

# Factors Determining the Performance of Women Entrepreneurs in Beauty Parlour Business

Jyoti Gautam

School of Development and Social Engineering  
Pokhara University, Kaski, Nepal  
Email: gtm.jots@gmail.com

Ajay Thapa

School of Development and Social Engineering  
Pokhara University, Kaski, Nepal  
Email: azaythapa@gmail.com

**Abstract:-** Entrepreneurship is a central force that plays a vital role in economic growth. The performance of enterprises determines the pace of the economic growth of a country. In the context of Nepal, the beauty parlour business is one of the rapidly growing businesses among young women in the urban area. However, some beauty parlour businesses are not as successful as others. Entrepreneurship theories explain why some enterprises or businesses are more successful than others. In this context, this study aims to identify the factors determining the performance of women entrepreneurs in the beauty parlour business. For this study, the data were enumerated using a semi-structured questionnaire from 143 women entrepreneurs who own beauty parlour businesses in Pokhara. The performance of beauty parlour business was measured in terms of the growth in profit, employment and assets during the period between 2015/16 to 2016/17 AD. A multiple regression model was run to assess the effect of various factors on the performance of the beauty parlour business. The study disclosed a significant increase in average annual profit and employment over the period. The study revealed that among many likely individual-, business- and environment-related factors determining the performance of beauty parlour business, year of registration, enterprise age and initial paid-up capital are the key factors determining the performance of the beauty parlour business in Pokhara. However other factors such as the age of the respondent, education of the respondent, previous experience, creative tendency, calculated risk-taking, independence, type of ownership, market dynamic and government support do not appear to have such a significant effect on the performance of the beauty parlour business.

**Keywords:-** Beauty Parlour Business, Economic Growth, Women Entrepreneurs, Nepal.

## I. INTRODUCTION

Women entrepreneurs are the fastest-growing segment of the small business population, with numbers increasing dramatically since 1980 [1]. Women's involvement in entrepreneurship does not only contribute to jobs but also can be viewed as a means to change the stereotyped role of women which is largely limited to household chores. Women share more than half of the total population in the world. Women's contribution to business creation cannot be ignored [2].

Beauty parlour is one of the rapidly growing segments of entrepreneurship generating employment and income opportunities for women around the world. Beauty parlours especially deal with cosmetic treatments for men and women. They provide extended services related to skin health, facial aesthetic, foot care, nail manicures, aromatherapy, — even meditation, oxygen therapy, mud baths, and many other services.

Beauty parlour has been a very competitive area of entrepreneurship that provides opportunities for new entrants. It has emerged as an industry, which is easy to enter, but hard to succeed at (Johns, 2010). There might be several factors determining the performance of the beauty parlour business. Johns (2010) emphasizes the role of individual entrepreneurs in building this industry. Individual entrepreneurs vary enormously in their backgrounds and characters, but most share a passion for the beauty industry, combined with an ability to understand the societal values and artistic trends of their eras, and to translate them into brands. The GEM (Global Entrepreneurship Monitoring - 2009 Report) points out education and training in entrepreneurial skills as one of the conditions for a favourable entrepreneurial framework, an environment in which entrepreneurship can flourish. The early researches on entrepreneurship carried out by [4] revealed that individuals with personality characteristics, which are indicative of the high need for achievement are likely to behave entrepreneurially.

Studies on women entrepreneurship have revealed that women entrepreneurs have been struggling against many odds namely traditional culture, low economic opportunity, low special accessibility, and the personal characteristics namely shyness, lack of achievement, motivation, low risk-taking, low education level, unsupportive family environment, lack of information and experience, the problem of liquidity and finance [5]. Entrepreneurial characteristics and traits and length of time in business have been found to have an association with the performance of enterprises run by women entrepreneurs [6], [7]. However, Williamson (1986) based on the findings of a study argued that there is no one formula for entrepreneurial success [8]. Studies conducted in the context of Nepal also have revealed educational attainment, types of enterprises and land holdings as the major determinants of enterprise performance [9].

Beauty parlour business has emerged as a separate business segment providing employment and income opportunities to women consequently contributing to the economic independence of women as well. There might be several factors determining the success of the beauty parlour business in Nepal. However, to the extent of knowledge of the authors, there is no such study published on the issues of beauty parlour business identifying the factors determining the success of the beauty parlour business. Hence, this study aims to identify the factors determining the performance of the beauty parlour business in Nepal.

## II. DATA AND METHODS

For this study, the data were collected from 143 women entrepreneurs involving in the beauty parlour business in Pokhara. Pokhara is a metropolitan city where 298 registered beauty parlours have been providing parlour services to the clients (Beauty Parlour Association, 2018). The data and information were mainly collected through a structured interview schedule, observations and open discussions with women entrepreneurs.

## III. RESULTS AND DISCUSSION

### A. Demographic Characteristics of Women Entrepreneurs Involved in Beauty Parlour Business:

Demographic characteristics provide background information of the women entrepreneurs like age, caste/ethnicity, religion, education, business started age, training, experience, personality traits and so on.

- **Age:** Of the total respondent, relatively a majority (55.2%) were of age group 30 – 40 years followed by age group 20 – 30 years (28.7%), 40 – 50 years (15.4%) and below 20 years is the lowest (0.7%). A large majority of the respondents (76.9%) have started their own business while they were between the age of 20 – 30 years followed by the age group 30 – 40 years (12.6%), below 20 years (9.8%) and between 40 – 50 years (0.7%) (table 1).
- **Caste/ethnicity:** Nepalese societies are ethnically diverse. Among the total women entrepreneurs enumerated for this study, the highest number of respondent were *Brahmin/Chhetri* (51.8%) followed by *Janajati* (34.3%), Dalit (11.9%) and others (Muslim and *Christian* (2.1%) respectively (table 1).
- **Religion:** Religion influences all aspects of public and private life, at home and outdoors. Similarly, some form of business and economic activities are also influenced by religion. A great majority of the women entrepreneurs were Hindu (80.4%) followed by Buddhist (14%), Christian (4.2%) and Muslim being the lowest (1.4%) (table 1).
- **Educational qualification:** Education is known to be fundamental to development and growth and it plays a vital role in every aspect of life. Education is assumed to have a positive relationship with entrepreneurial activities and their success. About half of the total women entrepreneurs sampled for this study (49.7%) have completed High school level (up to 12) followed by School Leaving Certificate level (up to 10)(26.6%), Bachelor level (16.1%), Primary level (up to 8) (6.3%). A few of them (0.7%) were found illiterate as well (table 1).

Variables	N	%
<b>Age of the respondent</b>		
Below 20	1	0.7
20 – 30	41	28.7
30 – 40	79	55.2
40 – 50	22	15.4
Total	143	100
<b>Age at Business Start</b>		
Below 20	14	9.8
20 – 30	110	76.9
30 – 40	18	12.6
40 – 50	1	0.7
Total	143	100
<b>Caste/Ethnicity</b>		
<i>Brahmin</i>	36	25.2
<i>Chhetri</i>	38	26.6
<i>Janajati</i>	49	34.3
<i>Dalit</i>	17	11.9
Other (Muslim, Christian)	3	2.1
Total	143	100
<b>Religion</b>		
Hindu	115	80.4
Buddhist	20	14
Muslim	2	1.4
Christian	6	4.2
Total	143	100
<b>Educational Qualification</b>		
Illiterate	1	0.7
Primary (Up to 8)	9	6.3
School Leaving Certificate (Up to 10)	38	26.6
High School (Up to 12)	71	49.7
Bachelors (Up to 15)	23	16.1
Total	143	100

Table 1: Demographic Characteristics of Women Entrepreneurs Involved  
Source: Field Survey 2018

1) *Family support to women entrepreneurs:* Entrepreneurs especially small business owners need a lot of support from their families to succeed. In this regard, of the total women entrepreneurs surveyed for this study, a large majority of the women entrepreneurs (76.9%) have received support (such as economic, management, emotional supports) from husband and/or other family

entrepreneurs, less than one-fourth of them (23.1%) have not received any support from their family members. Among the women entrepreneurs who received supports from family members also, more than half of them (56.5%) have received economic support from husband and other family members followed by supports in business management (29.6%) and the least in other such as emotional support (14.5%) respectively (table 2)

Variables	N	%
<b>Support from Husband &amp; other Family Members</b>		
Yes	110	76.9
No	33	23.1
Total	143	100
<b>Kind of Supports by the Family Members (multiple choices)</b>		
Economic	74	56.5
Management	38	29.0
Other (Emotional Support)	19	14.5
Total	131	100

Table 2: Support from Family Members to Women Entrepreneur

Source: Field Survey 2018

2) *Previous work experience:* Having experience of working in a similar field before start-up means that one has a greater understanding of that market and how businesses work in that fieldwork. This will help to identify customers, marketing strategies and opportunities for growth. It usually also means access to a ready list of contacts, which can be useful when you're trying to find suppliers, advice or other people to work with. Experience can also give more confidence in a certain area than one has never done anything like it before - one has a better idea of what to expect and can foresee problems more clearly. The results show that slightly less than half of the women entrepreneurs (46.9%) did not have similar work experience before establishing their own business. Among those with previous experience, slightly more than two-fifths of women entrepreneurs (44.8%) had 2 years of similar work experience followed by slightly more than one-fifth (23.9%) having 3 years of similar work experience, slightly less than one-fifth (17.9%) having previous experience of 4 years and above and lastly slightly more than one-tenth (13.4%) having up to 1 year of similar work experience before they started their beauty parlour (table 3).

Variables	N	%
<b>Previous similar work experience</b>		
Had experience	67	46.9
Did not have any experience	76	53.1
Total	143	100
<b>Length of previous experience</b>		
Up to 1 year	9	13.4
Up to 2 years	30	44.8
Up to 3 years	16	23.9
4 years and above	12	17.9
Total	67	100

Table 3: Previous Work Experience before Starting their Own Business

Source: Field Survey 2018

### B. Business Related Characteristics of Women Entrepreneurs

In this section of the study, the different factors like an initial investment, access to credit, no. of employees, ownership of parlour (assets), income, and registration status have been described briefly.

- *Business registration status:* Registration status shows if the business of the respondents is whether registered in any authorised body for registration or not. This study revealed that the majority of the beauty parlours owned by women entrepreneurs (72%) have been registered to government and/or chamber of commerce. However, over one-fourth of them (28%) have not been registered to government and/or chamber of commerce (table 4). Most of them seem lacking proper knowledge on how to register and why should they register their beauty parlour. Some of them even think that whether it is necessary to register or not, because no one has yet insisted them to do so. Unregistered enterprises do not need to pay registration fees, tax and renewal fees annually.
- *Initial paid-up capital and its financing:* Initial investment technically is the starting point for any kind of business. The results of this study revealed that over two-thirds of the women entrepreneurs (67.1%) have started their business within NRs. 200,000 to NRs. 400,000 followed by less than one-fifth of them (17.5%) starting their business within NRs. 400,000 to 600,000, about one-tenth of them (9.8%) starting their business with less than NRs. 200,000 and a very few of

them (5.6%) starting their business with NRs. 600,000 and above. Financing the initial is very challenging for micro-scale entrepreneurs. Women entrepreneurs of beauty parlour business have collected initial investment from family, friends, financial institutions, own saving as well as selling their jewellery. A large majority of women entrepreneurs in beauty parlour business (67.1%) have received their initial investment capital from family, followed by about one-fourth of them (23.8%) using their prior saving, slightly more than one-tenth of them (13.3%) receiving help for initial investment from friends, and about one-tenth of them (9.8%) receiving a loan from financial institutions and a few of them managing initial investment by selling their jewellery (4.2%) respectively (table 4).

- *Types of ownership:* Ownership is a very important concept in business, as it defines the role of entrepreneurs in decision making in any field like an investment, creating changes, hiring and firing and so on. The study observed that a significantly great majority of beauty parlours in Pokhara are owned individually by the women entrepreneur herself while a few of them having a partnership in business as well (8.4%) (table 4). The result reveals that women entrepreneurs prefer individual ownership of the business over the partnership, which is mostly because of a relatively smaller amount of investment required for the startup.

Variables	N	%
<b>Registration Status</b>		
Yes	103	72.0
No	40	28.0
Total	143	100.0
<b>Amount of Initial Paid-up Capital</b>		
Less than 200,000	14	9.8
200,000 - 400,000	96	67.1
400,000 – 600,000	25	17.5
600,000 and above	8	5.6
Total	143	100.0
<b>Management of Initial Investment (Multiple choices)</b>		
Family	96	67.1
Own Saving	34	23.8
Friends	19	13.3
Financial Institutions	14	9.8
Other Sources (Sales of Jewellery)	6	4.2
Total	169	100.0
<b>Types of Ownership</b>		
Individual	131	91.6
Partnership	12	8.4
Total	143	100
<b>Government Support</b>		
Yes	2	1.4
No	141	98.6
Total	143	100.0

Table 4: Business-Related Characteristics of Beauty Parlour Business Owned by Women Entrepreneurs  
Source: Field Survey 2018

### C. Performance of Beauty Parlours Owned by Women Entrepreneurs

Change in profit, employment, and assets over a certain period can be used as some of the key measures of the performance of the business. For this study, the data on profit, employment, and assets were collected based on two fiscal years (2015/16 and 2016/17). In the context of beauty parlour business, assets include mirrors, straight iron and curling tongs, massage chairs, face, and hair steamers, facial treatment beds and chairs, wax heaters, towel warmers, hairdryer & UV sterilizer, styling chairs, salon stations, shampoo/ colours/ cream bowls, scissor, rubber and clips, hair doughnuts, pedicure and manicure stations, equipment racks and drawers, guest/normal chairs, and so on. Assets in this study have been assessed in terms of the

monetary value of the kind of aforementioned goods. The study observed a statistically significant increase in average annual profit ( $t=7.851$ ,  $p<.001$ ) and employment (3.225,  $p<.01$ ) over the period between 2015/16 to 2016/17. However, in the case of ownership of assets, despite positive change over the same period, the change does not seem to be statistically significant. The average annual profit of a beauty parlour business owned by women entrepreneurs in the fiscal year 2015/16 was NRs 470286.71, which increased to NRs. 527580.42 in 2016/17. Similarly, the average employment increased from 1.41 to 1.55 and the average assets increased from NRs. 8628687.13 to NRs. 885804.19 over the same period (table 5).

Year (AD)	Min	Max	Mean	Std. Dev.	Mean Difference	Paired Samples T test
<b>Profit</b>						
2015/ 16	50000	4200000	470286.71	476746.82	57293.71	7.851***
2016/ 17	50000	4500000	527580.42	528914.17		
<b>No of Employees</b>						
2015/ 16	1	8	1.41	.97	.133	3.225**
2016/ 17	1	10	1.55	1.32		
<b>Ownership of Assets</b>						
2015/ 16	100000	7000000	862867.13	916814.46	22937.06	.575
2016/ 17	100000	8000000	885804.19	931394.84		

Note: N=143; \*p<.05; \*\*p<.01; \*\*\*p<.001

Table 5: Changes in the Measures of Performance of Beauty Parlour Business Owned by Women Entrepreneurs  
Source: Field Survey 2018

*D. Multivariate Analysis of the Factors Determining the Performance of Beauty Parlour Business*

A multiple regression model was run to conduct a multivariate analysis of the data in the research. The regression model was mainly run to assess the effect of selected variables on the performance of the beauty parlour business. Change in the profit over the period has been used as a measure of beauty parlour business performance in the study. Change in employment and accumulation of assets did not appear to satisfy the basic assumptions of multiple regressions, therefore, these variables have been excluded from the multivariate analysis. The independent variables in the regression model include the age of the

respondent, education of the respondent, previous experience (dummy variable), creative tendency (factor), calculated risk-taking (factor), independence, initial paid-up capital (log), year of registration, type of ownership (dummy variable), enterprise age (log), market dynamic and government support (dummy variable). Due to the absence of normal distribution of original data, the profit, initial paid-up capital and enterprise age variables have been transformed into log variables. Previous experience, type of ownership and government support are dummy variables. Creative tendency and calculated risk-taking are the factors derived from several related items used to measure these factors (table 6).

The independent variables included in the multiple regression model appear to explain about 31.5 percent variance on the performance measured in terms of profit in the study ( $R^2 = .315$ ,  $F=2.371$ ,  $p<.05$ ). Among the independent variables included in the model to explain the variance in the performance of beauty parlour business, year of registration, enterprise age and initial paid-up capital seem to determine the profit performance of the beauty parlour business. Among these three factors, year of registration appears to be the strongest factor determining the profit performance of the beauty parlour business ( $t=2.280$ ,  $p<.05$ ), followed by the initial paid-up capital ( $t=2.109$ ,  $p<.05$ ), type of ownership ( $-1.925$ ,  $p<.01$ ) and enterprise age ( $t=1.727$ ,  $p<.10$ ) (table 6).

This study observed that an elder enterprise (beauty parlour business) since the year of registration seems to earn a greater profit than the younger ones ( $\beta=.282$ ,  $p<.05$ , table 6). It denotes that earlier the registration of a beauty parlour business to a certain government entity, better the performance of that business. It could be due to certain special provisions provided to the registered enterprises such as a registered enterprise that could be used as collateral for the loan from the bank, which would be invested in the enterprises consequently resulting in better performance of the beauty parlour business. Similarly, initial paid-up capital tends to have a positive association with the performance of the beauty parlour business ( $\beta=.247$ ,  $p<.05$  table 6). It indicates that those beauty parlours, which have higher initial investment tend to have better profit performance than those which were established with lower investment. The reason behind this kind of

result could be better investment means better and more equipment so that women entrepreneurs can provide more facilities and services to their customers.

Likewise, the type of ownership also seems to have a significant effect on the performance of the beauty parlour business ( $\beta=-.211$ ,  $p<.10$ , table 6). It denotes that the enterprises owned in the partnership are found to have less profit than their individual counterparts. This is one of the interesting findings of the study as it nullifies the general assumption of partnership advantages over the individual. In the context of this study, this could be because beauty parlour business is a small business; a very few of them are owned in a partnership; and an individual might have the greater motivation of being benefited of the total returns of the business rather than

sharing returns of the business to partners, therefore resulting in the greater performance of business owned by an individual than partnership counterparts.

Similarly, enterprise age also appears to have a significantly positive effect on the performance of the beauty parlour business ( $\beta=.275$ ,  $p<.10$ , table 6). It signifies that the older beauty parlour business tends to have higher performance than the younger beauty parlour business. The reason behind such positive association could be the advantage of learning by establishing a bigger network of loyal customers, suppliers, well-wishers, professionals and the continuous improvement in the approaches, skills, and capacities and so on that could have direct and indirect competitive advantages over the younger business thereby resulting in better performance.

Factors	Unstandardized Coefficients		Standardized Coefficients	t
	B	SE	Beta	
(Constant)	7.129	2.013		3.541
Age	-.013	.024	-.090	-.568
Education	-.017	.113	-.018	-.154
Previous experience	.167	.211	.097	.793
Creative tendency	.035	.139	.040	.252
Calculated risk taking	.034	.126	.040	.273
Independence	.115	.134	.129	.858
Initial paid-up capital	.290	.138	.247***	2.109
Year of registration	.069	.030	.282***	2.280
Type of ownership	-.533	.277	-.211*	-1.925
Enterprise age	.895	.518	.275*	1.727
Market dynamic	.018	.108	.019	.167
Government support	.037	.815	.005	.045

Note: Dependent Variable: Profit (Log); N = 143; R<sup>2</sup>=.315, F=2.371, Sig=.014; Durbin-Watson=1.945, \*\*\* p<0.01; \*\* p<0.05; \* p<0.1

Table 6: Factors Determining the Performance of Beauty Parlour Business  
Source: Field Survey 2018

However, the factors such as the age of the respondent, education of the respondent, previous experience, creative tendency, calculated risk-taking, independence, type of ownership, market dynamic and government support do not seem to have such significant effect on the performance which has been measured in terms of change in profit over the period.

The age of the respondent does not seem to have a significant association with the performance. It means either the women entrepreneur is older or younger, it does not make a significant difference in the performance. Similarly, the education of the respondent also is not found to have a significant effect on the performance. It could be due to almost a similar curriculum in education up to the secondary level. A great majority of the women entrepreneurs in the beauty parlour business (83.9%) have not joined university-level education where certain areas of

studies are specialized as per the interest of the students (table 1). Likewise, personality traits like creative tendency, calculated risk-taking, and independence also are not found to have a significant effect on the performance of the beauty parlour business. It indicates that there is no such significant entrepreneurial trait associated with women entrepreneurs operating the beauty parlour business. In the same way, the type of ownership of the business and government support also does not seem to have a significant effect on the performance of the beauty parlour business. It might be because this business is mostly owned by an individual (91.6%) and did not receive any additional support from the government (98.6%) (table 4). Market dynamism factors also appeared to have an insignificant effect on the performance of the beauty parlour business, which indicates that the change in the business environment, customer preference, fashion and

technologies in the market does not have a significant effect on the performance.

#### IV. CONCLUSION

This study using the data enumerated from 143 women entrepreneurs running different types of beauty parlour business in Pokhara Metropolitan City of Gandaki Province, Nepal aimed to assess the performance of beauty parlour business owned by women entrepreneurs and examine the effects of various individual-, business- and environment-related factors on the performance of in beauty parlour business. The study revealed a significant increase in average annual profit and employment over the period between 2015/16 to 2016/17. However, despite the fact of positive change in assets accumulation over the same period, the change did appear to be statistically significant. The study unveiled that among many possible individual-, business- and environment-related factors determining the performance of beauty parlour business, year of registration, enterprise age and initial paid-up capital are the key factors determining the performance of the beauty parlour business in Pokhara. However other factors such as the age of the respondent, education of the respondent, previous experience, creative tendency, calculated risk-taking, independence, type of ownership, market dynamic and government support do not appear to have such a significant effect on the performance of beauty parlour business.

#### V. ACKNOWLEDGEMENTS

This study is based on the data collected for the Master's Degree dissertation of the first author. The data were further scrutinized and edited as required for this journal paper. The dissertation has been submitted to the School of Development and Social Engineering, Faculty of Humanities and Social Sciences, Pokhara University in 2019.

#### REFERENCES

- [1] A.M. Marrison, R.P. White, and E.V. Velsor, "Breaking the glass ceiling: Can women reach the top of America's largest corporations?," Wesley Publishers Inc., 2007.
- [2] H. Shah, (2012). ICECD: "Achieving convergence for empowerment of women," [The Western Regional Conference of the National Mission for Empowerment of Women, 23– 24, April 2012]
- [3] G.A. Johns, "History of the global beauty industry," 2010, <https://hbswk.hbs.edu/item/the-history-of-beauty>.

- [4] D. McClelland, "Motivating economic achievement," New York: The Free Press, 1996.
- [5] S. Singh, and S.C. Saxena, "Women entrepreneurs challenges and strategies of empowerment," Indian Journal of Industrial Relations, 36 (1), July 2000, pp.67-75.
- [6] J.J.P McClung, "A study of female business owners in Oklahom and the association of specified entrepreneurial characteristics and performance based on the strategic profit model," A PhD dissertation submitted to the Graduate Faculty at the University of Oklahoma, 1985.
- [7] J.L. McDonald, "The traits and characteristics of women entrepreneurs criteria for predicting success in business management," Dissertation Abstracts International Part A, 46, 1986.
- [8] L.C. Williamson, "Joyce – Eddy – A successful female entrepreneur," Dissertation Abstracts International, Part A vol. 46. No.9, 1986
- [9] P.R. Gautam, "Women in micro entrepreneurship," 2010, <http://kusoed.edu.np/ertsymposium2014/ertpapers/Prabin%20Raj%20Gautam.pdf>