



Empowering women entrepreneurs: Addressing challenges in small-scale businesses

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Abstract

This study examines the challenges faced by women entrepreneurs in small-scale businesses and explores prospective solutions for empowering them in the entrepreneurial ecosystem. Women entrepreneurship plays a significant role in economic development, employment generation, and social empowerment; however, women-led enterprises continue to encounter multiple barriers that limit their growth and sustainability. The paper identifies key challenges such as limited access to finance, socio-cultural constraints, lack of managerial and technical skills, restricted market access, and inadequate institutional support. Using a conceptual and analytical approach, the study highlights how these challenges affect the performance and long-term viability of women-owned small enterprises. The research further discusses prospective solutions, including gender-responsive financial support, capacity-building initiatives, mentoring and networking opportunities, and supportive policy frameworks. By emphasizing the need for an inclusive and enabling business environment, the study underscores the importance of coordinated efforts from policymakers, financial institutions, and support organizations. The paper contributes to the existing literature on women entrepreneurship by providing insights that can inform policy formulation, entrepreneurial development programs, and future research aimed at strengthening women's economic participation and inclusive growth.

Keywords: Women entrepreneurs, small businesses, entrepreneurship, challenges

Introduction

Women entrepreneurship has emerged as a vital driver of economic growth, employment generation, and social transformation across both developed and developing economies. Women entrepreneurship is the process in which women start, own, manage, and expand businesses by taking financial risks and leadership responsibilities to achieve economic independence and innovation (Qadeera *et al.*, 2024) ^[13]. In simple terms, it means women starting and running their own businesses instead of working only as employees. In the contemporary business environment, women entrepreneurs play a significant role in fostering innovation, promoting inclusive development, and strengthening local economies, particularly through small-scale businesses (Emon & Nipa, 2024) ^[4]. These enterprises not only contribute to income generation but also support poverty reduction and women's empowerment by enhancing financial independence and decision-making capacity (Krishnan *et al.*, 2017) ^[7]. Despite their growing importance, women entrepreneurs continue to face structural and socio-cultural barriers that limit their participation and performance in the business ecosystem.

Small-scale businesses serve as a critical entry point for women entrepreneurs due to their relatively low capital requirements, operational flexibility, and potential for self-employment (Cho *et al.*, 2016) ^[2]. However, women operating small enterprises often encounter multiple challenges, including limited access to finance, lack of managerial and technical skills, restricted market access, and inadequate institutional support (G. Singh & Belwal, 2008) ^[19]. Social norms, gender bias, work-family conflict, and limited mobility further constrain women's entrepreneurial activities, particularly in traditional and resource-constrained settings (Khabbaz & Kuran, 2024) ^[5]. These challenges not only affect business growth and sustainability but also hinder the broader goal of inclusive economic development.

In recent years, governments and development agencies have introduced various policies and support programs aimed at promoting women entrepreneurship. Initiatives related to skill development, financial inclusion, digital platforms, and microfinance have created new opportunities for women-led enterprises (Yadav *et al.*, 2022) ^[25]. Nevertheless, the effectiveness of these initiatives remains uneven, as many women entrepreneurs continue to struggle with implementation gaps, awareness issues, and systemic inequalities. The COVID-19 pandemic further exacerbated existing challenges by disrupting supply chains, reducing demand, and increasing the burden of unpaid care work on women entrepreneurs (Power, 2020) ^[12].

Despite the growing body of literature on women entrepreneurship, limited research comprehensively examines the interconnected challenges faced by women entrepreneurs in small-scale businesses and the strategies required to address them effectively. Therefore, this study aims to explore the key problems encountered by women entrepreneurs in small-scale enterprises and to identify measures that can enhance their empowerment and business sustainability. By focusing on the lived experiences of women entrepreneurs, the study seeks to contribute to policy formulation, entrepreneurial support mechanisms, and academic discourse on inclusive and gender-responsive economic development.

Women Entrepreneurship

Women entrepreneurship refers to the process by which women initiate, organize, and manage business enterprises, assuming financial risks with the objective of achieving economic independence and social empowerment (Khan, 2015) ^[6]. In recent decades, women entrepreneurship has gained significant attention as a key instrument for inclusive economic growth, employment generation, and poverty alleviation (Ogbari *et al.*, 2024) ^[10]. Women-led enterprises,

particularly in the small-scale sector, contribute substantially to local economies by utilizing indigenous resources, promoting innovation, and supporting community development (Visiana, 2025) ^[24]. As a result, women entrepreneurship is increasingly recognized as an important component of national development strategies.

The growth of women entrepreneurship has been influenced by several factors, including rising educational attainment among women, increased access to microfinance, supportive government policies, and the expansion of digital technologies (Sabir & Majid, 2023) ^[16]. Small-scale businesses offer women greater flexibility and lower entry barriers, making them an attractive avenue for entrepreneurial participation (Krishnan *et al.*, 2017) ^[7]. Many women entrepreneurs engage in sectors such as handicrafts, food processing, retail, tailoring, and service-based activities, where they can balance business responsibilities with household roles (Saxena & Bansal, 2025) ^[18]. These enterprises not only generate income but also enhance women's self-confidence, decision-making power, and social status.

Despite its potential, women entrepreneurship continues to face significant challenges that limit its growth and sustainability. Women entrepreneurs often experience difficulties in accessing credit, acquiring business skills, adopting new technologies, and expanding market reach (Mwobobia, 2012) ^[9]. Socio-cultural constraints, gender stereotypes, limited networking opportunities, and lack of institutional support further restrict entrepreneurial growth (Mehtap *et al.*, 2017) ^[8]. These barriers are more pronounced in developing economies, where women's participation in formal business activities remains comparatively low.

From a global perspective, women entrepreneurship is widely recognized as a critical driver of inclusive growth, innovation, and sustainable development, and the Indian context reflects both the progress and challenges observed worldwide (Saxena & Bansal, 2025) ^[18]. Across countries, women entrepreneurs contribute significantly to job creation, poverty reduction, and social development, yet their participation remains lower than that of men due to structural and cultural barriers (Sajjad *et al.*, 2020) ^[17]. In comparison to developed economies where women increasingly engage in high-growth and technology-driven ventures, women entrepreneurship in India is largely concentrated in micro and small enterprises, particularly in traditional and informal sectors (Krishnan *et al.*, 2017) ^[7].

However, India's experience aligns with global trends in leveraging women entrepreneurship as a development strategy through policy support and institutional mechanisms. Initiatives such as Self-Help Groups, microfinance programs, and digital platforms have enabled millions of Indian women to participate in economic activities, similar to global models of women-led community enterprises (Tripathi *et al.*, 2025) ^[22]. For instance, organizations like SEWA (Self-Employed Women's Association) have gained international recognition for empowering women through collective entrepreneurship, demonstrating how Indian women entrepreneurs contribute not only to national development but also to the global discourse on gender-inclusive economic growth. Strengthening women entrepreneurship can lead to sustainable economic development by empowering women, enhancing productivity, and creating

resilient small-scale business ecosystems (Thomas, 2025) ^[21].

Challenges in Women Entrepreneurship

Despite the growing recognition of women entrepreneurship as a catalyst for economic development and social empowerment, women entrepreneurs continue to face numerous challenges that hinder the establishment, growth, and sustainability of their businesses. These challenges are multifaceted, encompassing economic, social, cultural, and institutional dimensions (Mehtap *et al.*, 2017) ^[8]. In the context of small-scale businesses, such constraints are often more pronounced due to limited resources and restricted access to support systems (Cho *et al.*, 2016) ^[2]. One of the major challenges faced by women entrepreneurs is limited access to finance. Women often encounter difficulties in obtaining loans and credit due to lack of collateral, lower asset ownership, limited credit history, and gender bias within financial institutions (Singh & Dash, 2021) ^[20]. As a result, many women rely on personal savings or informal sources of finance, which restricts business expansion and innovation (Ackah *et al.*, 2024) ^[1]. Inadequate access to working capital further affects operational efficiency and long-term sustainability.

Socio-cultural barriers also play a significant role in constraining women entrepreneurship. Traditional gender roles, societal expectations, and family responsibilities often limit women's mobility, risk-taking ability, and time available for business activities (Tripathi *et al.*, 2025) ^[22]. Balancing household duties with entrepreneurial responsibilities creates additional pressure, leading to stress and reduced business performance. In many cases, women lack family and social support, which negatively impacts their entrepreneurial confidence and decision-making autonomy (Mehtap *et al.*, 2017) ^[8]. In addition, women entrepreneurs frequently face challenges related to limited managerial skills, inadequate training, and restricted access to markets and networks (Singh & Belwal, 2008) ^[19]. Lack of exposure to modern business practices, technology, and digital platforms reduces competitiveness and growth potential. Weak networking opportunities further isolate women entrepreneurs from information, mentorship, and market linkages. Moreover, regulatory complexities, lack of awareness about government schemes, and insufficient institutional support continue to pose significant obstacles to the success of women-led small-scale enterprises (Singh & Dash, 2021) ^[20].

Prospective Solutions

Addressing the challenges faced by women entrepreneurs requires a comprehensive and multi-stakeholder approach that combines policy support, institutional reforms, and capacity-building initiatives. Improving access to finance is a critical priority. Financial institutions should design gender-responsive credit products with simplified procedures, lower collateral requirements, and flexible repayment options (Ufodike & Ally, 2023) ^[23]. Expanding microfinance, self-help groups, and women-focused venture funding can significantly enhance women entrepreneurs' access to capital (Sabir & Majid, 2023) ^[16]. Additionally, increasing financial literacy and awareness about available funding schemes can empower women to make informed financial decisions and effectively manage business finances (Khan, 2015) ^[6].

Capacity building and skill development are equally important for strengthening women entrepreneurship. Targeted training programs in business management, digital skills, marketing, and technology adoption can enhance women's entrepreneurial capabilities and competitiveness (Orser *et al.*, 2019) ^[11]. Mentorship and networking platforms should be promoted to connect women entrepreneurs with industry experts, successful entrepreneurs, and peer support groups (Emma, 2024) ^[13]. Such networks facilitate knowledge sharing, confidence building, and access to new markets. Encouraging women's participation in trade fairs, exhibitions, and digital marketplaces can further improve market reach and visibility of women-led enterprises (Tripathi *et al.*, 2025) ^[22].

Policy interventions and social support mechanisms also play a vital role in overcoming socio-cultural and institutional barriers. Governments and development agencies should ensure effective implementation of women-centric entrepreneurship policies and simplify regulatory procedures for small-scale businesses (Rana & TP, 2025) ^[14]. Awareness campaigns can help challenge gender stereotypes and promote positive societal attitudes toward women entrepreneurs (Mwobobia, 2012) ^[9]. Furthermore, supportive infrastructure such as childcare facilities, flexible work arrangements, and digital platforms can enable women to balance business and family responsibilities more effectively (Rathi *et al.*, 2025) ^[15]. Collectively, these prospective solutions can foster an enabling ecosystem that empowers women entrepreneurs, enhances business sustainability, and contributes to inclusive economic development.

Implications

This study offers important managerial and practical implications for women entrepreneurs and support institutions. By identifying the key challenges faced by women in small-scale businesses, the research highlights the need for targeted capacity-building initiatives, improved access to finance, and stronger market linkages. Women entrepreneurs can use these insights to better understand structural and operational barriers and adopt informed strategies related to skill development, networking, and digital adoption (Tripathi *et al.*, 2025) ^[22]. For business support organizations, incubators, and financial institutions, the findings underscore the importance of designing gender-sensitive programs, credit mechanisms, and mentoring systems that address the specific needs of women-led enterprises.

The study also has significant policy and societal implications. Policymakers can draw upon the findings to strengthen women-centric entrepreneurship policies, simplify regulatory frameworks, and ensure effective implementation of support schemes. Addressing socio-cultural constraints through awareness campaigns and community engagement can help create a more inclusive entrepreneurial ecosystem (Thomas, 2025) ^[21]. From an academic perspective, the study contributes to the literature on women entrepreneurship by providing insights into the challenges and solutions relevant to small-scale businesses, thereby offering a foundation for future empirical and comparative research focused on women's economic empowerment and inclusive development.

Conclusion

In conclusion, this study highlights the critical role of women entrepreneurs in promoting economic growth, employment generation, and inclusive development through small-scale businesses. Despite their growing contribution, women entrepreneurs continue to face multiple challenges that affect the performance and sustainability of women-led enterprises but also limit the broader potential of women entrepreneurship as a driver of economic empowerment and social progress. The study emphasizes that empowering women entrepreneurs requires coordinated efforts from policymakers, financial institutions, support organizations, and society at large. By fostering an enabling ecosystem, women entrepreneurs can achieve greater business sustainability, confidence, and independence. Overall, the research underscores that strengthening women entrepreneurship is not only a matter of gender equity but also a strategic imperative for sustainable economic development and inclusive growth.

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