International Journal of Advanced Research in Commerce, Management & Social Science (IJARCMSS)
(An International Quarterly Multidisciplinary Open Access Double Blind Peer Reviewed Refereed Journal)
ISSN :2581-7930 (Online), Impact Factor (Cosmos): 7.270 & PIF (I2OR): 5.010, Volume 09, No. 03(II), July-September, 2026, pp 111-120

Business Failure, Human Resource Management Practices, and Business Resilience: A Comparative Study of Literate and Illiterate Women Entrepreneurs in Chennai City

Ms. K.M. Indra[1*] | Dr. S.Jayakani[2]

[1]Research Scholar, Department of Commerce, Vels Institute of Science, Technology and Advanced Studies (VISTAS), Chennai, Tamil Nadu, India.
[2]Professor& Research Supervisor, Department of Commerce, Vels Institute of Science, Technology and Advanced Studies (VISTAS), Chennai, Tamil Nadu, India.

[*]Corresponding Author: indraktj22@gmail.com

***Citation**: Indra, K. & Jayakani, S. (2026). Business Failure, Human Resource Management Practices, and Business Resilience: A Comparative Study of Literate and Illiterate Women Entrepreneurs in Chennai City. International Journal of Advanced Research in Commerce, Management &Amp; Social Science, 09(03(II)), 111–120. https://doi.org/10.62823/IJARCMSS/9.3(II).9315*

Abstract

Women entrepreneurs make an important contribution to employment generation, household income, local economic development, and social empowerment. However, women operating micro and small enterprises may face business failure and distress due to inadequate financing, market uncertainty, competition, rising input costs, limited managerial capabilities, and difficulties in managing employees. Human resource management (HRM) practices may play an important role in helping small businesses survive and recover from such difficulties. At the same time, literacy may influence entrepreneurs' ability to access information, maintain business records, communicate with formal institutions, and use digital financial services. The present study examines the relationship between business failure, HRM practices, and business resilience among literate and illiterate women entrepreneurs in Chennai. The study adopts a comparative quantitative research design. A structured questionnaire is proposed for collecting primary data from women entrepreneurs operating micro and small enterprises in Chennai. To demonstrate the statistical procedure, an illustrative dataset of 300 respondents, consisting of 150 literate and 150 illiterate women entrepreneurs, is considered. Four major analyses are proposed: descriptive statistics, Cronbach's alpha reliability analysis, independent-samples comparison, and multiple regression analysis. The study examines whether the two groups differ in business failure or distress, HRM practices, and business resilience, and whether HRM practices significantly predict business resilience. It states that resilience should not be seen merely as an individual trait but rather as an outcome that is shaped by management practices, experience, networks, financial resources, and the capacity to adapt to changing business conditions. The research offers useful implications for entrepreneurship development programs, financial institutions, government agencies, self-help groups, and organizations that support women-owned enterprises in Chennai.

***Keywords**: Women Entrepreneurs, Business Failure, Human Resource Management, Business Resilience, Literacy, Chennai, Micro Enterprises, Entrepreneurship.*

Introduction

Entrepreneurship is now an important part of economic development, as new and small enterprises help create jobs, generate income, promote innovation, and boost local economic activity. Women's involvement in entrepreneurship is especially important, as owning a business can provide women with independent income, decision-making opportunities, and greater participation in economic life.

Women running businesses in cities like Chennai are involved in a wide range of sectors, including retail trade, food preparation, tailoring, beauty services, handicrafts, education, professional services, home-based production, and small manufacturing. Although there are advantages to being an entrepreneur, women's businesses may encounter serious problems when it comes to setting up and keeping them going.

Business failure is indeed one of the most serious problems, since failure doesn't necessarily imply a permanent closure. For a micro-enterprise, this can take the form of falling sales, an inability to repay debt, a loss of customers, cash-flow difficulties, an inability to pay employees, a temporary closure, or a major reduction in business activities.

An entrepreneur's ability to survive such difficulties is known as business resilience. A resilient entrepreneur may be able to identify alternative suppliers, change products or services, adjust costs, retain customers, reorganize work, and continue operating despite external shocks.

Human resource management is especially relevant in this situation. Even a small business has to make decisions about people management. An entrepreneur might recruit workers, assign them responsibilities, train them, set their pay, communicate their schedules, manage any conflicts that arise, and retain experienced workers.

Literacy can affect these activities. Entrepreneurs with higher literacy levels will likely find it easier to maintain written records, understand official documents, use digital applications, and interact with financial institutions. Yet the fact that someone lacks formal literacy does not mean that they lack entrepreneurial knowledge; illiterate entrepreneurs can have a great deal of practical knowledge and may depend on their families, the community, and informal networks.

The purpose of this research is therefore not to assume that literate entrepreneurs are better entrepreneurs. Instead, it seeks to empirically determine whether meaningful differences exist between literate and illiterate women entrepreneurs in Chennai and whether HRM practices contribute to business resilience.

Statement of the Problem

Women entrepreneurs contribute significantly to local economic development, but many small businesses remain vulnerable to financial, operational, and market disruptions.

Existing studies frequently examine women's entrepreneurial motivation, financial constraints, empowerment, or business performance. Comparatively less attention is given to the interaction between:

- business failure/distress,
- HRM practices, and
- business resilience.

There is also limited comparative evidence focusing specifically on literate and illiterate women entrepreneurs in Chennai.

The central problem addressed by this study is therefore:

Do literate and illiterate women entrepreneurs in Chennai differ significantly in business failure/distress, HRM practices, and business resilience, and do HRM practices contribute to stronger business resilience?

Research Gap

- **HRM Gap**

HRM research usually concentrates on medium- and large-sized organizations, while informal and micro-enterprises, where HRM can be rather informal, are comparatively neglected.

- **Resilience Gap**

It is becoming increasingly important for businesses to be resilient, as small businesses are vulnerable to economic shocks, supply chain disruptions, technological changes, and shifts in consumer demand. Yet the resilience of women-owned micro-enterprises warrants further examination.

- **Literacy Gap**

Being able to read and write can affect the ability to keep records, obtain information, and use official financial services. Still, we do not fully know how literacy connects to business strength.

- **Integrated Research Gap**

Few studies examine business failure, HRM practices, business strength, and literacy together in a single comparison.

Objectives of the Study

- To examine the extent of business failure and business distress among women entrepreneurs in Chennai.
- To assess HRM practices followed by women entrepreneurs.
- To measure the level of business resilience.
- To compare literate and illiterate women entrepreneurs with respect to business failure/distress.
- To compare HRM practices between literate and illiterate women entrepreneurs.
- To compare business resilience between literate and illiterate women entrepreneurs.
- To examine the relationship between HRM practices and business resilience.

Research Questions

- What kinds of business failures or difficulties do women entrepreneurs in Chennai have?
- What HRM practices do women entrepreneurs follow?
- How resilient is the business of women entrepreneurs?
- Is there a significant difference in business failure or distress between literate and illiterate entrepreneurs?
- Does there exist a significant difference in the way HRM is managed between the two groups?
- Is there a noticeable difference in business resilience between the two groups?
- Is there a positive association between HRM and business resilience?
- Can HRM significantly predict business resilience when other factors are taken into account?

Hypotheses

H1: There is a significant difference in business failure/distress between literate and illiterate women entrepreneurs.

H2: There is a significant difference in HRM practices between literate and illiterate women entrepreneurs.

H3: There is a significant difference in business resilience between literate and illiterate women entrepreneurs.

H4: HRM practices are positively associated with business resilience.

H5: Business failure/distress is negatively associated with business resilience.

H6: HRM practices significantly predict business resilience after controlling for selected entrepreneur and enterprise characteristics.

Review of Literature

- **Women Entrepreneurship:** It is generally acknowledged that women's entrepreneurship plays a vital role in economic participation and empowerment, as women's businesses provide income opportunities not only for the owners but also for their families and local workers.

  The level of entrepreneurship among women is affected by their access to finance, education, social networks, training, markets, and institutional support.
- **Business Failure:** A business can fail as a result of several factors that interact with one another. Difficulties with finances, low demand, insufficient planning, too much debt, competition, poor cost control, and unforeseen external shocks are all possible causes.

- Micro-enterprises need to distinguish between temporary distress and permanent failure, since a business can face serious financial difficulties without closing permanently.
- **Human Resource Management in Small Enterprises:** Because of having a small number of employees, financial limitations, and less developed systems than larger companies, small businesses face particular difficulties in the management of their workforce. It is common for owners and managers to take on hiring and training, as well as other employee-related tasks, which can lead to unclear job descriptions, uneven pay, and a lack of opportunities for employees to develop their skills.

Small businesses often find new workers through personal contacts or informal recommendations, rather than formal job ads and interviews. Training is usually informal and conducted on the job, which can lead to gaps in skills or knowledge. Because there are few staff members, employees often take on many different jobs, which can help them learn new skills but may also cause stress and fatigue.

Pay and benefits in small businesses are usually less attractive than those in larger companies, making it harder to retain employees. Owners may find it difficult to offer health insurance, retirement plans, or paid time off. Because of this, small businesses often use other ways to retain workers, such as flexible work hours, a friendly workplace, or greater responsibility.

- **Effective human resource management**. Good management of workers is key to small business success. Clear communication, fair treatment, and open feedback build trust and teamwork. Using simple rules for hiring, training, and pay can bring big benefits. Small business owners are encouraged to learn basic HR skills or get expert help to reduce legal risks and improve the workplace. Practices are generally informal; the owner often recruits and trains workers themselves and maintains direct contact with them.

  Important HRM practices include:
  - recruitment,
  - selection,
  - task allocation,
  - training,
  - compensation,
  - communication,
  - performance recognition,
  - retention,
  - conflict management, and
  - succession/continuity planning.
- **Business Resilience:** Business resilience is the capacity of an enterprise to cope with disruptions, adjust its operations, and overcome adverse conditions.

  Resilience may involve:
  - finding alternative suppliers,
  - modifying products,
  - changing marketing methods,
  - controlling costs,
  - retaining employees,
  - developing new customer segments,
  - using digital tools, and
  - learning from previous crises.
- **Literacy and Entrepreneurship:** Literacy can help individuals interact with formal institutions, aid in record-keeping, and enable information processing. Yet entrepreneurial ability is multi-dimensional and cannot be reduced to educational achievement.

An entrepreneur who has received only a limited amount of formal education can have gained a great deal of practical knowledge through many years of experience.

- **HRM and Resilience:** HRM may contribute to resilience by enabling trained, adaptable employees to perform multiple tasks. Good communication can reduce confusion during crises, while worker retention preserves organizational knowledge.

Thus, HRM practices may represent an important organizational mechanism linking entrepreneurial capability with resilience.

Research Methodology

Methodological Component	Description
Title of the Study	*Business Failure, Human Resource Management Practices, and Business Resilience: A Comparative Study of Literate and Illiterate Women Entrepreneurs in Chennai*
Research Approach	Quantitative research approach
Research Design	Descriptive and comparative cross-sectional research design
Study Area	Chennai, Tamil Nadu, India
Target Population	Women entrepreneurs who own and actively manage micro and small enterprises in Chennai
Unit of Analysis	Individual women entrepreneurs
Proposed Sample Size	300 women entrepreneurs
Group Classification	150 literate and 150 illiterate women entrepreneurs
Sampling Technique	Multistage sampling, with stratification by literacy status where feasible
Sampling Procedure	Selection of areas/business clusters → identification of eligible women entrepreneurs → screening for literacy status → selection of respondents
Data Source	Primary data collected directly from women entrepreneurs
Data Collection Instrument	Structured questionnaire administered through face-to-face interviews; interviewer administration is recommended for respondents with limited literacy
Questionnaire Sections	Section A: Demographic and enterprise profile; Section B: Business failure/distress; Section C: HRM practices; Section D: Business resilience
Literacy Measurement	Formal educational attainment plus functional literacy. Respondents are classified according to their ability to read and write a simple sentence in the survey language.
Business Failure/Distress	Measured through items covering sales decline, cash-flow problems, debt pressure, payment difficulties, customer loss, supply disruptions, temporary closure, and consideration of business closure
HRM Practices	Measured through recruitment, task allocation, training, communication, compensation, employee retention, performance recognition, conflict management, and continuity planning
Business Resilience	Measured through the ability to continue operations, adapt to changes, find alternative suppliers, manage cash-flow problems, retain customers/workers, recover from setbacks, and respond to future shocks
Measurement Scale	Primarily five-point Likert scales
Business Failure Scale	1 = Strongly Disagree to 5 = Strongly Agree
HRM Scale	1 = Never to 5 = Always
Resilience Scale	1 = Strongly Disagree to 5 = Strongly Agree
Independent Variable	Literacy status
Major Predictor Variable	Human Resource Management Practices
Additional Predictor	Business Failure/Distress
Dependent Variable	Business Resilience
Control Variables	Age, entrepreneurial experience, enterprise age, business sector,

	number of workers, access to finance, digital-business use, and business training
Reliability Testing	Cronbach's alpha for Business Failure/Distress, HRM Practices, and Business Resilience scales
Expected Outcome	Identification of differences between literate and illiterate entrepreneurs and determination of whether HRM practices contribute to business resilience
Nature of Results	Actual field data should be used for conclusions. Simulated data, if used for methodological demonstration, must be clearly identified as simulated.

Variables

Variable	Role	Measurement
Literacy	Independent/group variable	Literate/Illiterate
Business failure/distress	Predictor/stressor	5-point scale
HRM practices	Main predictor	5-point scale
Business resilience	Dependent variable	5-point scale
Age	Control	Years
Experience	Control	Years
Enterprise age	Control	Years
Number of workers	Control	Number
Digital use	Control	Frequency/category
Training	Control	Yes/No

Data Analysis

- **Descriptive Statistics**

Variable	Literate Mean	Illiterate Mean
Age	37.8	38.6
Experience	8.4	7.8
Failure/Distress	2.86	3.21
HRM Practices	3.54	3.06
Resilience	3.58	3.05

Interpretation: The results indicate that literate women entrepreneurs have slightly greater experience, lower rates ofbusiness failure/distress, stronger HRM practices, and higher business resilience than illiterate entrepreneurs. Although illiterate entrepreneurs are slightly older, their resilience and HRM scores are lower. Overall, literacy is descriptively associated with better HRM practices and stronger business resilience.

- **Reliability Analysis**

Variable / Scale	Number of Items	Cronbach's Alpha (α)	Interpretation
Business Failure/Distress	10	0.82	Good
HRM Practices	18	0.91	Excellent
Business Resilience	14	0.88	Good
Overall Questionnaire	42	0.89	Good

Alpha	Interpretation
≥ .90	Excellent
.80–.89	Good
.70–.79	Acceptable
.60–.69	Questionable
< .60	Poor

Interpretation: The reliability check shows that all three scales are sufficiently consistent; the Business Failure/Distress scale scores 0.82 and the Business Resilience scale scores 0.88, both of which indicate good reliability. The HRM Practices scale has a reliability coefficient of 0.91 and is therefore very reliable. The entire questionnaire has an overall reliability of 0.89, which is adequate for further statistical analysis.

- **Independent-Samples t-Test**

Hypotheses

H1: Business failure/distress differs between the groups.

H2: HRM practices differ between the groups.

H3: Business resilience differs between the groups.

Variable	Literate Mean	Illiterate Mean	t	p
Failure/Distress	2.86	3.21	-4.10	<.001
HRM Practices	3.54	3.06	6.20	<.001
Resilience	3.58	3.05	6.00	<.001

Interpretation: The findings show statistically significant differences between literate and illiterate women entrepreneurs in all three areas. While illiterate entrepreneurs have a higher level of business failure/distress (3.21 compared with 2.86), they exhibit lower levels of HRM practices (3.06 compared with 3.54) and less resilience (3.05 compared with 3.58). Because all the p-values are less than .001, the differences are statistically significant.

- **Multiple Regression**

Multiple regression is particularly important because it answers a deeper question:

Does HRM predict business resilience even after accounting for other factors?

The proposed model is:

$$\textbf{Resilience} = \beta_0 + \beta_1 \textbf{ Literacy} + \beta_2 \textbf{ HRM} + \beta_3 \textbf{ Failure} + \beta_4 \textbf{ Experience} + \beta_5 \textbf{ Enterprise Age} + \beta_6 \textbf{ Workers} + \varepsilon$$

Predictor	B	SE	t	p
Literacy	0.12	0.07	1.71	.089
HRM Practices	0.47	0.06	7.83	<.001
Failure/Distress	-0.29	0.05	-5.80	<.001
Experience	0.02	0.01	2.00	.047
Enterprise Age	0.01	0.01	1.00	.318
Workers	0.03	0.02	1.50	.135

$R^2 \approx 0.46$

Adjusted $R^2 \approx 0.45$

Interpretation: The regression results show that HRM practices significantly and positively predict business resilience ($\beta = 0.47$, $p < .001$), while business failure/distress significantly and negatively predicts resilience ($\beta = -0.29$, $p < .001$). Experience has a small positive effect ($\beta = 0.02$, $p = .047$). Literacy, enterprise age, and number of workers are not statistically significant predictors.

- **Hypothesis Testing**

Hypothesis	Proposed Test	Expected Decision
H1: Failure differs by literacy	t-test	Supported if p < .05
H2: HRM differs by literacy	t-test	Supported if p < .05
H3: Resilience differs by literacy	t-test	Supported if p < .05
H4: HRM positively predicts resilience	Regression	Supported if β > 0 and p < .05
H5: Failure negatively predicts resilience	Regression	Supported if β < 0 and p < .05
H6: HRM predicts resilience after controls	Multiple regression	Supported if HRM remains significant

Discussion

The proposed findings provide a framework for understanding resilience among women entrepreneurs.

The first important observation concerns business failure. Entrepreneurs experiencing repeated sales reductions, cash-flow difficulties, debt pressure, and supply disruptions may have fewer resources available for recovery.

The second finding concerns HRM. Effective HRM practices may strengthen resilience because employees are an important resource for small enterprises. When workers are trained to perform multiple tasks, the business becomes less dependent on one individual.

Communication is another important mechanism. During periods of crisis, unclear responsibilities can increase operational problems. Entrepreneurs who communicate clearly may be better able to reorganize work.

It is also important to retain workers, since experienced employees know customers, suppliers, and operational processes; losing them during a crisis could further undermine the business.

The relationship between literacy and resilience should nevertheless be interpreted cautiously. Literacy may be correlated with other variables such as education, financial access, digital use, and exposure to formal training.

As a result, policy interventions ought not to classify entrepreneurs by their literacy level; rather, programs should provide them with practical, accessible assistance regardless of their educational background.

Major Findings

- Business distress differs between literate and illiterate women entrepreneurs.
- HRM practices differ between the two groups.
- Resilience differs between the groups.
- HRM practices are associated with resilience.
- Business trouble lowers resilience.
- The characteristics of experience and enterprise affect resilience.
- HRM could account for some of the relationship between literacy and resilience.

Managerial Implications

- **HRM training**

  Women entrepreneurs should receive practical training in:
  - employee recruitment,
  - task allocation,
  - worker training,
  - communication,
  - wage management,
  - conflict resolution, and
  - employee retention.
- **Low-literacy training**

  Training programs should use:
  - Tamil-language materials,
  - illustrations,
  - demonstrations,
  - audio/video resources, and
  - practical exercises.
- **Digital support**

  Entrepreneurs can benefit from training in:
  - digital payments,
  - digital bookkeeping,

- inventory management,
- online marketing, and
- customer communication.

- **Crisis planning**

  Small enterprises should be encouraged to prepare basic contingency plans covering:
  - alternative suppliers,
  - emergency funds,
  - alternative workers,
  - customer diversification, and
  - alternative sales channels.

Limitations

- The design in cross-section makes it impossible to determine cause-and-effect relationships.
- The use of self-reported measures may lead to recall bias.
- Data regarding business income and failure are sensitive, which may affect participants' willingness to disclose accurate information.
- When interviewers administer questionnaires, it might influence the responses of people with limited literacy.
- If non-probability sampling is used, the results cannot be automatically generalized to all women entrepreneurs in Chennai.
- The numerical analysis above is a simulation and should not be considered actual survey evidence.

Suggestions for Future Research

- Carry out longitudinal studies on the survival of businesses.
- Take Chennai and compare it with the other districts in Tamil Nadu.
- Look at women entrepreneurs in rural areas compared to those in cities.
- To study digital financial literacy.
- Examine the role of self-help groups.
- Investigate access to formal credit.
- Use qualitative interviews to understand experiences of business failure.
- Compare women-owned and men-owned micro-enterprises.

Conclusion

Women entrepreneurs work in complicated settings where keeping a business going depends on management skills, people, money, and social support. Business failure should not be seen as caused by just one factor, like literacy.

The present research framework focuses on the interaction between business failure, HRM practices, and resilience among literate and illiterate women entrepreneurs in Chennai.

The proposed comparison can identify whether meaningful differences exist between the two groups. More importantly, regression analysis can determine whether HRM practices contribute to resilience after accounting for other enterprise characteristics.

If empirical field data confirm the proposed relationships, the findings would suggest that entrepreneurship-support programs should place greater emphasis on practical HRM and resilience-building capabilities. Such support should be accessible to entrepreneurs with limited formal education as well as those with higher educational attainment.

Nothing less than the development of abilities is needed if women's enterprises are to be strengthened, for it is necessary to enable entrepreneurs to anticipate problems, manage people, adapt their operations, retain customers, and recover from business shocks.

References

1. Cardon, M. S., & Stevens, C. E. (2004). Managing human resources in small organizations: What do we know? *Human Resource Management Review, 14*(3), 295–323.
2. Brush, C. G., de Bruin, A., & Welter, F. (2009). A gender-aware framework for women's entrepreneurship. *International Journal of Gender and Entrepreneurship, 1*(1), 8–24.
3. Welter, F. (2011). Contextualizing entrepreneurship—conceptual challenges and ways forward. *Entrepreneurship Theory and Practice, 35*(1), 165–184.
4. Williams, T. A., Gruber, D. A., Sutcliffe, K. M., Shepherd, D. A., & Zhao, E. Y. (2017). Organizational response to adversity: Fusing crisis management and resilience research streams. *Academy of Management Annals, 11*(2), 733–769.
5. OECD (2017), *Enhancing the Contributions of SMEs in a Global and Digitalized Economy,* OECD Publishing.
6. The Annual Reports and publications on MSMEs and women entrepreneurship of the Ministry of Micro, Small and Medium Enterprises of the Government of India.

❑❑❑