

## A STUDY OF FACTORS AFFECTING FEMALE ENTREPRENEURIAL INTENSION

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### Abstract

Entrepreneurship plays a very important role in achieving development goals for a country. This study investigates the factors that affect female entrepreneurs' intentions. Accordingly, the primary objective of this study was to identify the factors that affect female entrepreneurs' intentions. For this purpose, 40 female entrepreneurs from the Balangoda divisional secretariat were sampled. The sample was selected using the simple random sampling method, and data were collected through a questionnaire and interview method. A multiple regression test was conducted to study the relationship between the intentions of female entrepreneurs and the factors considered. It was identified that Economic Factors, Social & Cultural Factors, Motivation, and Security have a positive effect on the intentions of female entrepreneurs. Thus, it is important to focus on these identified factors to uplift women as entrepreneurs, providing them with the opportunity to develop their entrepreneurial abilities. To achieve this, conducting training and awareness programs is essential. Through these initiatives, women will have the opportunity to flourish as entrepreneurs.

**Keywords:** Economic Factor, Female entrepreneur, Motivation, Security, Social & Cultural Factor

### Introduction

In order to achieve the development goals of a country, it is very important to accelerate and expand the country's production process. Therefore, the enterprise process has a higher importance. Since Sri Lanka is still a developing country (World Bank, 2022), it is essential to develop entrepreneurship to achieve sustainable development by achieving development goals. Because through the enterprise process, it is possible to achieve a significant improvement in the production process and simultaneously it allows for the creation of a large number of jobs opportunities. This process ultimately has a direct positive impact on overall economic growth (Hisrich, 2005).

In the discussion of entrepreneurship, entrepreneurs are willing to take risks in order to innovate and make a profit. It can be recognized through experience in the last few years that entrepreneurship has a significant positive effect on the economic development of a country. But the main feature that stands out here is that the majority of entrepreneurs are male entrepreneurs (ILO, 2006). Considering the countries in the world, it can be seen that female are less incline towards entrepreneurship (Nasri and Shams, 2018). This situation is even more pronounced when considering developed countries. The situation is similar in Sri Lanka even as a developing country. At present, gender equality can be identified as a widely discussed topic. Females have contributed in strengthening the

economic process as much as men, which is a highlighting aspect in the debate of gender equality. Yet, female's involvement in entrepreneurship is low (Nasri and Shams, 2018).

Considering the average annual population of Sri Lanka in the year 2023, the female population is 10,941 000 and the male population is 10,268 000 (Census of Population and Housing 2012). Accordingly, it can be recognized that the female population in Sri Lanka is relatively high but considering individual literacy, men are ahead

compared to female. Therefore, the male literacy is 94.3% and the female literacy is 92.3% (Central bank annual report, 2023). Thus, differences can be seen according to gender.

In consideration of entrepreneurship, it is important to consider how ownership is divided in micro, small and medium enterprises. It makes the process easy to understand the differences between genders.

Table 1: Key Indicators Related SMEs

	Total		Establishments		
	Number	%	% Registered	% Run by Female	% with Sole Ownership
Total	1,019,681	100	57.6	24.8	90.4
Micro	935,736	100	54.6	26.3	93.1
Small	71,126	100	89.1	8.3	64.5
Medium	10,405	100	100.0	6.1	35.9
Large	2,414	100	100.0	4.6	20.3

Source: Department of Census and Statistics, 2013/14

In the ownership of local businesses as a whole, men hold 75.2% ownership. Accordingly, this implies that compared to the female group, the male group is engaged in business activities.

In order to increase the number of females, who start new businesses in Sri Lanka, it is important to promote female's entrepreneurship and remove obstacles female may face when starting businesses. It is also important to identify the factors that influence them to turn to business activities. By encouraging positive factors, it will be possible to increase the number of female entrepreneurs, which directly affects economic development.

Therefore, the primary objective of this study is to identify the factors that affect female's entrepreneurial intentions. It will guide organizations that are currently working to empower female through entrepreneurship. This

study will be important to make necessary decisions in carrying out activities to increase the contribution of female in the country's business activities.

### Literature Review

Various researches have been conducted on female's entrepreneurship and the factors affecting in various contexts. The facts that has been discovered can be stated as follows.

Global interest in female's entrepreneurship has grown (Box and Larsson Segerlind, 2018). Another view of the foundation of entrepreneurial diversity is female's entrepreneurship. However, in developing nations like Pakistan, their talents and potential are frequently underutilized because of the socio-cultural and economic complexity (Yunis et al., 2019; Noor et al., 2022).

## **Factors Influencing the Intention of Female Entrepreneurs**

### **Economic Factors**

According to Marlow and Patton (2005), obtaining financial resources is a critical factor that affects an organization's beginnings and the success. Financial exclusion, unfair regulations, and discriminatory law enforcement are just a few of the barriers that women face in the business world (Sabri, 2015). Moreover, Carter and Marlow (2004) stated that female entrepreneurs typically use their own funds and family support to fund their businesses rather than depending on outside funding sources. These tendencies are caused by a number of things, such as inadequate collateral, a reluctance to use household assets as collateral, and, most importantly, prejudice on the part of loan officers toward female entrepreneurs.

Another constraint encountered by female entrepreneurs is the lack of access to domestic and international markets. The entrenched traditions and cultural norms prevalent in developing and particularly least developed countries pose formidable barriers, impeding the smooth operation of businesses. Furthermore, the availability of timely and accurate information concerning emerging markets and market segments remains deficient. Female entrepreneurs also harbor apprehensions regarding encountering prejudice and/or sexual harassment, which curtails their outreach and impedes their capacity to engage in travel for networking purposes (Farah, 2014). A report issued by UNICEF (2004) concluded that the apprehension of facing prejudice and/or sexual harassment represents a primary inhibiting factor restricting females' mobility and their ability to establish business connections.

In the developing countries, young female and girls face many challenges in acquiring the necessary skills for entrepreneurship (Amin et

al., 2010). Female's poor performance in small and medium-sized businesses is primarily caused by a lack of access to training and advisory services, according to studies conducted by Brown et al. (2002) and Brush et al. (2009). The need for organized training sessions is becoming more and more important in order for female to develop the critical skills needed to succeed as entrepreneurs. Getting relevant training and attending workshops to promote entrepreneurship before starting and running a business are essential activities.

Because these networks are predominately made up of men, female generally have fewer business contacts and have less access to professional associations and other business networks than do men. Since most female entrepreneurs run small businesses, it can be difficult for them to get access to important information. According to Mahboob (2000), the lack of networking opportunities causes female to be less aware of and exposed to positive role models, which lowers their confidence levels and makes it harder for them to pursue business growth or expansion. Furthermore, the performance of female entrepreneurs in developing nations has been found to be significantly impacted by a lack of information (Robertson, 1998; OECD, 2002; ILO, 2008).

### **The Influence of Sociocultural on female's Intention to Start Their Own Businesses**

In general, the term "socio-cultural environment" refers to both cultural values and components of the social structure. These sociocultural influences not only mold people's personalities but also their attitudes, behaviors, and capacities for making decisions (Bennett and Kassarian, 1972; Adeleke et al., 2003). The current study examined how social and cultural factors, such as family history, conflicts between work and home responsibilities, family obligations, and low

mobility, affect female participation in entrepreneurship.

Huck and McEwen (2011) asserted that the emotional and the practical support from family members is a critical success factor for female entrepreneurs. The majority of families encourage their daughters to start their own companies. In this sense, they receive both financial and emotional support in the form of venture capital, which is crucial to the success of their business. In contrast, married female entrepreneurs may find that family support lessens domestic conflict. The most important thing is for the husband to support his wife's business, as this can reduce the amount of arguments and family strife, which in turn affects the business process directly (Ying, Lu & Kumah, 2013).

Another obstacle to female being successful business owners is the family obligation. Their primary responsibilities are to their children, their homes, and their elderly dependents, which leaves them unable to dedicate much of their time to their businesses and limits their mobility. Cultural barriers exist for female generally as well; they are viewed in society as being only decent mothers and wives. They are frequently observed to be weak, irrational, and passive (Schein and Mueller, 1992).

### **Motivation**

One of the pull factors that propels entrepreneurial intentions, activity, and behavior is motivation. It incites people to look for business opportunities. The desire for wealth, the need for achievement, the need for self-discovery and job satisfaction, and the desire for independence are some of the motivational factors that Nor and Yufiza (2004) identified as having an impact on entrepreneurial intention.

The need to succeed is what motivates people to take on full responsibility and complete challenging but difficult tasks in order to achieve success (McClelland, 1961). One important characteristic of entrepreneurs is their desire for independence. This gives the business owner the ability to plan ahead and make all of the decisions for themselves. The main reasons an entrepreneur decides to handle things on their own are independence and autonomy (Collins & Moore, 1970). One of the fundamental aims and objectives of entrepreneurs is the desire for wealth (Cassar 2007). Similarly, the majority of entrepreneurs are found to be primarily motivated by financial gains (Marco & Paul, 2006).

Self-discovery and job satisfaction emerge as primary motivators driving individuals to engage in entrepreneurial endeavors (Shapero, 1982). Running a business affords individuals a sense of self-ownership, bolstering their self-esteem and fostering business confidence. Considering the aforementioned literature, motivation is anticipated to exert an influence on females' entrepreneurial intentions.

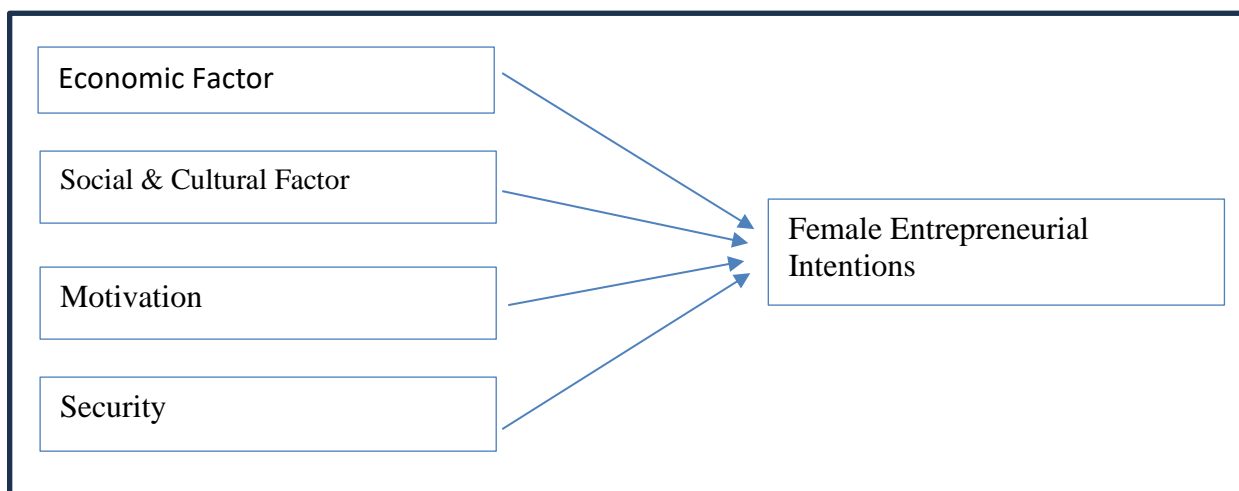
### **Security Factors' Impact on Female Entrepreneurial Intentions**

It will be challenging for female to engage in entrepreneurial endeavors without security. Numerous detrimental social and economic effects result from the insecurity. It has an impact on life quality as well. Furthermore, female's positive and significant contributions to business enterprises are eliminated by insecurity (Mburugu & Hussein, 2002).

### **Conceptual Framework**

The following is the study's conceptual framework. The dependent variable is entrepreneurial intention, whereas the independent variables are the economic, social and cultural factors, motivation, and security.

Figure 1: Conceptual Framework



Source: Compiled by the author

### Methodology

This study investigated the factors influencing the referral of female to entrepreneurship. Balangoda divisional Secretariat in Ratnapura District of Sabaragamuwa Province was selected as the sample. The World Bank Report (2020) has stated that of all the provinces in Sri Lanka, Sabaragamuwa Province has the second-highest rate of poverty. As a result, the province of Sabaragamuwa was chosen for this investigation. Because through the development of female's enterprise, this poverty can be overcome to some extent. 40 females engaged in business activities were used as a sample. Thus, 40 females who are registered as enterprises in the Balangoda Regional Secretariat were selected by simple random method. These female entrepreneurs were engaged in various business activities such as food processing, tailors, beauty salons, restaurants, handicrafts, communication, etc. A questionnaire and an interview were used to collect data. SPSS software was used to analyze the data.

The reliability of the survey instrument was evaluated using Cronbach Alpha values. The study's hypotheses were examined using the Pearson correlation test to determine the

relationship between the study variables. The effects of socio-cultural, economic, security, and motivational factors on the intentions of female entrepreneurs were examined using regression analysis.

### Analysis

#### Reliability statistics

Table 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.837	.840	28

Source: SPSS output, Compiled by the author

Cronbach's alpha reliability coefficients typically range from 0 to 1. The closer the coefficient is to 1.0, the stronger the internal consistency of the scale's items (variables). The Cronbach's alpha values calculated to test the internal consistency ("reliability") where the five-point Likert scale questions were set in the questionnaire to determine its reliability to show that all items measured in the questionnaire are reliable. Here Cronbach's alpha value is recorded as .837. Cronbach's alpha scores better than 0.7 is deemed as acceptable.

## Correlation Analysis

Table 3: Pearson’s Correlation

	Female Entrepreneurial Intentions	
Variable	Pearson Correlation	Sig. (2-tailed)
Economic Factor	.713	.000
Social & Cultural Factor	.567	.000
Motivation	.579	.000
Security	.707	.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS output, Compiled by the author

The Pearson Correlation table above presents information about the correlation female Entrepreneurial Intentions and Economic Factor. Accordingly, the correlation between female Entrepreneurial Intentions and Economic Factor is .713. Accordingly, it is clear that there is a positive correlation between Female Entrepreneurial Intentions and Economic Factor. In addition, the correlation coefficient is significantly different from zero ( $p < 0.001$ ).

The Pearson Correlation value regarding Female Entrepreneurial Intentions and Social & Cultural Factor is .567. It is clear that there is a positive correlation between Female Entrepreneurial Intentions and Social & Cultural Factor. It is also evident that the correlation coefficient is significantly different from zero ( $p < 0.001$ ).

The Pearson Correlation Female Entrepreneurial Intentions and Motivation has demonstrated in Table 3 above. Accordingly, its value is .579. This depicts that there is a positive correlation between Female Entrepreneurial Intentions and Motivation. In addition, since the sig value is

.000, it is clear that the correlation coefficient is significantly different from zero ( $p < 0.001$ ).

Female Entrepreneurial Intentions and Security had a correlation value of .707. This indicates that the strength of association between Female Entrepreneurial Intentions and Security is very high and that the correlation coefficient is significantly different from zero ( $P < 0.001$ ).

## Model Summary

Table 4: Model Summary Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.930 <sup>a</sup>	.864	.848	.438	1.924

a. Predictors: (Constant), Economic Factor, Social & Cultural Factor, Motivation and Security

b. Dependent Variable: Female Entrepreneurial Intentions

Source: SPSS output, Compiled by the author

The table demonstrates how well the data used fit the estimated model. As shown here, the  $R$  value is .930. Since the  $R$  is greater than 0.7, a strong correlation can be seen between the independent variable and the dependent variable.

Likewise, the value of the R Square ( $R^2$ ) is .864, which means the extent to which the independent variables describe the dependent variable. Accordingly, here the independent variables explain 86% of the dependent variable.

Further, the Adjusted R Square indicates the percentage of explanatory variance that was not influenced by the independent variables, and in this model, it is close to 84%.

**ANOVA**

Table 5: ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.533	4	10.383	54.009	.000 <sup>b</sup>
	Residual	6.536	34	.192		
	Total	48.070	38			

a. Dependent Variable: Female Entrepreneurial Intentions

b. Predictors: (Constant), Economic Factor, Social & Cultural Factor, Motivation and Security

The ANOVA table indicates the overall significance of the model. Here Regression Sum of Squares, Residual Sum of Squares, Total Sum of Squares and their respective df values, Mean Square value have portrayed.

This tests whether or not any of the independent variables are at least overall significant. For that,

the Sig value is used here. The F test helps to test the hypothesis to identify whether there is a relationship between the independent and dependent variables. Here the Sig value is less than 0.025 ( $0.000 < 0.025$ ) so the model is overall significant.

**Coefficients Results**

Table 6: Coefficients Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.876	.557		3.371	.002
	Economic Factor	.314	.087	.273	3.622	.001
	Social & Cultural Factor	.238	.064	.251	3.718	.001
	Motivation	.301	.074	.368	4.090	.000
	Security	.278	.079	.327	3.511	.001

a. Dependent Variable: Female Entrepreneurial Intentions

The coefficients table considers the individual variance of the independent variables Economic Factor, Social & Cultural Factor, Motivation and Security.

Accordingly, Unstandardized Coefficients B indicate how many units the dependent variable changes when the independent variable changes by one unit. Accordingly, if Economic Factor increases by one-unit, Female Entrepreneurial Intentions increases by 0.314 units. If Social & Cultural Factor increases by one-unit, Female Entrepreneurial Intentions increases by .238 units, and if Motivation increases by one unit, Female Entrepreneurial Intentions increases by

.301 units. Further, if the Security factor increases by one unit, it can be recognized that Female Entrepreneurial Intentions 278 units and so on.

Thus, based on this data, the multiple regression formula can be constructed as follows.

$$\hat{Y} = 1.876 + 0.314E + 0.238SC + 0.301M + 0.278S$$

E- Economic Factor,  
 SC-Social & Cultural Factor  
 M-Motivation  
 S-Security.

Accordingly, it is clear that the independent variables used, Economic Factor, Social & Cultural Factor, Motivation and Security all have a positive effect on Female Entrepreneurial Intentions. It is also clear that all these independent variables affect the Female Entrepreneurial Intentions.

### Conclusion

This study investigated the factors that influence Female to enter entrepreneurship. It could be identified that Economic Factor, Social & Cultural Factors, Motivation and Security factors have a positive effect on it. Currently, Sri Lanka is facing an economic crisis and many people are unemployed. In the face of such a background, it can be recognized that Female are especially underemployed. Accordingly, it is more important to direct female to enterprising activities in order to raise their living standards and strengthen them economically. Based on the factors identified by this study, it is important to remove the existing barriers for female to engage in entrepreneurship. In addition, it is important to pay attention to the identified factors when working to uplift female as entrepreneurs regionally or nationally. It gives female the opportunity to develop their ability to stand up as entrepreneurs.

Moreover, it is important to conduct awareness workshops and training programs for female in Balangoda Divisional Secretariat to stand up as entrepreneurs. In order to uplift female as entrepreneurs nationally, it is important to introduce subjects related to new business activities in universities and higher education institutions, especially to expand the space for female students to gain knowledge about it. Through these activities, not only in the Balangoda Divisional Secretariat, but also in Sri Lanka as a country, the growth of female as entrepreneurs can be improved.

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