

“Women’s Participation in Family-Owned Enterprises: Trends, Issues, and Opportunities in India”

¹Shiyolal, ²Dr. N. Santhoshkumar

¹Research Scholar, Department of Commerce, Marudupandiyar college, Thanjavur

shiyolal@gmail.com

²Research Advisor in Commerce, Marudupandiyar College, Thanjavur

Bharathidasan University. Tiruchirappalli

Abstract

The role of women in family businesses in India has witnessed a remarkable shift over the last decade. In the past, women were involved in informal activities, but now the role of women as entrepreneurs has started to gain momentum. The role of women has increased remarkably due to the influence of various policy interventions, financial inclusion, and socio-economic developments. However, there are certain factors which hinder the full potential of women from becoming involved in these businesses. In this chapter, the current scenario, the major challenges, and the opportunities faced by women in family businesses in India have been discussed, based on the latest data from various reports.

Keywords: Family Business, Female Entrepreneurship, Women Participation, Family Business, Women Entrepreneurs, Women’s Involvement, Government Policies

Introduction

Family businesses have been recognized as a crucial part of the economy of India, especially in the context of the Micro, Small, and Medium Enterprises (MSME) sector. In such businesses, it is generally observed that there is a strong linkage between the ownership and management of businesses and kinship relations. Traditionally, it has been observed that family businesses have been patriarchal in nature, where men have been dominant in terms of ownership and management of businesses, and the contribution of women has been limited to informal and supportive roles. However, over the past few years, this phenomenon has been changing because of factors such as women's access to education, urbanization, economic liberalization policies of the government of India, and women's entrepreneurship policies.

However, despite this promising growth rate, women’s participation in family-owned businesses is subject to the complex interplay of various factors. On one hand, family businesses can act as an easier gateway to engaging in entrepreneurial ventures because of the availability of pre-established resources and networks. On the other hand, they may also perpetuate patriarchal ideologies that may restrict women’s freedom and scope for growth. Various reports and policy guidelines issued by the government of India have recognized the increasing participation of women in entrepreneurial activities and the need to bridge the existing gap. Therefore, it is imperative to understand the trends, issues, and opportunities related to women’s participation in family-owned businesses.

Conceptual Understanding of Women in Family Enterprises

The involvement of women in family enterprises can be understood through a multidimensional approach, as family businesses are special forms of businesses in which family, management, and ownership are interconnected, creating facilitating and inhibiting factors for women’s involvement. Family businesses are different from non-family businesses in that entry into family businesses is determined by family factors, as opposed to market forces, which can facilitate women’s entry into family businesses as entrepreneurs. Nevertheless, as family businesses are based on family systems, women’s involvement in family businesses can be understood through cultural factors, inheritance, and gender roles, which cannot be understood from an economic perspective alone.

1. Ownership and Inheritance

In family businesses in India, there is a tradition of male lineage in the ownership of property and businesses. In this context, there is limited formal ownership of family businesses by women. Although there have been formal changes to the Hindu Succession Act, 2005, this does not translate into the exercise of formal ownership by women. In this context, there is limited formal ownership of family businesses by women, and this becomes an important dimension in the exercise of formal control over family businesses.

2. Managerial and leadership Roles

Another vital aspect, from the perspective of women, is the managerial or leadership role. In the case of women's roles in family businesses, the role has traditionally been limited to supporting positions such as bookkeeping, client relations, or informal management. These roles, while vital, have traditionally been viewed as unimportant or "behind the scenes." In the more recent history of women's roles in the family business, there has been a slow progression toward more involved roles in the managerial or leadership aspects of the business, including operations, marketing, or strategic planning. In second- or third-generation family businesses, women have increasingly taken leadership roles, as education and exposure to the global business environment have influenced attitude. However, women continue to face obstacles such as limited decision-making ability, lack of mentorship, or exclusion from informal networks where key business decisions are made.

3. Family structures and entrepreneurial agency

The idea of entrepreneurial agency is the key to understanding the changing role of women. Entrepreneurial agency can be defined as the ability of women to make independent decisions and initiate business activities. Women's agency can be observed in the context of family business enterprises. Women may utilize the support of the family to enhance business activities and be more entrepreneurial. However, the scope of agency may differ depending on various factors, including education, family support, marital status, and socio-economic background. It can be noted that the involvement of women in family business enterprises is not just a question of participation but also the scope of control and influence.

4. Socio-Cultural Norms

Another set of factors, namely socio-cultural factors and gender roles, also plays an important role in this regard. Women are socialized to focus more on their family responsibilities rather than their professional responsibilities. This leads to a double burden for women, which in turn affects their productivity and success in their careers. On the other hand, family businesses provide women more opportunities to manage work and family more easily and better than in other formal work settings. This duality in family firms makes them both enabling and disabling for women.

5. Intergenerational Dimension

Lastly, the intergenerational factor is essential in the formation of the role of women's participation. As family businesses change hands from one generation to the next, the willingness to integrate the daughters as leaders in the family businesses is on the rise. The change in this aspect is attributed to the changing attitudes of the community, the educational levels of the female population, and the need for professionalization in family businesses.

Recent trends in Women's Participation in India

Women's engagement in economic activities and entrepreneurship in India has witnessed a spectacular growth trend in recent years. The most notable trend in women's economic engagement is the rapid growth in the number of women-led enterprises, especially in the MSME domain. According to recent government data, more than 3.07 crore women-led enterprises have been registered on the Udyam platform as of 2026. This is a tremendous growth in terms of formal economic engagement. Moreover, women-owned MSME enterprises represent almost 39 percent of total registered enterprises. This is a notable trend in terms of formal economic engagement and ownership of family-owned or small-scale enterprises.

Increasing female entrepreneurship in India

The following Table presents some recent evidence on the growth in female entrepreneurship in India, emphasizing the rising female involvement in economic activities and business ownership.

SL NO	Indicators	Percentage	Year	Source
1	Women owned MSMEs	20-22%	2026	Annual Report on MSMEs
2	Udyam Portal registration	Over 40%	2025	Udyam registration Portal statistics
3	Business Loan Borrowers	35%	2024	NITI Aayog
4	Women led Start Up	47.6%	2024	DPIIT

The data presented in the table clearly shows the rising trend of female entrepreneurship in India. The rising percentage of women-owned MSMEs and the rising percentage of women participating in the formal credit system show the rising levels of financial inclusion. Moreover, the rising percentage of women-owned startups shows the rising role of women entrepreneurs in the field of innovation and modern industries. These trends show the rising role of women entrepreneurs, especially in the field of family-based businesses.

Labour Force and Self-Employment Trends

The trend in female labour force participation in India has seen a remarkable change in recent years. This change is attributable to economic and policy-level developments. The most significant change in this regard is the increase in the female labour force participation rate in India, which rose from 23.3% in 2017-18 to around 41.7% in 2023-24 (Ministry of Statistics and Programme Implementation [MOSPI], 2024). This change is significant because it is a reversal of the declining trend in female labour force participation in India. The change in female labour force participation in India is more significant in rural areas because of improvements in economic opportunities and self-help groups for women, and government employment schemes for them. However, this change in female labour force participation in India is more in informal and low-income employment.

An important characteristic of women's labour participation in India is that a significant share of female employment is in the form of self-employment. Unlike formal wage employment, self-employment is more flexible for women to balance their domestic and economic responsibilities. Women are engaged in home-based enterprises, agricultural activities, trade, handicrafts, and small-scale service activities. These activities are more closely related to family-owned enterprises, in which women play a significant role as co-producers, unpaid family workers, or micro-entrepreneurs. According to recent labour surveys, a majority of employed women in rural India are self-employed, which emphasizes the significance of family-based and informal business organizations in influencing women's economic activities. (Economic Survey, 2024-25)

Sectoral Distribution of Women participation.**1. Agriculture and Sectors allied.**

India has one of the highest rates of women who are involved in agriculture and related practices, thus making it to be one of the occupations of women work. Women are engaged in agricultural activities such as farming, livestock management, fisheries, etc. which are mostly found in the family-owned agricultural ventures. They are involved in sowing and harvesting as well as processing and marketing of the harvest. Although their participation is high, women are often considered unpaid family workers and this restricts their visibility and access to institutional and financial assistance. This sector offers an easy point of entry to women; this is because it is integrated with the household chores, but still there are problems that have restricted the economic empowerment of women, they include absence of land, poor access to credit, and low productivity.

2. Handloom, Handicrafts and Cottage Industries.

The most notable participation of women is in the handloom, handicrafts, and cottage industries where women play a great role in the production and value-added work. These industries tend to be structured on family or community-based business where the women get the opportunity to participate in economic operations even at their homes or in the local settings. Women dominate activities like weaving, embroidery, pottery and artisanal crafts and are particularly common in the rural and semi-urban regions. Although these industries save the traditional skills and cultural context, their nature is mostly defined by low-wages, restricted access to the market, and reliance on the middle-men. The recent efforts to advance digital markets and collaborative schemes do slowly enhance income opportunities and exposure of women to these sectors.

3. Retail and Small Trade

Another significant field of women involvement is retail and small trade which is especially in family run enterprises like grocery stores, tailoring shops, food stalls and local service businesses. In these businesses, women are usually significant in the day-to-day activities, customer relations, and financial transactions. This sector is flexible and enables women to combine both household chores and economic activities; thus, it is a choice of a number of people. As urbanization and local markets increase, women are increasingly getting into retail business but most of their businesses are small and informal and therefore cannot grow much and do not have access to formal sources of finance.

4. Service Sector and Informal Economy.

The service industry has proven to be a fast growing field where women can participate in, and some of its areas include education, health services, hotels, beauty, and household chores. A large number of women are putting in informal service-based businesses, such as home-based catering, tailoring, tuition centres and personal care services. The growth of the service economy especially in cities has resulted in the emergence of new opportunities of women venturing into entrepreneurship services in the family businesses. Nonetheless, a significant share of this engagement is not formal, as it is not based on job security, uniform pay, and social security, which impacts the sustainability in the long term.

5. New Digital and Startup Ecosystem.

Over the last few years, the presence of women in the digital economy and the startup ecosystem has been on a continuous rise and thus, a transition in the grids to innovation based businesses. Women entrepreneurs are using e-commerce sites, social media, and online payment systems to build and grow business in Internet retail, content development, digital marketing, and technology-related services. The family support is usually very important to empower women to pursue such opportunities. The industry provides more freedom, can be expanded and reach more markets than the conventional industries. Nevertheless, other obstacles like digital literacy level, funding accessibility, and gender discrimination in the startup community still affect the involvement of women.

Key Issues and Challenges

- **Patriarchal Family Formation and Gender Expectations.**

The continuity of the patriarchal social constructs has been considered to be one of the greatest obstacles to women involvement in family-owned businesses in India. In traditional value systems, in which authority, ownership, and succession are mostly male dominated, family businesses are typically integrated. Women are generally supposed to concentrate on the household chores rather than in business activities which confines visibility and involvement in the key decision-making activities. When women are actively engaged in the business, their contributions are often underestimated or seen as the continuation of the housework and not as the professional one. Moreover, male succession is more favored in intergenerational transitions limiting the access of women to leadership positions although laws are in favor of gender equality. Such strong cultural practices not only limit the freedom of the women but also make it difficult to exercise power in the business.

- **Financial limitations and access to credit is limited.**

Finance is still a big problem to the women in family businesses. Despite the fact that access to financial services has been enhanced through the financial inclusion programs, women continue to experience a major challenge of accessing formal credit. The lack of collateral is one of the biggest problems since property and assets are usually registered to male relatives. This restrains the borrowing capability of women and makes them financially dependent. Moreover, gender biases in the financial institutions can lead to increased scrutiny, reduced rates of loan applications or reduced loan values to the women-owned businesses. The result is that most women depend on their personal savings or other sources of funds that limit the growth of businesses and innovation. This lack of proper funding makes women also be unable to embrace new technology, establish a bigger market or expand their businesses efficiently.

- **Gap in ownership, Leadership and Decision-Making.**

Although the rate of women participation has been increased, they still have a huge gap in terms of ownership and leadership in family businesses. Women in most instances are linked to day to day operations without having formal ownership and managerial roles, which restricted their able influence in making important business decisions. This participation-control gap is a critical issue, and this concerns how the women would influence strategic direction of the firm. In addition, women tend to be left out of informal networks and decision-making forums that important conversations are held hence marginalizing them even more. This gap is also caused by the unavailability of mentorship and leadership development to enable women to be promoted to senior positions. Consequently, their possible additions to innovation, governance, and long term sustainability of family businesses are not maximized.

- **Informality, Scales and Limited Market Access.**

The participation of women in family businesses is concentrated in small-scale and informal activities in a big percentage. Other businesses that they are engaged in in most cases are not registered, do not have standardized processes or available institutional support. Although informality is highly flexible and offers easy entry, it denies access to formal credit, government programs, and bigger market opportunities. Any business run by women is often limited to local markets, with little visibility into the wider supply chain and the Internet. Also, they have no access to training, technology, and market information, which further puts their scale operations at a limitation. This leads to poor productivity, low income generation and competitiveness. There is a need, however, to deal with the issues of informality and market entry to boost the sustainability and growth opportunities of women-led family businesses.

Women in Family Business Opportunities.

- **Digital and Financial Inclusion:** This refers to the proportion of individuals possessing a mobile phone capable of accessing the web alongside those with access to and utilization of a banking account (either a standard savings account or a deposit account). Digital revolution has become one of the most important facilitators of women involvement in family business. India has seen a high rate of digital infrastructure, mobile connectivity, and fintech solutions growth to alleviate historical mobility, market access, and financial exclusion barriers. Women are now able to market their products through e-commerce channels, social media and digital payment systems and contact their customers directly without going through the middle man. This comes in handy especially in home-based and small scale family businesses whereby women can work with a lot of flexibility and autonomy.

- **Altering Social Norms and Education Progress:** The role of women in family businesses is slowly changing due to socio-cultural change. Greater availability of education, most especially higher education and professional training, has provided women with the necessary skills and confidence to join in the managerial and entrepreneurial positions. Tertiary educated women will find it easier to break the traditional gender roles and claim their role in the family business leading to innovation and modernization.

This has been further enhanced by urbanization and exposure to international business operations that have made attitudes change towards the issue of women in employment and leadership. Families are also becoming conscious

of the economic importance of women involvement hence, the family has become more accepting of women being co-owners and decision-makers. Although these changes are slow and unequal in different regions, they are a huge opportunity to restructure gender roles in family firms and make the business environment more accommodating.

- **Policy Support and Institutional Ecosystem**

In India we see a very supportive policy environment for women entrepreneurs which in turn is very good for the growth of family enterprises. We have government initiatives which include credit guarantee schemes, entrepreneurship development programs, and skill training which in turn see to it that women's participation in economic activities goes up. Also we have programs like the Pradhan Mantri Mudra Yojana (PMMY), Stand-Up India, and the National Rural Livelihood Mission (NRLM) which have improved access to finance, capacity building, and market linkages for women.

- **Opportunities in Intergenerational Transition and Succession**

The intergenerational transition in family businesses provides an important opportunity to build upon and strengthen the position of women in leadership and ownership. In family businesses, succession is traditionally confined to male family members. However, with changing social values and an increased appreciation for the potential of women in society, daughters are increasingly being included in succession decisions in family businesses. This phenomenon is more prominent in second- and third-generation family businesses.

Promoting women in family businesses as potential successors not only helps to achieve gender equality but also benefits family businesses in terms of sustainability. Women in leadership positions are more likely to bring new perspectives and creativity to family businesses. In addition, family businesses can avoid leadership vacuum with the increasing participation of women in succession decisions. Therefore, with more family businesses adopting an inclusive approach to succession decisions, intergenerational transition can be an important avenue for promoting women's empowerment.

Conclusion

An analysis of women's involvement in family-owned businesses in India reveals that the landscape is dynamic and in a constant state of evolution. While there have been significant strides in women's involvement in family-owned businesses in India, there are also structural challenges. Over the past decade, there has been a significant shift in the involvement of women in family-owned businesses in India. Earlier, women were not recognized as active participants in family-owned businesses. However, over time, there have been various factors that have led to women becoming active participants in family-owned businesses in India. Factors such as women's access to education, financial inclusion, digital inclusion, government policies, and socio-cultural shifts have led to women becoming active participants in family-owned businesses in India. The rise in women-owned businesses, women's access to credit, and their involvement in startups and services also reflect that women are becoming integral to the entrepreneurial landscape in India.

However, such progress is uneven and, in most cases, only quantitative in nature. While the number of women joining family businesses is on the rise, their involvement in these businesses is mostly micro and small in scale. Patriarchal attitudes also affect succession planning, leadership positions, and control over assets. This again prevents women's economic empowerment. Furthermore, the prevalence of informal and self-employment modes among women also reflects the absence of secure, scalable, and high-value economic opportunities. Financial issues and the dual responsibilities faced by women in terms of household and professional obligations also add to their challenges in becoming entrepreneurs.

In conclusion, it can be stated that the position of women in family-owned businesses in India is at a juncture where they are moving from participation to empowerment. In order to achieve this, a multidimensional strategy needs to be adopted to address both the challenges and the enablers. At the same time, societal changes are also required to promote and support women's economic contributions to family-owned businesses in India. By utilizing existing opportunities and overcoming challenges, India can take its family-owned businesses to its full potential and contribute to sustainable growth and development.

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