The Impact of Women Entrepreneurs in Business Development of Sri Lanka

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Abstract
Women entrepreneurship is a subject of much interest and significance in the world. Recently it has been gaining higher importance in Sri Lanka with the economic changes and globalization. Legislations have been created with laws and by-laws to support motivating entrepreneurship, encouraging education and training for potential entrepreneurs; which in return has contributed towards the empowerment of women. Literature confirms that there are many successful stories of female business entrepreneurs in Sri Lanka. As observed in countries like Japan and Spain, the development and nurturing of women entrepreneurs would be a value addition to the development and prosperity of the whole country. Many women leave their respective employment for various reasons. Such women can be encouraged to be entrepreneurs who will contribute to the income of their family as well as the development of the country. This will even construct a significant shift in the demographic characteristics of business and economic growth of Sri Lanka. Women entrepreneurs provide a strong, empathetic and supportive role in the society. All these reasons, created the motivation for the researcher to study this area. This article intends to identify the various issues and challenges faced by women entrepreneurs of Sri Lanka, the competencies they exercise to overcome them and to find out whether the women entrepreneurs have made an impact on the development of Sri Lanka. This research was undertaken using qualitative methodology in a chosen sample of 22 women entrepreneurs. In conclusion the outcomes identified that the women entrepreneurs were highly capable in motivating employees, retaining customers, creating job opportunities and they invested most of their earnings for the betterment of their family. The study will reemphasise the importance of women entrepreneurs who transform families and society, while making contributions to the business development of Sri Lanka.

Keywords: Women Entrepreneurs, Competencies, Business Development, Sri Lanka

Background
Women Entrepreneurs can be defined as the woman or group of women who initiate, organize and co-operate a business enterprise. Women entrepreneurs are key players in any developing country particularly in terms of their contribution to economic development. In recent years, even among the developed countries like USA and Canada, Women's role in terms of their share in small business has been increasing (Kumar & Paul 1994). Many
cultures around the world believe that the role of women is primarily to maintain the homely affairs, but in the past few decades the status of women in Sri Lanka has been changing due to growing industrialization, globalization, and changes in the legislation. As a result, women are engaged in higher level of professional activities more and more. Even though entrepreneurship is believed to be a male-dominated phenomenon, women today do perform as inspiring and successful entrepreneurs. These women entrepreneurs run business ventures and contribute to the development of the country. Their role needs to be recognized and steps must be taken to promote women entrepreneurship.

Women must be motivated to develop entrepreneurial skills to meet the changes in trends, challenges in the global markets and also to be competent enough to sustain and strive for excellence in the entrepreneurial arena.

Research Problem
The women of the twenty-first century are no longer a traditional resource confined to the gendered sphere of the household, but an innovative and knowledgeable part of the population that contributes to economic growth (Schwartz 2009). These women challenge and transform existing work cultures. Literature confirms that women entrepreneurs focus on creating a collaborative work environment and are comfortable sharing information and sharing power, possess a democratic managerial approach, and prefer teamwork (McCellend et al. 2005).

Women entrepreneurship needs to be studied for several reasons. Women entrepreneurship has been recognized during the last decade as an untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others. Sri Lankan women in entrepreneurship provide an opportunity to use different research approaches in entrepreneurship research. The recognition of the importance of context and relevance of research approach will lead to more informed policy making (Jayawardane 2015).

Many women leave their respective employment for various reasons. These women can be encouraged to be entrepreneurs who will contribute to the income of their family. This will construct a significant shift in the demographic characteristics of business and economic growth of Sri Lanka. The emergence of women entrepreneur is quite visible in Sri Lanka. The number of women entrepreneurs has grown over a period, especially in the 1990s (Renuka 2001). The development and nurturing of women entrepreneurs would be a value addition to the business development and prosperity of the whole country. Women entrepreneurs provide a strong, empathetic and supportive role in the society.

Allen and Truman (1993) hold the view that that overcoming the challenges of business world are harder for women than their male counterparts. They have identified that as a result these women need to undergo various impediments to achieve their business success. The challenges faced by women entrepreneurs are often different from men. Solutions must be found to overcome those challenges. There are many competencies they exercise in facing these challenges which needs to be identified. Sufficient research has not been done in these
areas of Sri Lankan women entrepreneurs, which is what this paper intends to examine. This research paper also intends to demonstrate that the women entrepreneurs in Sri Lanka play a vital role in the business development of the country.

**Objectives of the Study**

1. To identify the issues and challenges faced by women entrepreneurs of Sri Lanka.
2. To recognise the competencies demonstrated by women entrepreneurs to overcome those challenges.
3. To affirm that the women entrepreneurs have made an impact on the business development of Sri Lanka.

**Literature Review**

Women entrepreneurs in Sri Lanka need economic development to achieve self reliance on a path to self-determination. Entrepreneurial activity can provide an economic base. To appreciate the scope of this research, it is important to be aware of how a woman entrepreneur is defined including some understanding of the demographics of Sri Lanka.

Contribution of women entrepreneurs towards the Sri Lanka economy is relatively low. The active female participation in the country’s economy only accounts to about 30% and even out of those active women, the number of women in the workforce (33%) remains far below than that of men (67%) (Madurawala 2014).

McGowan et al. (2011) and Marlow (2002) have noted that many opportunities exist for research on women’s entrepreneurship. Recently, large scale research projects by researchers have moved the dialogue further along in this area. Brush and her colleagues in The Diana Project (Carter & Marlow 2007) have provided a more shaded view of high-growth and technology entrepreneurship by women.

In order for the economic growth of a country an active workforce of women especially an increased supply of women entrepreneurs, are needed. Successful women entrepreneurs will most certainly create a significant impact in their families and society while inspiring other women to become self reliant entrepreneurs (Shah 2012). Women in emerging markets bring back most of their income in the form of ‘human resources’, which includes their families’ education, health, and nutrition, thereby helping their families, communities, and nations (VanderBrug 2013). However, this supply has not been rapid, consistent, or sufficiently widespread among various strata of the population, especially among women in poverty and hence the need to promote women entrepreneurship development (ICECD 1999).

Women business owners may be disadvantaged in their access to various entrepreneurial capitals, given their personal backgrounds and employment experiences and the socio-economic and cultural context in which their businesses operate (Carter & Shaw 2006). The entrepreneurial competencies comprise of components such as traits, personality, attitudes, social role and self-image which are deeply rooted in a person's background as well
as skills, knowledge and experience which can be acquired at work or through training and education (Man & Lau 2005).

Accordingly, there are grounds for further exploration of the unique competencies exercised by women entrepreneurs (Brinckmann 2008). Indeed, recent reviews of the literature have acknowledged that many gaps exist in the knowledge regarding women entrepreneurs and their businesses (Carter et al. 2006; Carter & Shaw 2006; Greene et al. 2003). Relevant to this study, there is a distinct gap in the understanding of challenges faced by women when conducting entrepreneurial businesses as well as possible solutions to overcome them.

Lack of women entrepreneurs can be seen as a main reason for failures in making significant breakthrough in rural and underdeveloped areas of a country (Shah 2013). This illustrates one of the outcomes of this study which is the need to motivate and encourage women entrepreneurs for the business development of Sri Lanka.

**Methodology**
The study was conducted in Colombo. The main respondents of the study were the Colombo based women entrepreneurs and the study was designed using qualitative methods. Data was collected using questionnaires, in-depth interviews, field observation and reviewing case studies in a chosen sample of 22 women entrepreneurs.

Then the data was analyzed to identify the issues and challenges faced by the women entrepreneurs of Sri Lanka, the competencies they demonstrate to overcome those challenges and an interpretation on how the women entrepreneurs made an impact in the business development of Sri Lanka was presented.

**Methods Used**
The research methodology included a distribution of questionnaire to the chosen 22 women entrepreneurs. The questionnaire was designed to obtain data about the chosen female entrepreneurs, their businesses and competencies. The questionnaire was made up of these sections:

*Section 1:*
Details of the female entrepreneur (ethnicity, age group, skills, educational qualifications, business experience, family history of entrepreneurship)

*Section 2:*
Details of the entrepreneur's business (business area, number of employees, type of legal entity, annual profits, annual sales, stage of business development)

*Section 3:*
Issues and challenges faced by the entrepreneur
(Various problems they encounter when dealing with employees and customers, challenges faced starting up the business, issues with running the business)

*Section 4:*
The special competencies of the female entrepreneur
(In collaboration with the list of entrepreneurial competencies listed by Mitchelmore and Rowley's (2010))

Questionnaires were distributed to a convenience sample. Convenience sampling is useful where it is otherwise difficult to elicit a sufficient level of response (Bell & Bryman 2007). The participants for this sample group were identified through a database which had details of over 300 women entrepreneurs from a previous research done by the researcher (Jayawardane et al. 2015). A total of 30 useable questionnaires were collected and out of which 22 were selected for the study. These questionnaires were distributed through post as well as an e-mail attachment. Most of the entrepreneurs preferred the email attachment due to its convenience. For the researcher it was cheaper and quicker. As per the advice of Dillman (2000) an informative and well-presented covering letter or email was sent with each survey, which explained the objectives and importance of the research. In order to increase the response rates, several tactics were adopted. These included emphasizing respondents' importance to the research, capitalizing on the sense of community amongst women entrepreneurs, and follow-up mailings to chase non-respondents.

The second method used was the in-depth interview which was done with a chosen three women entrepreneurs of the sample group. These selected entrepreneurs represented the key characteristics and attributes of the total sample group. They were interviewed face to face at a location of their convenience with similar questions that were raised in the questionnaire. They elaborated the responses given in the questionnaire to provide a wider understanding to the researcher.

The researcher also conducted a field visit to a few chosen women entrepreneurial business entities to make observations of the way they operate their respective businesses. Key observations were marked and responses from randomly selected employees and customers were recorded for future use.

As a final method, a case study analysis was done with the use of secondary data obtained from the researchers' previous study. Three chosen women entrepreneurs were studied as per their way of business operation, decision making and contribution to the society.

**Validity and Reliability**

Results were also presented for the respondents to see if the answers have been interpreted correctly. Furthermore, the validity of the result has been discussed with the supervisors, academic consultants, experts of the industry with valuable feedback. Cross checking of the information was done with the aid of industry experts and professional bodies.

In terms of reliability measurement repetition of the study was conducted. Randomly selected few respondents were asked to do the interviews, questionnaires again with a third person. This was done in order to see if the same results were to be obtained. Because of the lack of time, it was not possible to conduct the study more than once for all the respondents. But the chosen sample reiterated that the findings or the answers were more or less identical.
Results

Respondent Profile

Respondents' profiles identified their ethnicity, age group, skills, educational qualifications, business experience and family history of entrepreneurship. Comparison with other statistics and studies suggests that on the basis of these variables the sample in this study can be regarded as a representative of women entrepreneurs in Sri Lanka. The age of the respondents fell in to the category of 35-45. Most of the women entrepreneurs in this sample were highly educated, with one third of them having a professional qualification and another one third having a degree. This is consistent with Carter and Shaw's (2006) assertion that women business owners increasingly have higher levels of educational attainment. Out of all the respondents only a mere 20 percent indicated of not having any previous business experience. This contrasts with previous research, which suggests that many female business owners lack previous entrepreneurial and managerial experience (Bird & Brush, 2002) and this has an effect to on their ability to survive (Daniel 2004; Fuller-Love 2006; Srinivasan et al. 1994).

Business Profile

Out of the 22 participants, 11 were sole proprietors, 6 were running joint ventures or partnerships while 5 had registered their business as companies under the Company Act.

Challenges Faced

The research identified key challenges women entrepreneurs face when starting and running a business venture were identified as inadequate resources, management issues and technology.

1. Inadequate resources

Any business entity requires capital at the initial stage. If needed, they can borrow the full or partial capital from a financial institution that lends money by using their assets. Thus, this is not a major obstacle for entrepreneurs who have that required guarantors. However, many Sri Lankan women who are not financially stable or independent find this a major challenge.

In under developed countries such as India, Pakistan and Sri Lanka, many rural women face issues obtaining finances for starting up a business (Llanto et al. 1991). In Sri Lanka, accessing banking support for starting a business is considered as one of the most difficult tasks, as per the narrative given by entrepreneurs to ICECD. The constraints including the procedures of modern banking and financing and the prevailing social and cultural norms work against the women entrepreneurs’ interests. As a result women entrepreneurs tend to borrow from places with high interest. To prevent this more and more government based schemes are forming to help them at this time of need.

2. Management Issues

Managing a business venture includes planning, budgeting, organizing, staffing, directing, controlling, innovating, and relating to people. In the ventures run by women entrepreneurs with low income, such functions of management are not performed entirely and independently by the women themselves. Many reasons can be identified as the causes for this situation such as illiteracy, low educational levels, poverty, lack of exposure to business,
and socio cultural beliefs. All of these factors have prevented professional women managers from being nurtured and encouraged (Shah 2002).

There has to be ways to help these women entrepreneurs to find direction as problems and opportunities arise, and to guide them towards their goals. These women must be encouraged to be creative when facing obstacles and find solutions within themselves. Government cannot always interfere in the managerial functions of the women entrepreneurs. There could be costs involved and scarce resources as well (Shah 2012).

Some of the participants affirmed that facing challenges and obstacles de-motivated them to the extent of almost giving up the whole business idea.

3. Technology
Access to production technologies is one of the main constraints women entrepreneurs face (Shah 2013). Even if the technology was made available to the women entrepreneurs who find it inaccessible, there could be possible counter-productive impacts as well. For example, as Acharya (1981) identified, technological attempts to improve productivity in poultry have effectively removed women from poultry businesses in many countries as men were better able to profit from the innovation. This means that care must be taken in innovating with technologies so that improved techniques really mean improved benefits for women.

**Competencies Identified**
Factor analysis was used to determine the smallest number of factors to best represent the inter-relationships among the set of self-reported competencies of the female entrepreneurs, and to identify the competencies that loaded onto the key factors. Factor analysis was chosen since it is suitable for identifying correlation among variables in complex sets of data (Pallant 2007).

Figure 1: Competency Factor Analysis of Women Entrepreneurs in Sri Lanka

![Diagram showing the competencies of women entrepreneurs](image-url)

Source: Author Created using various sources of Literature
Key Findings and Discussion
First, the study categorised the major challenges faced by women entrepreneurs in to these:

1. Inadequate resources
2. Management issues
3. Technology

Women entrepreneurs face many challenges when developing their enterprise. From the time of the initial commencement to running the business they face problems. Women entrepreneurs suffer heavily from inadequate working capital. The accessibility to external finance is limited. The complicated procedure of starting a business venture adds to the challenge. Women entrepreneurs find it extremely difficult in complying with various legal formalities in obtaining licenses etc. Most of these problems are beyond the control of the entrepreneurs.

Women entrepreneurs find it hard to enter a specific market and make their products popular. Marketing requires a lot of money which is a challenge for women entrepreneurs.

Women entrepreneurs find it difficult to procure the required materials for production in sufficient quantity and quality. Another challenge faced by women entrepreneurs is the competition from large scale businesses and established male entrepreneurs. In spite of the limitations in their enterprises, women entrepreneurs still need to face industry competition. The limitation in knowledge and skills in running a business enterprise is also another challenge. The high cost of production is another problem which undermines the efficiency and restricts development of women entrepreneurs. Women entrepreneurs also suffer from the problem of low risk taking ability as compared to their male counterparts, because they have led a careful life. Conflicts arising from family members, who do not support the women entrepreneurs, is another challenge they must overcome. For a successful venture, women entrepreneurs require the support and approval of their family.

Secondly, this study found the competencies exercised by the successful women entrepreneurs when overcoming the aforementioned challenges. The study identified competencies demonstrated by them into the four groups:

1. Interpersonal competencies
2. Human Relations competencies
3. Entrepreneurial competencies
4. Managerial competencies

Lerner and Almor (2002) used factor analysis to establish that entrepreneurial skills and managerial skills. This was a follow up of earlier studies such as those by Chandler and Hanks (1994), who assumed that two categories of skills were required for the entrepreneurial role and the management role. Chandler and Jansen (1992) proposed three categories of competencies which are entrepreneurial, management, and technical.
Other studies such as Baum and Baron (2014) developed nine entrepreneurship competencies, whilst Orser and Riding (2003) identified 25 competencies.

What is observed is that the competencies of the women entrepreneur may vary from a researcher to researcher and it is difficult to make direct comparisons. This study draws attention to the found competencies in order to identify the factors that prevent women from contributing to the business development. Equality for women entrepreneurship may also be considered as a positive move towards business development. The rate of female entrepreneurship itself does not seem to provide any significant information on the level of development. Kelley et al. (2011) identified that in 2012, the highest and the lowest rates of women entrepreneurship were in Zambia (40%) and Pakistan (1%), both classified as factor driven economies.

This suggests that there is no general prescription for relating the rate of women entrepreneurship to the level of economic development. This implies that women entrepreneurship in each country has its own characteristics and needs to be studied in its own socio-economic context.

This study agrees with Baum and Baron (2014) that overall, “gender equality itself does not predict the proportion of female entrepreneurs”. It is important to note that the reasons behind the lack of female entrepreneurial activity in developing countries seem to be different from that of the developed countries. As economies develop entrepreneurship tends to decline, because society provides more employment options (Kelley et al. 2011). It appears that in developed countries, gender equality increases women’s opportunities to become entrepreneurs or be employed. The importance of fostering female entrepreneurial activities seems to be more essential in developing countries with high gender gap in employment. Therefore the study can confirm that the low rate of women entrepreneurship in developing countries such as Sri Lanka accompanied by high women unemployment rate may indicate the low contribution of women in the business development of the country.

Conclusion and Implications
The objective of this research paper was to identify the various issues and challenges faced by women entrepreneurs of Sri Lanka, the competencies successful women entrepreneurs exercise in order to overcome them and to affirm whether the women entrepreneurs have made an impact on the business development of Sri Lanka.

Entrepreneurship is one of most discussed and encouraged concepts around the world to overcome economic challenges. Thus, women have a great capacity and potential to be the contributor in the overall economic development of any nation. Therefore with the findings of this research it was identified that more and more women entrepreneurs make an impact on the development of Sri Lanka. The process of entrepreneurship may have many similarities across contexts but the process is influenced by society’s norms, values, rules, regulations, and public policies.
While women have been active in Sri Lankan business sector for a long time, it is only relatively recently, that organizations have begun to formally accept them as equal leaders. Many of these organizations have focused their efforts on assisting women’s groups to implement projects in their communities and on defining and reducing the barriers they face.

Therefore, programs and policies need to be created to encourage women entrepreneurship as well as implement various strategies which can help support women in their entrepreneurial activities.

As a country with women workforce promptly available, Sri Lanka needs to encourage women entrepreneurship in order to support the development of the country. It would be a possible remedy to overcome all types of business and market challenges. Changes in the Government brought promises of equal opportunity to all Sri Lankan citizens, especially to women. As a result, new laws which guarantee equal opportunities in female startup ventures and equal rights in education and employment are enacted but most of the government initiated activities still benefit only a small portion of the women entrepreneurs. The majority of them are still unaffected by change and development.

Entrepreneurship has played a remarkable part in empowering women and is observed as a driving force for economic development, job creation, personal development, as well as self-empowerment. Therefore women entrepreneurship supports the long-term economic growth of Sri Lanka.

Utilizing the full capabilities of the women entrepreneurs is vital for sustainable development of the country. Hence, it is essential to ensure ongoing women entrepreneurship for a growth in the development of Sri Lanka.

**Contribution to Literature**

This research paper forms the basis for both future research and policy development. It has approached research on women entrepreneurs from a life experience perspective. Qualitative research into matters concerning Sri Lankan women entrepreneur by a female researcher is not common. Most researchers to date have relied on statistical reviews. The qualitative approach will make this work a valuable addition to literature. It has also demonstrated there are successful women entrepreneurs who have found a way to operate within the male dominant society and implement a variety of skills and competencies in order to overcome the challenges they face in running their business.

**Limitations**

As with any empirical research, the study had a number of limitations. First, studying individual entrepreneurial behaviour in a natural work context was a complex and difficult task because the criterion is often difficult to validate, and researcher is often limited to the use of perceptual measures. Perhaps this is why there has been little research done in this area.
Secondly, the current study relies on questionnaire and case study data, and thus, it is not as rigorous as testing an experiment in a pure laboratory setting. Thirdly, this study did not separate the two-stages of a business and studied the initial stage and latter stage of a business separately. Future studies should separate them into measures reflecting the task specific problems each poses. For a fuller understanding of this phenomenon, in-depth qualitative and quantitative research is required in addition to also incorporate other kinds of cognitive and behavioural factors that may affect women entrepreneurial innovative behaviour.

Although the findings reported here provide some guidance to practicing entrepreneurs, they also pose a completely new set of questions for researchers. Are the findings of this study common to all women entrepreneurs in different sectors? Are there any other challenges faced by women entrepreneurs with the changes in the technology and economy? Are there different or additional competencies women entrepreneurs could exercise to overcome such challenges? Answers to these questions also await further study.

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