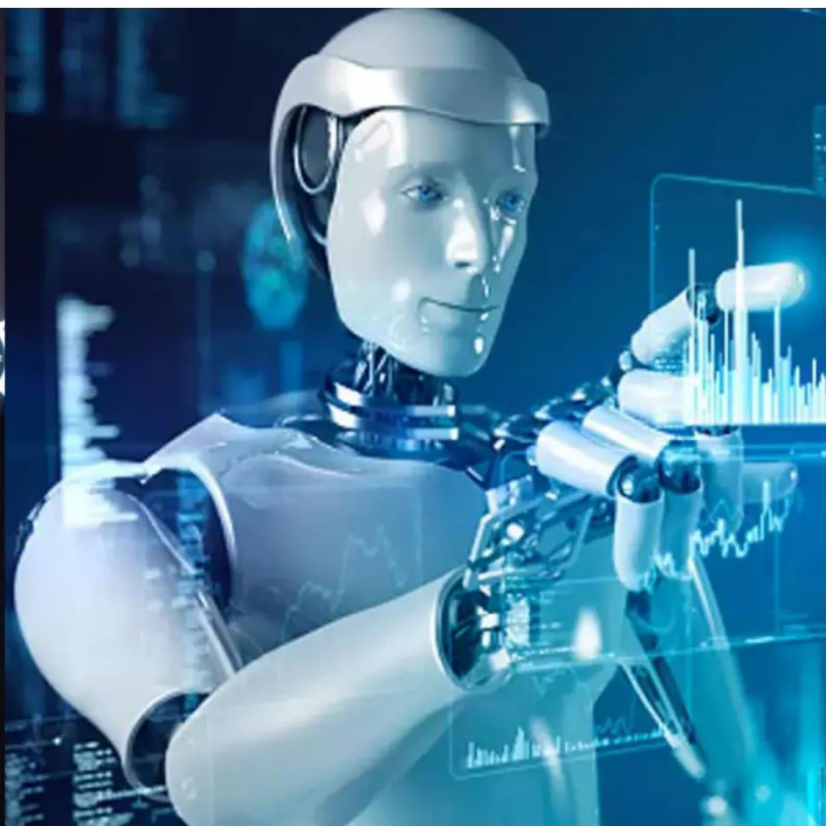




International Journal of Innovative Research in Science Engineering and Technology (IJIRSET)

(A Monthly, Peer Reviewed, Refereed, Scholarly Indexed, Open Access Journal)



Impact Factor: 9.935

Volume 15, Issue 8, August 2026

Do Women-Owned Business Grow Slower Because of Capital Constraints or Household Stability Trade-Offs?

Shairra Khanna

Student, Ecole Mondiale World School, Mumbai, India

ABSTRACT: The contribution of women's businesses to employment, income generation and economic development is significant, although women's businesses are often smaller in size and grow at a slower rate as compared to male businesses. This paper investigates if capital constraints or trade-offs in household stability better account for this difference. The study draws on literature, as secondary research data, to examine women's access to finance, credit and investment, together with childcare, unpaid domestic work and time constraints, and household decision making. Financial constraints have been reported as a constraint on business investment, and domestic activities have been reported as having an effect on business resource allocation and the time available for business expansion. The study focuses on the interplay of these factors.

KEYWORDS: Women Entrepreneurship; Capital Constraints; Household Stability

I. INTRODUCTION

Women's enterprises play a significant role in the provision of jobs, innovations and household income and economic growth. This contribution is, however, not enough to stop the fact that women entrepreneurs are generally smaller and have lower growth rates than similar male entrepreneurs based on evidence from entrepreneurship research (Welsh et al., 2018). A key reason is that there are constraints that hinder women and men from accessing external financing. Women entrepreneurs may require more collateral, access to investment capital and credit for their businesses due to their lower personal wealth, differential access to financial networks, and discriminatory lending practices. Entrepreneurs' capacity to acquire equipment, hire workers, build products and launch new markets may be hampered by high capital restrictions, which can help reduce business growth (Rouse et al., 2017). But the reason for differences in enterprise growth may not lie entirely with financial constraints. Women's household responsibilities and obligations, such as childcare and domestic work, or supporting other family members, can also affect their business decisions. These duties can also be a time constraint and can lead entrepreneurs to choose more stable incomes and household security over other tactics that involve expansion of a business through higher risk (Morris et al., 2006). Also in some homes, women's resources might be used for the household and other business activities besides women's business. This research thus explores whether the lower growth rates of women-owned enterprises are due to tighter access to capital or to household stability trade-offs. It takes into account the interaction between financial resources and family responsibilities, time allocation, and household decision making. Recognising these relationships is vital to inform policy-making for women's access to finance and the broader inter-household and social dynamics that affect entrepreneurial development.

II. RATIONALE AND OBJECTIVE

Rationale

Women entrepreneurs make a very significant contribution to employment, income generation and economic activity yet they face lower growth than men entrepreneurs. Past studies have often blamed the gender gap on the limited access to finance for women, such as access to credit, investment capital, and collateral (Chaudhuri et al., 2020). However, one might be reminded that household responsibilities and family decision making might also have some effects on entrepreneurial behaviour which may be ignored by only considering the financial factors. Women entrepreneurs may have to devote more time and resources to childcare and unpaid domestic work and family support, thereby limiting time and resources for business growth. Business capital can also be used to satisfy household needs or to assist other

family businesses, which can result in less investment in the woman's business, in some households. Thus, an analysis of capital constraints combined with the assessment of stability trade-offs of households gives a more complete picture of why women's businesses can impact its growth more slowly (Bernhardt et al., 2019). It is important to know the relative importance and interaction of these factors in this research as it can help in the formulation of more effective entrepreneur policies, financial programmes and financial support. The study does not presume that further financial support will inevitably lead to growth in the business, but whether financial interventions should be coupled with interventions for time constraints, childcare responsibilities and household decision-making.

Objectives

1. To examine the extent to which capital constraints, including limited access to credit, finance and investment resources, contribute to slower growth among women-owned businesses.
2. To investigate how household responsibilities, childcare, unpaid domestic work and household decision-making influence the growth and investment decisions of women entrepreneurs.
3. To evaluate the relative and interacting effects of capital constraints and household stability trade-offs on women-owned business growth and identify implications for policies and support programmes.

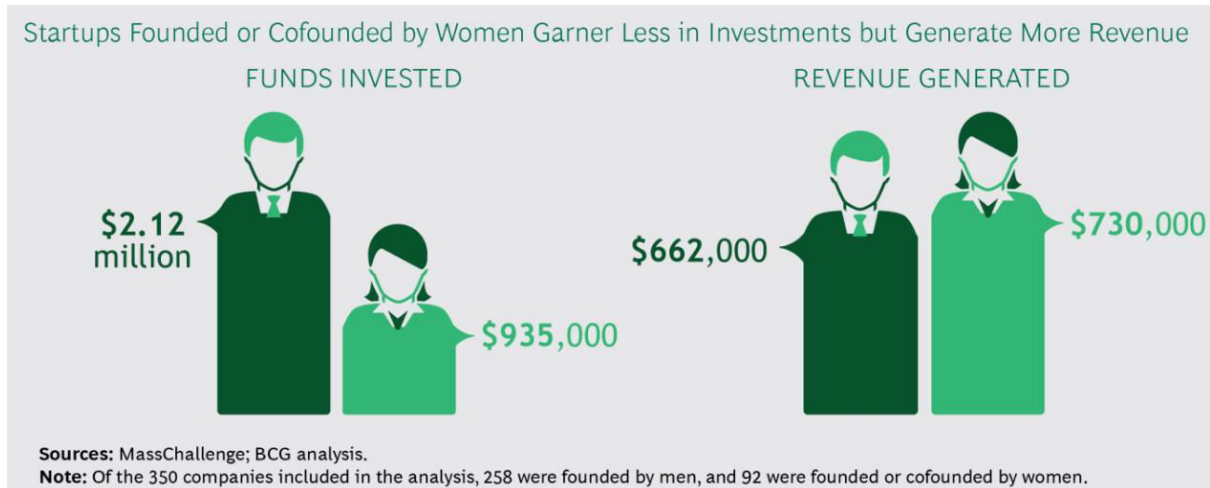
III. METHODOLOGY

The research design will be qualitative and literature based to explore if the growth of women entrepreneurs is slower more because of capital constraints or because of the trade-offs in the stability of the household. Peer-reviewed journal articles and established academic research papers focusing on women's access to finance, women's business investment, unpaid work and enterprise performance and women's roles in relation to childcare will be examined. Empirical evidence suggests that household relationships can affect the allocation of the household's capital and time and responsibilities within the home can impact on business performance. Selected literature will be analysed thematically on two themes: financial/capital constraints; household and time constraints. The results of various studies will be compared to determine similarities, differences and gaps in literature. The following will be considered to be acts of integrity: Representation of published material will be accurate; Plagiarism will not be used; All authors and sources cited will be acknowledged; Results will be reported accurately without misrepresentation or fabrication. Analysis will be conducted with publicly available academic literature only; that is, personal and/or confidential participant information will not be collected or disclosed. The research will also uphold academic integrity by producing objective evidence, such as results that may go against the researcher's expectations.

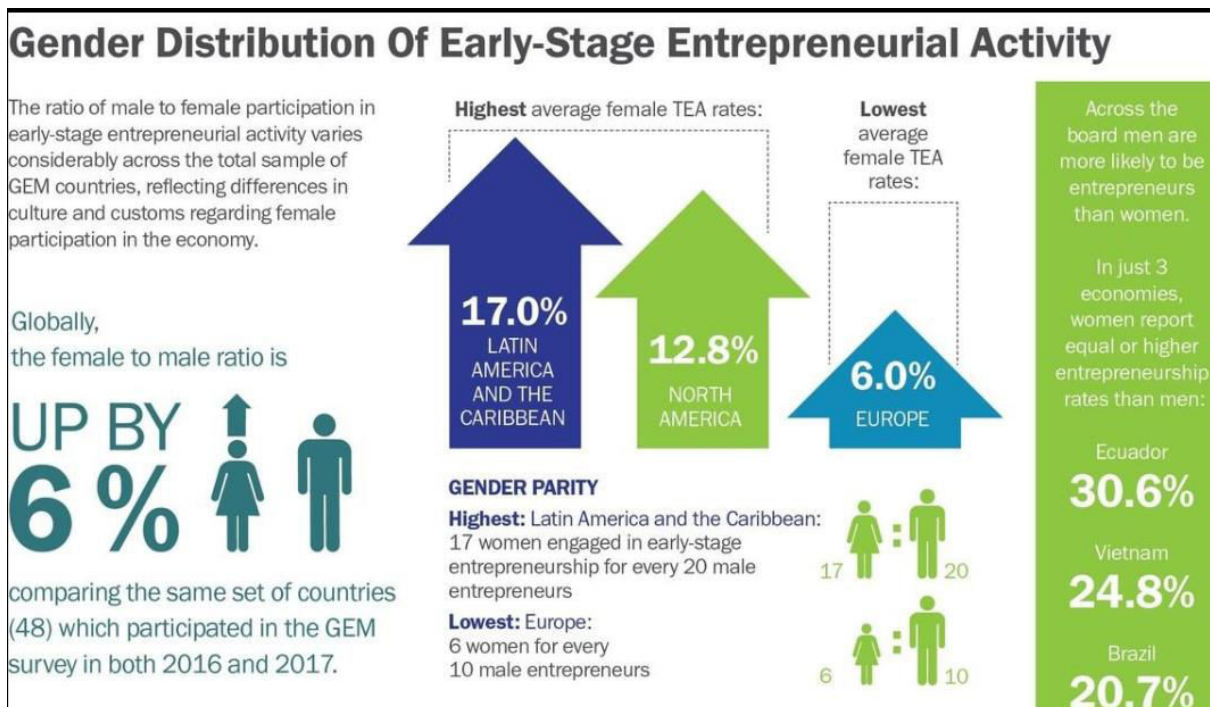
IV. LITERATURE REVIEW

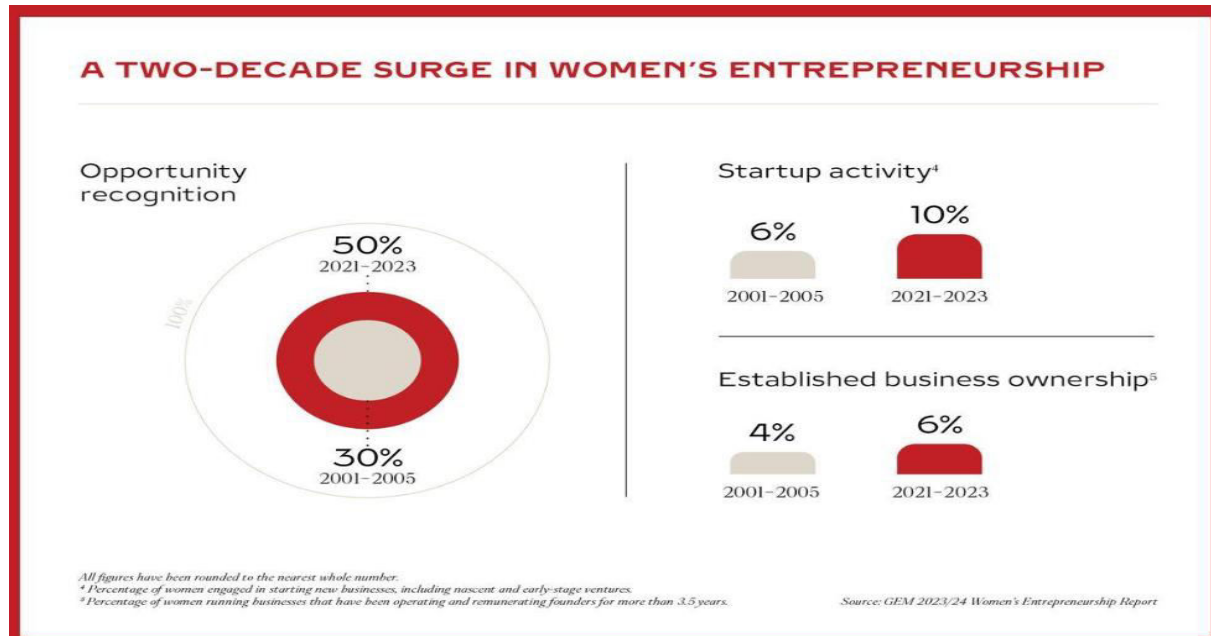
Theme 1: Gender Differences in Business Growth and Enterprise Performance

The literature on female entrepreneurship has also consistently looked at the performance of female entrepreneurs' businesses, and, crucially, at the reasons for this. Despite the high levels of female entrepreneurship across developed and developing countries, women tend to be involved in smaller-scale activities and sectors that do not require high levels of investment (Friedson-Ridenour and Pierotti, 2019). According to a study, the gender gap in business performance is too large to be attributed solely to the differences in entrepreneurship. However, instead, business characteristics, the availability of resources, industry choice, household responsibilities and institutional conditions can shape the growth outcomes.



A key challenge is that of the difference between business size and business performance. If women owned businesses are small in terms of number of employees, sales or assets, smaller is not synonymous with business failure. To some women, flexibility and income stability are more important than rapid expansion, which is why they deliberately keep their businesses running at a manageable size. However, after controlling for a number of observable business and owner attributes, gender differences in growth and profitability have been shown. Differences in industry, characteristics of the business and experience can make apparent gender differences in business performance much less pronounced (De Clercq et al., 2022). The reasons for entrepreneurship are thus significance. Women might have the motivation to engage in business partly because of its flexibility in combining income-generating activities with family responsibilities. This may affect issues related to labour hours, investment and employment generation (Jennings and Brush, 2013). Women entrepreneurship has to be seen not only in its own light but in broader social and institutional frameworks, and not in terms of the sole drive towards maximum business growth.

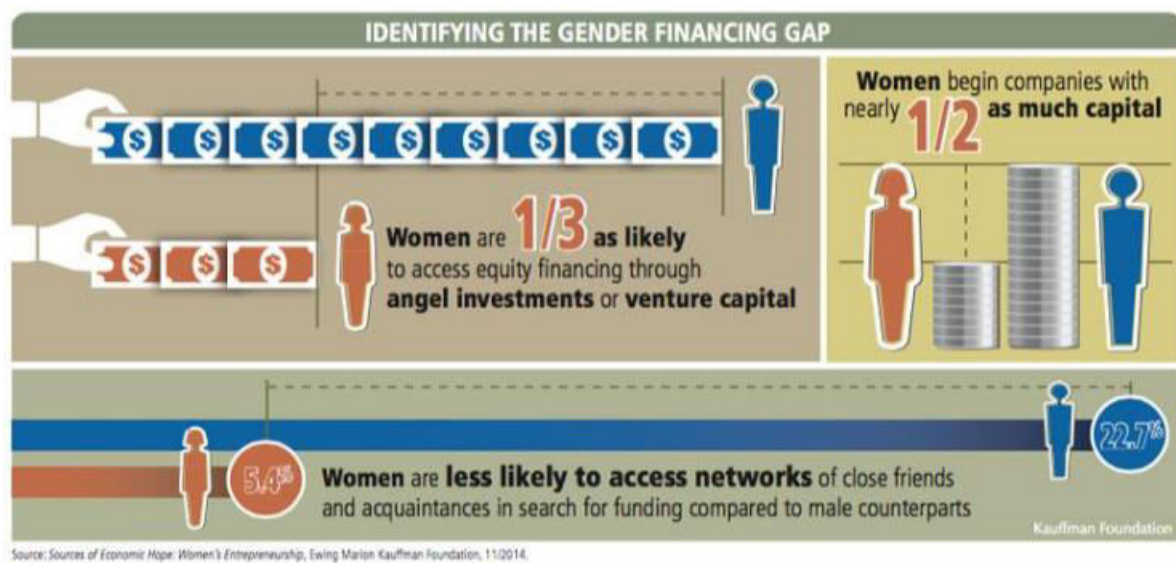
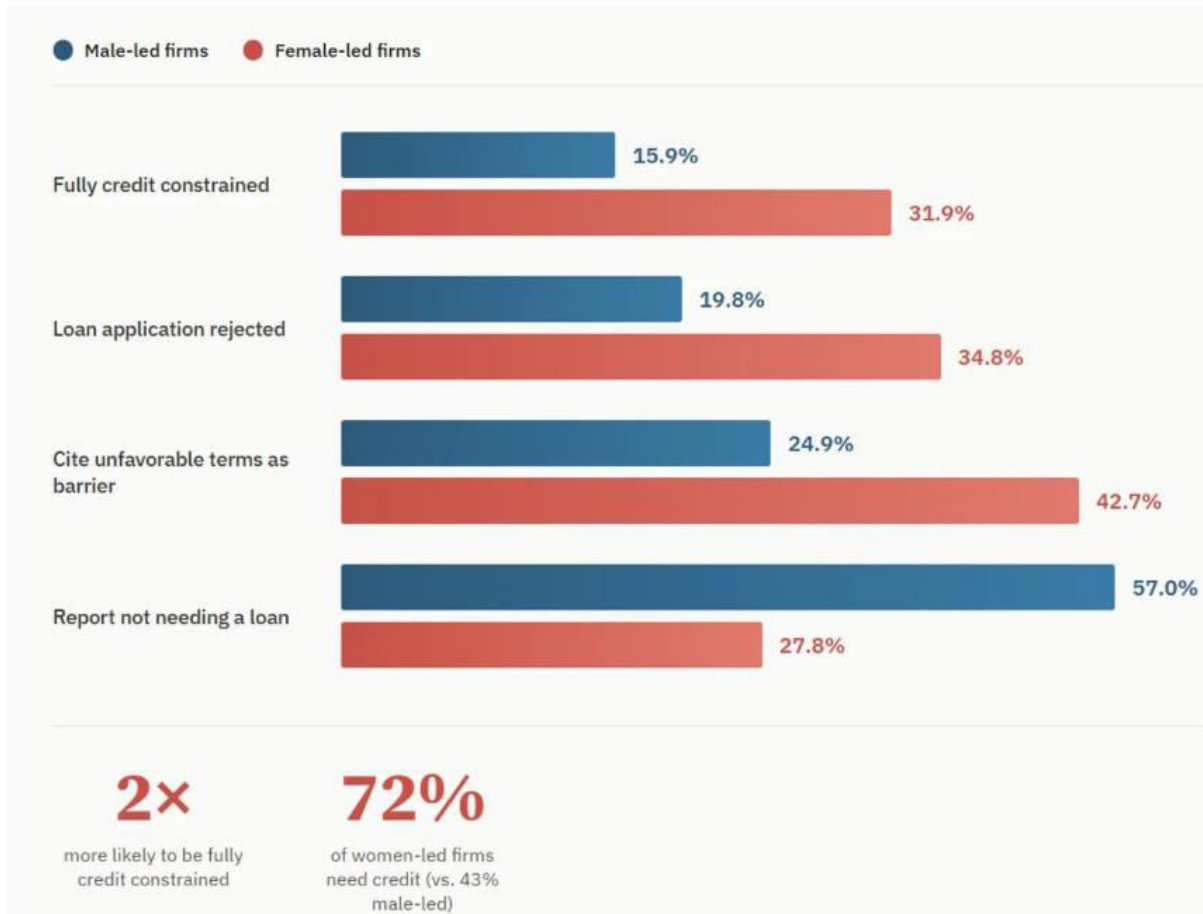




But, the evidence indicates that women-run businesses are not necessarily slower-growing in general. Gender differences are country, sector, firm age and access to resources and household dependent. This is an important background for the current research. The literature suggests that the difference in entrepreneurs' growth may be attributed to a combination of factors other than gender, including the resources and constraints faced by female entrepreneurs (Delis et al., 2021). Thus, the following themes explore two specific explanations that are of special interest: capital constraints and household stability trade-offs.

Theme 2: Capital Constraints and Women Entrepreneurs' Access to Finance

One of the most common identified constraints to women entrepreneurship is access to finance. In most businesses, there will be a need to invest in equipment, stock, staff, products and also in marketing and eventually getting into new markets to expand the business. If they are unable to raise enough external finance, entrepreneurs might need to consider using personal finance, retained profits or alternative finance sources. These constraints can limit business growth and development in speed and scale (de Andrés et al., 2021). Gender disparities in relation to access to external finance have been identified. In a study of financing patterns in women-owned businesses in the United States, Coleman and Robb (2009) discovered that there were disparities between the use and availability of financial resources among female-owned businesses and male-owned businesses. The result of their study shows that financial decisions are closely related with business characteristics and owner characteristics and access to financial resources (Sajjad et al., 2020). Likewise, it can be more difficult for female entrepreneurs to secure access to external funding, especially bank financing, although the gender gap in access to finance depends on the institutional environment.



Another significant condition is collateral. The traditional lending process often demands borrowers to offer guarantees or assets. Women might be less endowed with personal wealth or property ownership in some situations; therefore, the requirement of collateral can limit their access to formal credit (Chundakkadan and Sasidharan, 2022). This can lead to a vicious circle where businesses are unable to invest in their future due to financial constraints, and financial

constraints hinder businesses from investing in their future. But even the literature offers a contrary view that if capital is more available there will be significant increases in the activity of women entrepreneurs. Business grants had varying effects based on the characteristics of the entrepreneurs and gender. In particular, capital interventions were not found to have the same effect on male and female entrepreneurs. The results indicate that there is a more complex relationship between finance and the growth of business than there is in a simple capital-deficit model. Thus, the role of capital constraints cannot be overlooked and should not be viewed in isolation, since it is part of the explanations for slower growth. Financial resources are found in social and household contexts. The manner in which capital is controlled, allocated and utilized could affect the growth of the woman's own business (Andriamahery and Qamruzzaman, 2021). This results in an immediate connection between financial constraints and the household decisions and decision-making problems discussed in the following themes.

Theme 3: Household Responsibilities, Childcare and Time Constraints

Another large piece of the puzzle behind variations in women's business growth has to do with the relationship between entrepreneurship and the role of women in the home. Women entrepreneurs often engage in both entrepreneurship and unpaid work in the household, including childcare and caring for others in the family (Friedson-Ridenour and Pierotti, 2019). Time is therefore an important productive resource as well, and the resources available to women is not solely financial. Time constraints can affect the development of entrepreneurs due to the demands of expanding a business, which may include long work hours, networking, travel, supervising employees and active participation with customers and suppliers. If childcare or domestic duties are a significant burden for an entrepreneur, there may be less time for these activities. This can drive business preference to those with flexible working, rather than those that need intensive business expansion (Kamberidou, 2020).

The relationship is important, as demonstrated by research on entrepreneurship and family responsibilities. Women entrepreneurship is a social and family phenomenon and entrepreneurial decision can have meaning beyond the business context (Garg et al., 2025). Likewise, studies of work-family dynamics have shown that the requirements of entrepreneurship may have negative implications for the family role and family needs can have positive implications for entrepreneurship. This is especially important in child care. Women may be forced to spend less time on their businesses due to childcare and may not be able to jump on business opportunities when they occur. A woman might have a great deal of capital to invest, but she may not be able or willing to invest the extra effort required for expansion if it is likely to be expensive for the stability of the household. This implies that there is no substitute for financial resources with time resources and vice-versa. Importantly, household responsibilities should not automatically be taken to mean that they are a disadvantage or that they indicate lower entrepreneurial ambitions (Oladipo et al., 2023). Flexibility, family well-being and income security may be a conscious priority for some entrepreneurs. Therefore, the growth of business activity could be a rational individual/ household choice, and not a reflection of the lack of entrepreneurial ability; *ceteris paribus*. This literature thus introduces the notion of a household stability trade-off. Women may opt for a business that has less growth because they can better manage their working hours and family duties. Policies that favour finance but not childcare and time limits may, therefore, have only marginal impacts on the long-term development of enterprises. Hence, it is crucial to understand the impact of these household activities on resource allocation to explain differences in the performance of women-owned businesses (Conroy and Rupasingha, 2025).

Theme 4: Household Decision-Making and Allocation of Business Resources

Another reason why financial capital might not necessarily correspond to growth in women's businesses is the gender divide in household decision-making power (Roomi and Harrison, 2019). Traditional analysis is frequently focused on the entrepreneur's decision-making, and assumes that the entrepreneur is the sole actor who decides how to allocate resources in a business. Evidence from household economy, however, indicates that such household resources controlled by individual members may be affected by family relationships, bargaining power and competing household demands. The problem is especially significant for women entrepreneurs because the income earned from the woman's enterprise can help to enhance the welfare of the entire family. Food, education and health, housing, childcare or other family costs could then be funded from business profits or external sources of finance (Pham and Talavera, 2018). The actions may be economically sensible for the household, but can also decrease the amount of capital available for the reinvestment of the woman's business. Experimental evidence is specially important. Studies among entrepreneurs in Ghana and among them and others in Kenya found that the impacts of business support vary between male and female entrepreneurs. The study demonstrates that the provision of resources to entrepreneurs does not automatically translate into similar businesses. Relationships at home and wider resource allocation factors may impact on the utilization of

business support. An analysis of the importance of capital investment for microenterprise performance, followed by gender specific research which has brought to light that the return to capital can be gender and/or household specific (Chowdhury et al., 2021). The results cast doubt on the notion of the entrepreneur being totally independent in resource control. Household bargaining power is especially important. When women are not participating in important economic choices, their money can be spent on things other than their businesses. On the other hand, women's control over their own income and financial choices can increase their capacity to reinvest profits and to implement growth strategies. Thus, the household decision-making process can be a linkage between the capital constraint and the performance of the enterprise. Household demand may consume some of the resources available to a woman and result in what looks like a shortage of business capital. This implies that the key issue is not just about access to finance for women, but also about having adequate and continuous access to resources to invest in business growth (Kumar and Singh, 2018). In the literature, this broader view of entrepreneurial growth is supported, which includes financial resources and bargaining processes within the household.

Theme 5: Capital Constraints versus Household Stability Trade-Offs: An Integrated Perspective

The above studies suggest that it is not always an either/or scenario between capital constrained and household stability trade-offs. Rather, they can be interacting and reinforcing each other. Business investment may be limited by a lack of finance and household obligations may limit the time and resources available to invest in businesses. All of these can contribute to women entrepreneurs running smaller businesses or businesses with an even slower pace of growth. A financial resource based explanation has been used as capital based explanation where financial resources is the primary constraint on women. This allows women to cover the costs for acquiring productive assets, hiring labor, and growing their businesses through the use of affordable credit, investment finance, and proper financial products (Marlow and Martinez Dy, 2018). Nevertheless, the findings of experimental interventions suggest that there is not always a one-to-one link between additional funding and business results for women and men. This suggests that access to capital is important but may not be sufficient. This perspective of "household stability" gives a different explanation. Women might consciously choose family care over business growth, and flexible working conditions and secure earning over business expansion. Limited time for business development due to childcare or unpaid domestic work, and the influence of household decisions on profits generated and external finance re-invested in the enterprise. It is of special significance how these mechanisms interact. If a woman has little support for caring for her children, for instance, she may not borrow as she may not be sure she can earn enough extra money to pay off the loan. Likewise, an entrepreneur who is adding on more finances may spend some on their immediate needs at home instead of business investments. In both cases, there are financial and household limitations. The literature, then, argues that policies exclusively designed for credit provision are unlikely to have a significant impact if women still experience significant time and child care constraints, as well as constraints on household decision making (Jennings et al., 2017). More intensive interventions might include financial inclusion plus business training, childcare assistance, financial education, networking and tools to help women better manage economic resources. In summary, it is concluded that there is an important research gap in the literature. While there are a wealth of studies on gender differences in finance, and on the link between family responsibilities and entrepreneurship, less work has focused on comparing the relative importance of capital constraints and family stability trade-offs as drivers of slower business growth. This research fills that void by looking at both mechanisms at the same time and how financial resources and household responsibilities, and household decision-making, influence the growth trajectory of women-owned businesses (Henry et al., 2016).

V. CONCLUSION

In this research, the effect of capital constraints and household stability trade-offs on the slow growth of women-owned businesses is being compared. Literature indicates that both explanations are not mutually exclusive. Women entrepreneurs may have access difficulties to credit, external finance, investment and other productive resource as they may not have the freedom to buy equipment, enlarge businesses, hire additional staff and gain access to new markets. There is also evidence that gender disparities in the access to finance may impact enterprise outcomes, especially for smaller and younger enterprises.

But another significant aspect of women's entrepreneurial development is their role as homemakers. Limited time and flexibility may be due to child care, unpaid domestic work and competing family demands, which may be associated with business expansion. Furthermore, household decision making can affect both the reinvestment of business income, and the allocation of business capital, into the business, or towards immediate family needs and the stability of the

household. As a result, some women may choose to focus on financial stability and flexibility over speedy business growth.

The literature indicates that the interconnection of capital constraints and household stability trade-offs is more than just one issue being raised in a different context. Access to finance is not enough for women to grow their enterprises. There is a need for policies and support programmes to include both affordable financial services and child care support, business networks, financial literacy and measures that increase women's control over productive resources. This holistic strategy can help to provide more conducive environment for sustainable expansion of women entrepreneurs.

REFERENCES

1. Andriamahery, A.A. and Qamruzzaman, M. (2021). Do access to finance, technical know-how, and financial literacy offer women empowerment through women's entrepreneurial development? *Frontiers in Psychology*, 12, 776844.
2. Bernhardt, A., Field, E., Pande, R. and Rigol, N. (2019). Household matters: Revisiting the returns to capital among female microentrepreneurs. *American Economic Review: Insights*, 1(2), 141–160.
3. Chaudhuri, K., Sasidharan, S. and Natarajan Raj, R.S. (2020). Gender, small firm ownership, and credit access: Some insights from India. *Small Business Economics*, 54, 1165–1181.
4. Chowdhury, S., Du, H. and Ali, M. (2021). Female entrepreneurship and access to finance: Evidence from developing economies. *International Journal of Entrepreneurial Behavior & Research*.
5. Chundakkadan, R. and Sasidharan, S. (2022). Gender gap and access to finance: A cross-country analysis. *Review of Development Economics*, 26(1), 180–207.
6. Conroy, T. and Rupasingha, A. (2025). Childcare closures and female entrepreneurship. *The Annals of Regional Science*, 74, Article 67.
7. de Andrés, P., Gimeno, R. and Mateos de Cabo, R. (2021). The gender gap in bank credit access. *Journal of Corporate Finance*, 71, 101782.
8. De Clercq, D., Kaciak, E. and Thongpapanl, N. (2022). Work-to-family conflict and firm performance of women entrepreneurs: Roles of work-related emotional exhaustion and competitive hostility. *International Small Business Journal*, 40(3), 294–317.
9. Delis, M.D., Hasan, I., Iosifidi, M. and Ongena, S. (2021). Gender, credit, and firm outcomes. *Journal of Financial and Quantitative Analysis*, 56(5), 1655–1683.
10. Friedson-Ridenour, S. and Pierotti, R.S. (2018/2019). Competing priorities: Women's microenterprises and household relationships. World Bank Policy Research Working Paper No. 8550 / subsequently published in *World Development*.
Use the 2019 journal version rather than counting both as separate references.
11. Friedson-Ridenour, S. and Pierotti, R.S. (2019). Competing priorities: Women's microenterprises and household relationships. *World Development*, 121, 53–62.
12. Garg, S., Gupta, S. and Mallick, S. (2025). Financial access and entrepreneurship by gender: Evidence from rural India. *Small Business Economics*, 64, 729–754.
13. Henry, C., Foss, L. and Ahl, H. (2016). Breaking the glass slipper: Women entrepreneurs breaking through inequalities in entrepreneurship. *Small Business Economics*, 47, 1–11.
14. Jennings, J.E. and Brush, C.G. (2013). Research on women entrepreneurs: Challenges to (and from) the broader entrepreneurship literature. *Academy of Management Annals*, 7(1), 663–715.
Note: This is also pre-2016 and should be excluded under your rule.
15. Jennings, J.E., Jennings, P.D. and Sharifian, M. (2017). Gender and entrepreneurship research: A review of contemporary perspectives. *International Journal of Management Reviews*.
16. Kamberidou, I. (2020). "Distinguished" women entrepreneurs in the digital economy and the multitasking phenomenon. *Journal of Innovation and Entrepreneurship*, 9, 3.
17. Kumar, A. and Singh, G. (2018). Women entrepreneurship and access to finance: Evidence from developing economies. *International Journal of Gender and Entrepreneurship*.
18. Marlow, S. and Martinez Dy, A. (2018). Annual review article on gender, entrepreneurship and structural constraints. *International Small Business Journal*.
19. Morris, M.H., Miyasaki, N.N., Watters, C.E. and Coombes, S.M. (2006). The dilemma of growth: Understanding venture size choices of women entrepreneurs. *Journal of Small Business Management*, 44(2), 221–244.
Note: This one is before 2016, so do not use it if your lecturer strictly requires post-2015 references.

20. Oladipo, O., Platt, K. and Shim, H.S. (2023). Female entrepreneurs managing from home. *Small Business Economics*, 61, 447–464.
21. Pham, T. and Talavera, O. (2018). Discrimination, social capital, and financial constraints: Evidence from the Vietnam SME survey. *Small Business Economics*, 51, 333–350.
22. Roomi, M.A. and Harrison, P. (2019). Behind the veil: Women-only entrepreneurship and business growth constraints in developing economies. *International Journal of Gender and Entrepreneurship*.
23. Rouse, J., Treanor, L. and Fleck, E. (2017). The gendering of entrepreneurship: The role of family and household responsibilities. *International Small Business Journal*.
24. Sajjad, M., Kaleem, M.A., Chani, M.I. and Ahmed, M. (2020). Worldwide role of women entrepreneurs in economic development. *Asia Pacific Journal of Innovation and Entrepreneurship*, 14(2), 151–160.
25. Welsh, D.H.B., Kaciak, E. and Shamah, R. (2018). Determinants of women entrepreneurs' firm performance in a hostile environment. *Journal of Business Research*, 88, 481–491.



INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA



INTERNATIONAL JOURNAL OF INNOVATIVE RESEARCH

IN SCIENCE | ENGINEERING | TECHNOLOGY

 9940 572 462  6381 907 438  ijirset@gmail.com



www.ijirset.com

Scan to save the contact details