in the washing industry in Kerala, India (Abraham and Jensen) reduce producer risk, price variability, and consumer costs by acquiring information. However, despite the fact that Jensen and Aker report increased producer profits, Aker discovered that economic benefits did not accrue equally across the agricultural sector, with the majority of gains going to the supply chain's wealthier members.

### III. URBAN WOMEN MICROENTREPRENEURS

Women Microentrepreneurs Microenterprises have long been of interest to the development community due to their widespread availability and potential to alleviate poverty (Mead & Liedholm, 1998; 2005, Nichter & Goldmark). Additionally, different appraisals, both nation specific and local, propose that ladies own upward of half of all microenterprises in the developing world (Chen, 2001; Organization of the National Sample Survey (NSSO), 2000; 2006, Peebles; Wasihun & Paul, 2010). However, Mead & Liedholm (1998) and Nichter & Goldmark (2005) found that sole proprietorships and/or home-based businesses account for the majority of female-owned businesses. According to NSSO (2000), 69% of urban microenterprises owned by women in India were home-based and lacked employees.

According to recent research (Gelb, Mengistae, Ramachandran, & Shah, 2009), the ability of sole proprietorships to generate revenue or jobs has been questioned. 2009 International Labor Organization LaPorta and Shleifer, (2008). Accordingly, sole proprietorships and home-work microenterprises are excluded from this review. According to Duncombe & Heeks (2005), there are a number of factors that make urban settings a strategic research site. It is hoped that this method will enrich our sample with a greater number of microenterprises that are not "livelihood" or "survivalist" enterprises and may demonstrate ICT-enabled growth. To begin, the majority of previous research on micro-enterprises has primarily focused on rural development. While we do not discount the importance of rural development, we argue that the growing urbanization of the developing world offers a largely untapped opportunity for ICTs to successfully support economic growth. Second, when it comes to the availability of ICTs, it is evident that mobile phones and even the Internet have spread earlier and more widely in urban areas of developing countries than in rural areas (Castells, Fernandez-Ardevol, Qiu, & Sey, 2007; 2005 Mariscal).

Naturally, larger microenterprises with at least a few employees may have greater information and communication needs and may try to meet some of those needs by increasing access to and use of ICTs. If that were the case, then perhaps ICTs would also have a greater impact on the expansion of microenterprises. Using the enterprise size as a dummy variable in a regression analysis (larger microenterprises with one or more hired employees equal to 1; microbusinesses with fewer than have hired employees equal 0). The beta coefficient for enterprise size in this relapse examination isn't statistically significant and the complete fluctuation explained differs from the difference made sense of in the Last model just barely. As a result, the statistical significance of the other predictor variables remains unchanged, indicating that the size of the microenterprise in this dataset has no effect on business expansion.

We additionally explored whether the relationship between complete ICT access and business development might be recursive — that is, whether more successful micro entrepreneurs could have the capital to acquire more ICTs, which, thus, might promote business development. In the analytical structural model, we reversed the causality between total ICT access and business growth, making business growth the predictor variable and ICT access the dependent variable to test for endogeneity. However, it was discovered that the path coefficient of the reversed causal link was insignificant (0.056, n.s.), indicating that, at least in this data set, the relationship between ICT access and microenterprise growth is not recursive

### IV. CONCLUSION

Urban environments generally have access to ICTs, which is a necessary but not sufficient condition for demonstrating ICT impact. Third, contrasted with tiny organizations in the countryside, metropolitan microenterprises have an almost 25% more prominent possibility getting by past their first year (Mead and Liedholm, 1998). The related, possibly recursive relationship between business growth and ICT use and whether urban microenterprises remain in business after a year remains a largely unexplored phenomenon. Fourth, the target population of this study is the population of microenterprises, and cities typically house a large number of them. For instance, according to the NSSO (2000),

approximately 4.2 million "establishments" (in practice, microenterprises) can be found in India's cities, which is three times the number of establishments found in India's vast rural areas. According to Srivastava (2005), the informal sector accounts for two-thirds of all employment in Mumbai.

Surveying the Effect of ICTsA assortment of hypothetical and systemic strategies have been utilized to analyze the impacts of ICTson advancement (for basic arrangements, seeDuncombe, 2009; Heeks, 2007; Molla and Heeks, 2009). Although Duncombeacknowledges the advantages and disadvantages of both qualitative and quantitative methods, he argues that quantitative analysis is more likely to provide the more stringent tests of causality needed to demonstrate the impact of ICT. Onesuch procedure is the "LISREL-worked with approach"(Heeks, 2007). In communication research (Kotz,Krishnan, & Wickersham, 2007) and information systems research, particularly for testing models of technological adoption (Lee, Kozar, & Larsen, 2003), structural equation software is widely used (as is a closely related software program known as SPSS AMOS).3 Structural equation software enables researchers to model relationships between variables graphically, allowing them to comprehend the relationships of model variables more clearly. In SEM, all of the proposed model's variables are simultaneously tested to see how consistent they are with the data as a whole. Additionally, not at all like relapse models,SEM at the same time considers collinear relationships between indicator factors. Conclusions The statistical analyses yield several potentially significant insights regarding business growth in female-owned urban microenterprises, as Brentler (1980) observes: "If the model cannot be rejected statistically, it is a plausible representation of the causal structure." To begin with, we found that main business convention and complete ICT access have an immediate effect on business development. In addition, an examination of the regression analyses revealed that ICT access accounts for only 2% of the variance in business growth, while business formality accounts for approximately 4%. In other words, admittance to ICTs predicts only a portion of the as of now meager variance in business growth explained by the model. In any case, thesmall, though measurably signi<sup>a</sup>-cant, connection between totalICT access and business growth demonstrates there is a plausible causal interface between admittance to a greater collection of ICTs and the economic prosperity of a microenterprise. To summarize, adding Internet access, computers, and mobile phones to a microbusiness may increase productivity but only marginally. A poor-ating model is produced when attempting to demonstrate a causal link between the use of mobile phones by businesses and the expansion of microenterprises, indicating that access to mobile phones alone does not necessarily result in business expansion. For sure, less than 10% of ladies who owned microenterprises reliably utilized their mobiles to conduct business. It might at the very least be necessary for female microentrepreneurs to use ICTs much more frequently and extensively in their businesses in order for the impact of ICTs (and mobile phones in particular) to show up on the business growth variable. Compactly put, our information support an idea of limited influence from restricted use.

According to Esselaar, Stork, Ndiwalana, and Deen-Swarray (2007), in the long run, it may be true that the productivity gains from ICTs, particularly computing resources, will likely be greater for small and medium-sized businesses than for microenterprises. 2011 (Legatum Institute) Nev-ertheless, our examination did <sup>a</sup>nd some certain conse-quences of ICTs on the monetary development of microenterprises, and that <sup>a</sup>nding should challenge policymakers, professionals, and ICT4D researchers to keep investigating how ICTs could improve the lives of the ones who own a portion of the smallest businesses in creating Financial matters

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