

## Operational structure of food enterprises run by women entrepreneurs in Tumkur and Bangalore Urban districts, Karnataka

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### ABSTRACT

Present investigations were undertaken to study the operational structure of food enterprises run by women entrepreneurs of Tumkur and Bangalore Urban districts of Karnataka. In randomized study 120 women entrepreneurs in food sector were selected with the help of development departments and other organizations working towards organization of entrepreneurship development programmes (EDPs). The results indicated that majority of women entrepreneurs ran the food enterprise with less investment; location of the production unit was at their residence and did not possess any registration or license and also certification from FSSAI or other authorities. In both the districts majority of entrepreneurs were having more than 5 to 10 years of experience in food processing and the units were being operated with family association. In all the categories of enterprises cent per cent of Tumkur entrepreneurs had taken up enterprises to enhance family income. Majority of the selected enterprise units had no labourers; more than 50 per cent were expressing satisfaction towards performance and in both the districts large size categories of entrepreneurs were earning Rs 6,000 and above per month.

**Keywords:** Women entrepreneurs; food enterprises; operational structure

### INTRODUCTION

Women entrepreneurs are considered to be the most important economic agents for the economic augmentation of any country. It is a well known fact that women have played and continue to play key role in conservation of basic life support systems. Hence entrepreneurship development is a possible approach to empower women. A woman as an entrepreneur is economically more powerful than as a mere worker because ownership not only confers control over assets but also gives her the freedom to take decision. This would also uplift her social status in the society.

Entrepreneurs are the ones who explore opportunities, scan the environment, mobilize resources, convert ideas into viable business proposition and provide new products and services to the society by bringing together and combining

various factors of production. However majority of women entrepreneurs have ventured out into small scale/household business with very little initial funding. Among the total women entrepreneurs in India maximum of them own family business; rest few in urban/metros own large business firms and finally few rural women entrepreneurs own small scale industries or household business (Hangarki and Hangarki 2012). The most common and vital enterprise activity for women in rural and urban areas is food processing and women being the traditional fore-runners in food processing at household draw a major attention in this sector. Thus the proportion of women in food processing enterprises is higher as compared to other non-traditional enterprises in India. Hence the present study was designed to understand and document on operational structure of food enterprise units run by women in Tumkur and Bangalore Urban districts of Karnataka.

## METHODOLOGY

Women entrepreneurs in food sector were identified with the help of development departments and other organizations working towards organization of entrepreneurship development programmes (EDPs) in Tumkur and Bangalore Urban districts. Such links were accorded through Department of Agriculture, Women and Child Development Department (WCDD), Karnataka State Women Development Corporation (KSWDC), Association of Women Entrepreneurs of Karnataka (AWAKE) and Bakery Training Unit, UAS, Hebbal, Bengaluru, Karnataka. Data were collected based on sample survey method. A random sample of 120 respondents was drawn based on the capital investment on food enterprises and they were classified into small, medium and large entrepreneurs (Table 1). The quantitative data were collected with the help of semi-structured questionnaire and based on the information obtained from the respondents on operational structure of food enterprise units were statistically analysed and presented.

## RESULTS and DISCUSSION

### Classification of food enterprises based on capital investment

In Tumkur and Bangalore districts majority of women entrepreneurs belonged to small (68.3 and 71.7%) followed by medium (25.0 and 8.3%) and large (6.7 and 20.0%) size enterprises respectively. Irrespective of districts majority of entrepreneurs belonged to small size enterprises. The probable reasons might be the non-availability of credit facility, low risk bearing capacity of women, lack of confidence for higher investment, not able to reap the profit on par with the investment and low mechanized enterprise.

### Place of the production unit

It was observed that majority of the production units were at the residences (Table 2). In Tumkur and Bangalore districts 61.7 and 73.3 per cent of entrepreneurs were running production units at their residences followed by 28.3 and 26.7 per cent in rented building respectively and 10 per cent at community places in Tumkur district. This could be due to dual role and responsibility of women to attend the family and business. It was convenient for them to look after their enterprise and family when the working place was nearer or at the residence. Other reason could be low income, higher rental charges etc. In large size category of enterprises, units were running in rented

buildings. This could be due to better availability of power, water in rented buildings and at the same time their residences may not be sufficient to run the enterprises. The findings are in line with the study conducted by Jesurajan and Gnanadhas (2011) who indicated that 61 per cent of entrepreneurs were running units in part of the house and 39 per cent in separate buildings.

### Registration/license and certification

The results (Table 3) reveal that majority (68.3%) of the Tumkur district entrepreneurs engaged in food processing did not possess any registration or licenses and also certification which is mandatory under FSSAI 2006. This could be due to lack of awareness and ignorance of the legal requirement of registration. Contrary to it majority (61.7%) of Bangalore district entrepreneurs possessed licenses and certification.

### Operation ownership of the production units

Mode of unit operation is presented in Table 4. The results indicate that in both the districts majority of entrepreneurs were operating the units with family association (40.0 and 51.7%) followed by independently (43.3 and 28.3%) and with group association (16.7 and 20.0%) in Tumkur and Bangalore districts respectively. Majority of women entrepreneurs had taken up a business career after marriage and with support from husbands or other members of their families. However less dependence was observed in independent operation where family or group members support may turn at times into a hindrance too. Interference in matters of location, choice and management of enterprise at the entry stage had in some cases negative influence on the business. Lack of understanding and cohesiveness among the group members made the entrepreneurs to operate independently.

### Reasons for choosing entrepreneurship

The reasons to become entrepreneurs are presented in Table 5. In all the categories of enterprises multiple responses were observed behind taking up entrepreneurship. It was observed that in all the categories of enterprises cent per cent of Tumkur entrepreneurs had taken up enterprises to enhance family income. Whereas in small (56.1, 58.5 and 61.0%), medium (93.3, 100.0 and 80.0%) and large (100.0, 100.0 and 75.0%) size categories of entrepreneurs had taken up enterprises for self-earning and to be independent, to overcome unemployment and to utilize technical knowledge respectively.

Table 1. Classification of food enterprises based on capital investment (n= 120)

Capital investment	Tumkur (n= 60)		Bangalore Urban (n= 60)		Total (n= 120)	
	n	%	n	%	n	%
Small (Rs <50,000)	41	68.3	43	71.7	84	70.0
Medium (Rs 50,000-Rs 1,00,000)	15	25.0	05	8.3	20	16.7
Large (Rs >1,00,000)	04	6.7	12	20.0	16	13.3

Table 2. Place of the production unit

Place	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
Home	25 (61.0)	10 (66.7)	02 (50.0)	37 (61.7)	36 (83.7)	03 (60.0)	05 (41.7)	44 (73.3)
Rented building	10 (24.4)	05 (33.3)	02 (50.0)	17 (28.3)	07 (16.3)	02 (40.0)	07 (58.3)	16 (26.7)
Community	06 (14.6)	0	0	06 (10.0)	0	0	0	0

Figures in parentheses indicate per cent values

Table 3. Registration/license and certification received from different authorities

Particulars	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
Registration/license taken or not								
Yes	11 (26.8)	05 (33.3)	03 (75.0)	19 (31.7)	21 (48.8)	04 (80.0)	12 (100.0)	37 (61.7)
No	30 (73.2)	10 (66.7)	01 (25.0)	41 (68.3)	22 (51.2)	01 (20.0)	0 (0)	23 (38.3)
Certification from Bureau of Indian Standards (BIS)	0	0	0	0	0	0	01 (8.3)	01 (1.7)
International Organization for Standardization (ISO)	0	0	0	0	0	0	02 (16.7)	02 (3.3)
Food Safety and Standards Authority of India (FSSAI)	11 (26.8)	05 (33.3)	03 (75.0)	19 (31.7)	21 (48.8)	04 (80.0)	09 (75.0)	34 (56.7)

Figures in parentheses indicate per cent values

Table 4. Operation ownership of the production unit

Operation	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
Independent proprietorship	19 (46.3)	05 (33.3)	02 (50.0)	26 (43.3)	14 (32.5)	02 (40.0)	01 (8.3)	17 (28.3)
Family business	16 (39.0)	06 (40.0)	02 (50.0)	24 (40.0)	23 (53.5)	01 (20.0)	07 (58.3)	31 (51.7)
Group association	06 (14.6)	04 (26.7)	0 (0)	10 (16.7)	06 (14.0)	02 (40.0)	04 (33.3)	12 (20.0)

Figures in parentheses indicate per cent values

In Bangalore district only 26.7 per cent of the entrepreneurs expressed that the reason was to overcome unemployment. This implies that in urban area greater opportunities existed for women compared to rural areas.

### Source of finance for enterprise

Finance is the area in which women entrepreneurs need crucial support. It was observed (Table 6) that in Tumkur district 50.0 per cent of women entrepreneurs availed financial support from friends and relatives followed by contributions from self-help groups (35.0%) and 30.0 per cent invested own capital and took loans from commercial banks in equal proportion. Whereas 31.7 per cent of entrepreneurs availed financial benefit from government schemes; only 3.3 per cent accessed finance from NGOs. This implies that borrowing from financial institutions or commercial banks call for higher premium on security of principal and interest amount and carry high rate of interest.

In Bangalore district 38.3 per cent of the entrepreneurs availed loan from commercial banks followed by friends and relatives (20.0%) and also invested own capital (16.7%). Whereas few entrepreneurs accessed financial benefit from government schemes (5.0%), SHGs (6.7%) and also from co-operative banks (1.7%).

In Tumkur district 31.7 and 35.0 per cent of entrepreneurs had taken finance from government schemes and from SHGs. This implies that in almost all villages there was existence of SHGs formed by different departments and organizations. The main objective of the SHGs was to uplift the socio-economic empowerment of women and also help in creating adequate knowledge and information of the various financial institutions which were rendering financial incentives and many other helps for the women entrepreneurs in the region.

### Food enterprise experience

Experience makes the entrepreneurs to acquire more knowledge and also helps in solving the problems which arise from enterprise regarding production, processing and marketing. Experienced entrepreneurs have high risk bearing capacity and problem solving skills. The results (Table 7) reveal that majority of women entrepreneurs of both the districts were having more than 5 to 10 years of experience in food processing.

### Labourers working in unit

The data given in Table 8 on number of labourers working in the unit showed that large majority of selected enterprise units had no labourers. In Tumkur district small (63.4%), medium (53.3%) and large (25.0%) units had no labourers whereas in large size units 50.0 per cent were having 3 to 5 labourers and 25.0 per cent were having 1 to 2 labourers.

In Bangalore district 1 to 2 labourers were working in small (21.0%), medium (60.0%) and large (25.0%) size enterprises whereas 3 to 5 labourers were working in small (2.3%), medium (20.0%) and large (41.7%) size units. This indicates that majority of women entrepreneurs were from small scale level with low investment and producing less quantity.

### Opinion on performance of enterprise

Entrepreneurs of Tumkur and Bangalore districts expressing satisfaction towards performance of enterprise were 58.3 and 91.7 per cent and non-satisfaction were 41.7 and 8.3 per cent respectively. The most common reasons given for success seem to be personal qualities such as hard work and perseverance and product-related factors such as providing quality factors, uniqueness of offerings and variety of products offered (Table 9).

The major reasons for non-satisfaction were fluctuation in market price, low price for final product, higher cost of transportation and packaging and lack of availability of skilled labourer in large size categories to run the enterprise. Similar observations were made by Basha et al (2013) who stated that more than 65 per cent women entrepreneurs were satisfied by seeing the growth of the units and playing dual role of housewife and entrepreneur.

Under large size category 50 per cent of entrepreneurs expressed higher cost of transportation, non-availability of skilled labour, fluctuation of market price and low price for final product as the reasons for lack of satisfaction.

### Income from enterprise

Income earned by entrepreneurs from food enterprise is presented in Table 10. Higher number of entrepreneurs in both the districts and majority of large size categories of entrepreneurs were earning Rs 6,000 and above per month. It was found that large size category entrepreneurs invested more capital, large quantity of production and adoption of suitable

Table 5. Reasons for choosing entrepreneurship\*

Reason	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
To contribute to family income	41 (100.0)	15 (100.0)	04 (100.0)	60 (100.0)	38 (88.4)	04 (80.0)	05 (41.7)	47 (78.3)
For self-earning and independence	23 (56.1)	14 (93.3)	04 (100.0)	41 (68.3)	17 (39.5)	04 (80.0)	03 (25.0)	24 (40.0)
To overcome unemployment	24 (58.5)	15 (100.0)	04 (100.0)	43 (71.7)	10 (23.3)	03 (60.0)	03 (25.0)	16 (26.7)
To utilize technical knowledge	25 (61.0)	12 (80.0)	03 (75.0)	40 (66.7)	16 (37.2)	05 (100)	03 (25.0)	24 (40.0)

Figures in parentheses indicate per cent values, \*Multiple responses

Table 6. Source of finance for enterprise\*

Source	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
Self-financing (own funds)	14 (34.1)	04 (26.7)	0	18 (30.0)	06 (13.9)	01 (20.0)	03 (25.0)	10 (16.7)
Borrowing from friends/relatives	23 (56.1)	07 (46.7)	0	30 (50.0)	08 (18.6)	01 (20.0)	03 (25.0)	12 (20.0)
Loan from commercial banks	07 (17.1)	07 (46.7)	04 (100.0)	18 (30.0)	15 (34.9)	02 (40.0)	06 (50.0)	23 (38.3)
Credit from cooperative banks	04 (9.8)	02 (13.3)	0	06 (10.0)	01 (2.3)	0	0	01 (1.7)
Government schemes	13 (31.7)	05 (33.3)	01 (25.0)	19 (31.7)	01 (2.3)	02 (40.0)	0	03 (5.0)
Assistance from SHGs	14 (34.1)	07 (46.7)	0	21 (35.0)	04 (9.3)	0	0	04 (6.7)
Assistance from NGOs	02 (4.9)	0	0	02 (3.3)	0	0	0	0

Figures in parentheses indicate per cent values, \*Multiple responses

Table 7. Experience in food enterprise

Experience (years)	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
<1	0	01 (6.7)	01 (25.0)	02 (3.3)	01 (2.3)	0	01 (8.3)	02 (3.3)
>1-3	10 (24.4)	02 (13.3)	0	12 (20.0)	08 (18.6)	01 (20.0)	04 (33.3)	13 (21.7)
>3-5	10 (24.4)	06 (40.0)	01 (25.0)	17 (28.3)	05 (11.7)	02 (40.0)	02 (16.7)	09 (15.0)
5-10	12 (29.3)	05 (33.3)	0	17 (28.3)	18 (41.8)	01 (20.0)	04 (33.3)	23 (38.3)
>10	09 (21.9)	01 (6.7)	02 (50.0)	12 (20.0)	11 (25.6)	01 (20.0)	01 (8.3)	13 (21.7)

Figures in parentheses indicate per cent values

Table 8. Number of labourers working in the unit

Laborers (number)	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
Nil	26 (63.4)	08 (53.3)	01 (25.0)	35 (58.3)	33 (76.7)	01 (20.0)	04 (33.3)	38 (63.3)
1-2	10 (24.4)	06 (40.0)	01 (25.0)	17 (28.3)	09 (21.0)	03 (60.0)	03 (25.0)	15 (25.0)
3-5	02 (4.9)	01 (6.7)	02 (50.0)	05 (8.3)	01 (2.3)	01 (20.0)	05 (41.7)	07 (11.7)
>5	03 (7.3)	0 (5.0)	0 (5.0)	03 (5.0)	0 (5.0)	0 (5.0)	0 (5.0)	0 (5.0)

Figures in parentheses indicate per cent values

Table 9. Opinion about performance of the enterprise unit and reasons for non-satisfaction

Parameter	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
<b>Opinion</b>								
Satisfactory	26 (63.4)	07 (46.7)	02 (50.0)	35 (58.3)	41 (95.3)	04 (80.0)	10 (83.3)	55 (91.7)
Not satisfactory	15 (36.6)	08 (53.3)	02 (50.0)	25 (41.7)	02 (4.7)	01 (20.0)	02 (16.7)	05 (8.3)
<b>Reason for non-satisfaction*</b>								
Impairment in raw material supply	01 (6.7)	0 (4.0)	0 (4.0)	01 (4.0)	0 (0)	0 (0)	0 (0)	0 (0)
Non-availability of skilled labour	03 (20.0)	0 (50.0)	01 (50.0)	04 (16.0)	0 (0)	0 (0)	01 (50.0)	01 (20.0)
High cost of transportation and packaging	09 (60.0)	01 (12.5)	02 (100.0)	12 (48.0)	01 (50.0)	0 (0)	01 (50.0)	02 (40.0)
Fluctuation in market price	10 (66.7)	04 (50.0)	02 (100.0)	16 (64.0)	0 (0)	0 (0)	01 (50.0)	01 (20.0)
Low price of final product	09 (60.0)	04 (50.0)	0 (52.0)	13 (52.0)	01 (50.0)	01 (100.0)	01 (50.0)	03 (60.0)

Figures in parentheses indicate per cent values, \*Multiple responses

Table 10. Monthly income from enterprise

Income (Rs)	Tumkur (n= 60)				Bangalore Urban (n= 60)			
	Small (n= 41)	Medium (n= 15)	Large (n= 04)	Total (n= 60)	Small (n= 43)	Medium (n= 05)	Large (n= 12)	Total (n= 60)
1,000–2,000	16 (39.0)	04 (26.7)	0 (33.3)	20 (2.3)	01 (0)	0 (0)	0 (0)	01 (1.7)
2,000–4,000	02 (4.9)	02 (13.3)	0 (6.7)	04 (14.0)	06 (0)	0 (0)	02 (16.7)	08 (13.3)
4,000–6,000	07 (17.1)	04 (26.7)	0 (18.3)	11 (28.0)	12 (20.0)	01 (0)	0 (0)	13 (21.7)
6,000 and above	16 (39.0)	05 (33.3)	04 (100.0)	21 (41.7)	24 (55.8)	04 (80.0)	10 (83.3)	38 (63.3)

Figures in parentheses indicate per cent values

technology to reap higher profit. Rs 1,000-2,000 per month was earned by 33.3 per cent of entrepreneurs of Tumkur and 1.7 per cent of Bangalore district. This implies that agriculture was the main occupation of majority of entrepreneurs of Tumkur district; they spent more time for agricultural activities. The lack of accessibility for procurement of raw material and structured market facility for finished product made them to produce less and earn less.

## CONCLUSION

It can be concluded from the present study that a large number of women were investing less amount on enterprises, operating the production units at their residences and were engaged in food processing without registration or licence from the recognized authority. Majority of entrepreneurs had taken up the enterprise to enhance the family income. Hence special attention needs to be given on women entrepreneurship

through concerned agencies, development departments and others by providing them required infrastructure facilities, institutional loans and financial support. More number of entrepreneurship development programmes should be initiated in rural and urban area.

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