

Women Participation and Business Performance of Small Business Organizations: With Reference to Puttalam District in Sri Lanka

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Abstract - *The study examines women participation of small business entities (SME) and its impact on the utilization of funds, record keeping and financial planning on business performance of small business entities. The objectives of the study are; to identify the women participation in SME, to identify the usage of funds on different business activities, to examine the business performance in terms of net profit and finally to identify application of an accounting information and record keeping of the business entities. The study has used quantitative research techniques and convenient sampling technique. The study has been carried out in Puttalam District where micro finance sector represent significantly. The sample consists with 150 respondents which represent the study sample and three major micro finance societies in the district were selected in order to get the sample. Research data were collected through a questionnaire distributed among the sample. The results suggest several conclusions. There is a high women participation in Small Businesses due to the nature of the business and living condition of the family. Second, an effective utilization of funds enhance business performance in terms of net profit of business entity and the growth of the SMEs. Further, the application of an accounting information system and the record keeping support business entities in decision making as it counts the business performance.*

Keywords: *Business Performance, Small Business Organizations, Women Participation*

I. INTRODUCTION

As per the reports published by the Global Entrepreneurship Monitor (GEM), there is a significant impact of women participation on the economic growth of a country or in other words, it is important to have women-led enterprises in national economic growth (Gupta, 2014). In Sri Lanka small scale business organization plays a major role in economic growth, where female-centered or women centered businesses

take significant part. The definition of small business is not spelt out in a formal way but instead of that the concept of micro-enterprise is defined as flows by different Sri Lankan authorities.

As per the Department of Industrial Development and Enterprise Promotions in Sri Lanka, micro enterprise can be classified into two basic characteristics, such as enterprise which have less than five employees and total investment except land and building is less than one million rupees are categorized as micro enterprise. This research covers both self-employments and micro enterprises which are defined by the above definitions. According to the government statistics According to the government statistics about 31% of the population makes living from agricultural and allied activities (Central Bank Annual Report, 2012). One of the prime problems of small businesses in Sri Lanka is not having timely and adequate credit at reasonable and affordable interest rates. With the development of formal sector of financial services, most of the government and private sector financial institutions including commercial banks and non-governmental institutions have accessed to micro financing activities in order to fund small business entities to provide financial services. The effectiveness and the efficiency of micro financing on small businesses (enterprises) could be dependent factor of success of overall financial system in Sri Lanka. Hence similar with other developing countries Sri Lanka also need more necessary factors are more important than motivating factors to become entrepreneurs by women.

The specific objectives of the study were as follows:

1. to identify the women participation in small business entities in Sri Lanka particularly in Puttalam District and
2. to identify the relationship between the women participation and performance of the business.

In order to achieve the above stated objectives the study formulated two hypotheses for the study as follows

H₁ - There is high level of women participation in small businesses in Puttalam District which create women led entrepreneurship

H₂ - Women led entrepreneurship creates more business profits than men led entrepreneurship.

This study examines the gender gap in small business involvement in rural areas and identifies relationship between the gender gap and business success.

As stated by Derera, Chirakunye & O'Neill (2014), Still & Timms (2000), explained that Women entrepreneurship play a major role in economic growth and development worldwide. As stated by Derera, Chirakunye & O'Neill (2014), it is observed through literature that even though the participation of women in small business enterprises has been increasing over the period (McGregor & Tweed, 2002), less research studies have been done on focusing on developing countries as explained by Roomi & Parrot (2008).

As stated by Derera, Chirakunye & O'Neill (2014), according to Cetindamar, Gupta, Karadeniz & Egrican (2012) several studies have been done, specially focusing on women entrepreneurship in developed countries than developing countries. Further business performance of women entrepreneurship is less identified in developing countries

II. MATERIALS AND METHODS

This research focused on the women employment and performance of small business organizations. Performance was measured in terms of business performance such as net income or net profit. Due to the high risk involvement small business entities are unable to access to the formal financial sector to fulfill the financial needs of the business entities. To answer to this problem, the recent trend of the formal financial sector is having different micro financing programs to serve poor households in establishing the business entities and help for the continuation.

In order to select the population for the research the researcher initially collected information about different microfinance service providers both in government and private sector. Information about microfinance practitioners have been collected through Lanka Microfinance Practitioners' Association. Contact details of microfinance practitioners have been collected Through the Lanka Microfinance Practitioners' Association. In that process it was identified that most of the microfinance practitioners have established their head offices in Colombo area except few practitioners. All

these microfinance practitioners are involving their operations out of the Colombo area such as Hambantota District, Kuranegala District, Ampara District, Batticaloa District and Puttalam District. Finally Puttalam District has been selected by the researcher to conduct the research.

In Puttalam District there are few microfinance practitioners including both private sector institutions and public sector institutions. Next step was to collect personal details of customers who obtained microfinance funds to collect data for the research. Most of the private sector practitioner refused to give personal details of customers due to privacy policy of the institution. Then the researcher approached to Puttalam District Isuru Development Peoples Limited which is under the purview of Rural Development Bank and registered under Company Act 2007. After having discussions with Managing Director of Puttalam District Isuru Development Peoples Limited regarding the purpose of the research, Puttalam District Isuru Development Peoples Limited agreed to give details of the customers to collect the for the research.

Puttalam District Isuru Development Peoples Limited is involving micro financing activities covering the entire district. As the district covers large geographical area, the company has formulated societies covering the entire Puttalam District for the operationalization purpose. Each society has a field officer appointed by the company to work with the customers. Owners of business entities need to join with the society and through which they have to obtain the loan from the company.

After having third discussion regarding the selection of sample, finally three societies have been selected for the study namely Suhadagama, Karuwalabadda, Madurankuliya. These three societies consist with nearly one thousand (1000) borrowers. All these three societies are having their respective field officer appointed by the company. These societies are having a gathering once a month and they discuss their investment and loan serving related matters at that time. Fourth discussion had with respective field officers regarding the distribution of the questionnaire among borrowers. As per the discussions had with respective field officers, came to an agreement to visit one of the meetings of each society and distribute the questionnaire at the end of the meeting. Discussion concluded by confirming dates to participate meetings to distribute the questionnaires. Further field officers agreed to inform the society regarding the data collection.

The study employs survey instrumental method, and structured questionnaire has been designed under the

quantitative methods. For distribution and data collection purpose, 600 questionnaires have been printed.

Researcher participated to all three societies on agreed dates with printed questionnaire. Number of questionnaires distributed is as follows;

- Suhandagama 200
- Karuwalabadda 200
- Madurankuliya 200

At the end of each meeting questionnaire were distributed and collected with the help of the respective field officers. Before distribution of the questionnaire the researcher explained the purpose of the study to the customers and requested to give true data about their business entities. Some of the borrowers did not return the questionnaire back to the team.

Details of the questionnaire distributed and collected are as follows;

Table 1: Questionnaire Distribution

No. of questionnaires distributed	No. of questionnaires collected	No. of usable questionnaires	No. of questionnaires used
600	532	357	150

At the end of the sorting process of questionnaire 150 questionnaires have been selected to the sample. All the details of all 150 questionnaires have been corded according to the predetermined codes. Firstly data have been entered in to the Microsoft excel data sheet to ensure that no missing data in the data sheet. Once the data sheet completed with data, data sheet has been converted in to SPSS 20 package to analyze the data.

III.RESULTS AND DISCUSSION

A. Descriptive Statistics

1) *Profile of the sample:* The sample of the research comprises with 150 respondents of the population. All the respondents of sample represent the particular micro finance program conducted by the Puttalam District Isuru Development peoples limited governed by Rural Development Bank which is under the purview of the Central Bank Sri Lanka. All 150 respondents are under the category of micro finance borrowers for different industries and businesses namely, Agriculture, Animal Husbandry, Small Businesses, Trade and Services and Fishing. The representation each category of business of the sample is as follows.

Table 2: Sector contribution

Nature of the Business	Number of Businesses	As a share of micro finance industry (%)
Agricultural	52	35
Animal Husbandry	49	33
Small Business	30	20
Trade and Services	29	19
Fishing	3	2
Other	8	5

Source: Author

Agriculture sector represents the highest contribution to the industry and which counts the 35% of the sample selected. Animal Husbandry counts 33% of the sample, Small business, and trade and services counts 20% and 19% respectively. Fishing is counted as the smallest contribution towards the industry with 2% of contribution. The remaining 8 % of the sample consists with other small sectors which are not categorized as major sectors.

2) *Gender:* As per the survey results 92% of the sample consists with female respondents and remaining 8% contributes with male respondents. All most all the female respondents are the owners who acquire the micro credit facility for various business purposes. This shows that female community represents the larger component of the survey.

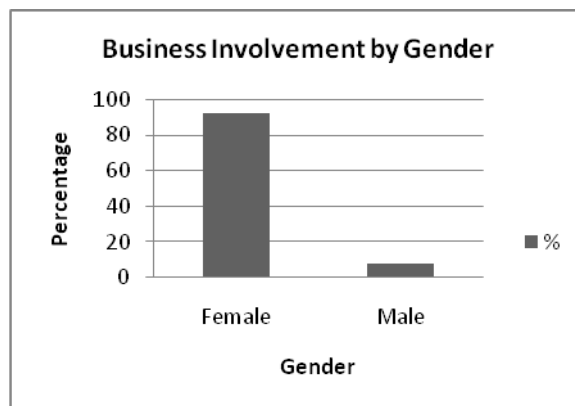


Figure 1: Gender of the respondents

Source: Author

3) *Age:* The age of the respondents spread in the range of 18 years to more than 50 years. Age ranging 31-40 represents the 45% of the sample with the highest count of the sample. Age range of 41-50 represents the second largest contributing 44% to the sample. Respondents and owners whose age is below 20 years represent 1% of the sample.

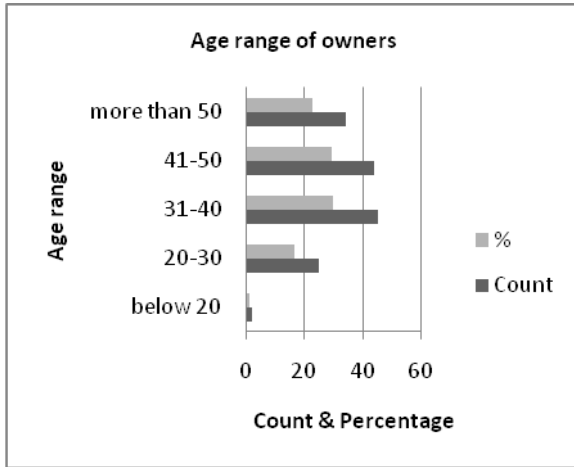


Figure 2 : Age range of owners
Source: Author

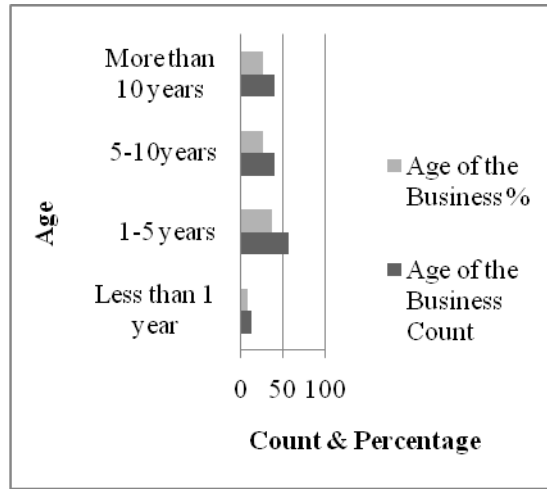


Figure 4 : Age of the Business

4) *Education:* The educational level of the business owners comprises with primary and secondary with G.C.E (O/L) and G.C.E (A/L) qualifications. 47% of the total respondents are having G.C.E (O/L) qualification and that is that is highest representation of the sample. All most 40% of the respondents are with the primary education. Respondents with the qualification of G.C.E (A/L) represent the lower contribution to the sample and count only 13% of the sample statistics.

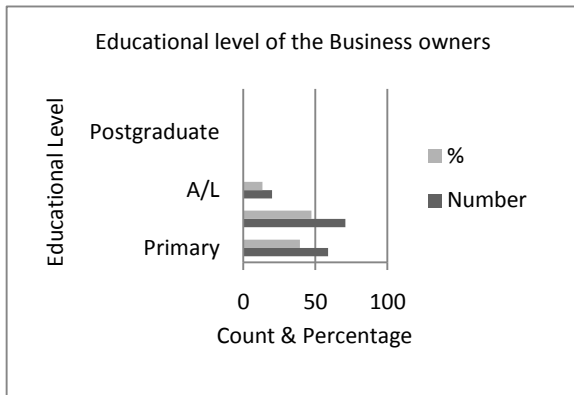


Figure 3: Educational Level of the Busines Owners
Source: Author

5) *Age of the Business:* The age of the business of the respondents is spread over the range of less than 1 year to more than 10 years. Larger numbers of business units are in the age range of 1-5 years and this count 37% of the sample.

6) *Use of loan on a planned activity:* The survey results shows 97% of the sample respondents have used their loan acquired through micro finance on a predetermined or planned activity and that counts 147 respondents out of 150 sample respondents. Only 3% of the sample has responded that loan utilization was not on planned or pre-determined activity, but still they used that money on a business activity without having a proper plan.

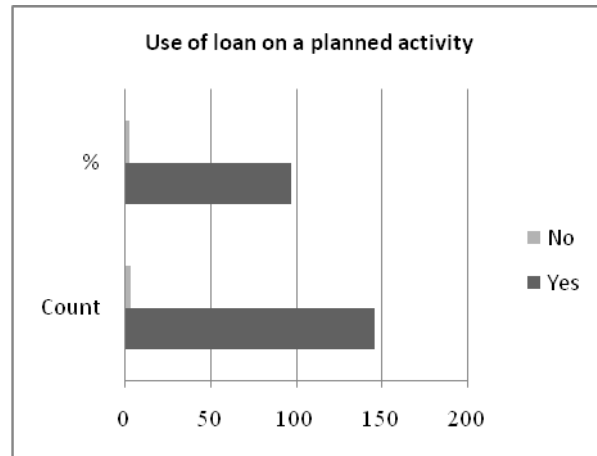


Figure 5: Use of loan in a planned activity
Source: Author

7) *Loan Repayment Period:* Most of the business entities are in the range of 1-3 years of repayment period and that counts 98 & of the sample recording the highest percentage value. There is only 1 respondent who is having less than 1 year for the repayment and there are only 2 respondents who are having more than 3 years for the repayment. As per the rules and regulations of the funder repayment period is decided based on the loan amount, income and operational capacity of the business.

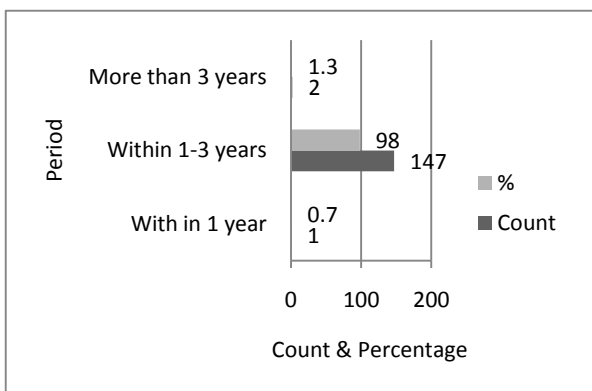


Figure 6: Repayment Period

8) *Loan Usage*: According to the data gathered other than business entities which are in animal husbandry 76% of the sample have used their loan amount on business activities either to purchase items or materials for the business or for other compulsory expenses of the business. Only 1% of the sample has used acquired loan amount on miscellaneous activities.

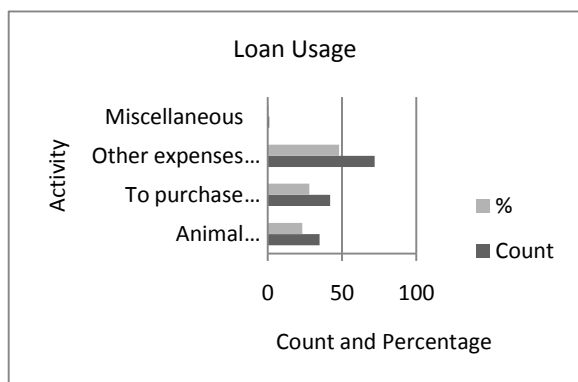


Figure 7: Loan Usage

Source: Author

9) *Impact on business due to the loan*: On inquiry of impact of loan on business entities, 72% of the sample has responded that there were increases in profits and income due to loan amount as they have invested that loan on productive activities. 14% responded that there were decreases in expenses compared to income as they have utilized loan efficiently. 4% responded that there were increases in expenses as they had high level of initial investments and capital expenditures. Out of total respondents 10% of it responded that they incurred losses due to various economic and environmental actors, and they were not able to get profits or actual returns on investment of loan credit.

10) *Profit/Net income*: Profit show the net amount that remain with business entities after payment of all

operating expenses including any interest on financing. According to the gathered data many business entities represent the profit in the range of Rs 5,001 - Rs 20,000 and that counts 55% of the total sample. 33% of the sample is in the category of less than Rs 5,000. The profit range of Rs 20,001-50,000 represents only 7% of the sample and 1% representation is there for each profit levels of Rs 50,000-100,000 and more than 100,000. 2% of sample represent losses and that is after the all the expenses related to the business.

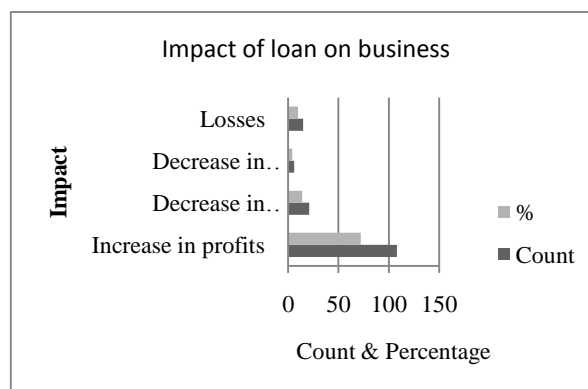


Figure 8: Impact of loan on business entity

Source: Author

11) *Assets purchased from business profits*: As per the survey results 77% of the sample responded that they have purchased business related assets or necessities for the business other than any other assets which can be used for both business and house hold activities. 9% of the sample responded that they were able to build a house for their families and 4% responded that the profit they earned used to purchase vehicles which can be used for both business and household activities. Only 1% responded that they were able to purchase or start a new business from the profit as an expansion of a new business or other business activities. Friends network, other assets and prestige has taken the counts of 4%, 4% and 1% respectively.

12) *Record keeping*: According to the survey results 55% of the sample responded that they do not keep records regarding the business activities in regular basis. Only 45% of the sample keeps record in regular basis and business entities which keep business records do not employ any professional to keeps records. For the purpose of keeping records these entities involves with family members or owners is doing the record keeping as per their knowledge. All most all the business entities which keeps business records, keeps records manually and do not use any computerized system or software for this purpose.

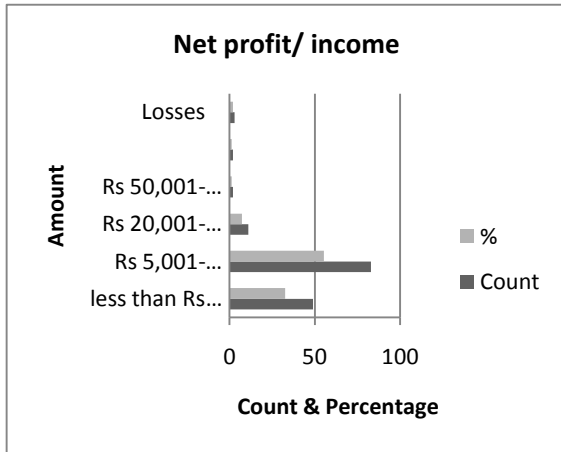


Figure 9: Net income/profit
Source: Author

B. Correlations among variables

1) Correlation between planned activity and profit of the business:

According to the correlation results on planned activity and profit the coefficient value (*r* value) is 0 .069. Relationship is positive but statistically insignificant. But as the “*r*” value is positive apart from the statistics it can be said that there is a positive relationship credit usage in planned activity and profit or the net income of the business.

Table 3: Correlation among planned activity and profit

	Planned activity	Profit
Planned activity	1	.069
		.399
Profit	.069	1
	.399	

Source: Author

2) Correlation between loan usage and profit:

According to the correlation results on loan usage and profit the coefficient value(*r* value) is 0 .235and significance level is .004. The relationship is positive and statistically significant as expected.

3) Correlation between gender and profit:

According to the correlation results on gender and profit, the coefficient value (*r* value) is 0 .086 and significance level is 0.296. The correlation value is positive but statistically insignificant. This shows that there is not a significant relationship among the gender and the profit.

Table 4: Correlation among loan usage and profit

	Loan Usage	Profit
Loan Usage	1	.235**
		.004
Profit	.235**	1
	.004	

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

Source: Author

Table 5: Correlation among gender and profit

	Gender	Profit
Gender	1	.086
		.296
Profit	.086	1
	.296	

Source: Author

IV. CONCLUSION

According to the research findings there are several conclusions. First, it can be observed thatthere is high women participation in small business organizations. It has been revealed that lack of education, high number of dependents of family and poor living conditions are the main reasons for high women participation. Secondly, the concluded that utilization of fund in small business organization is not prioritized and used for productive activities, but used as planned. Hence, net income earned by the business has used mainly for repayment of loans. Thirdly, record keeping of business entities is not done as expected by accounting theories, but they keep their record of their daily transactions according to their own format.Finally, it has been concluded that there is a positive relationship between women participation and business performance small organization but that relationship is not significant as expected.

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