

THE STUDY OF INVESTING IN SMEs BY WOMEN IN SRI LANKA

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Abstract

In Sri Lanka, many women are running successful small businesses and some of them are very successful with entrepreneurial skills. Now they have a chance to participate in a cash economy being able to send children to school, to pay utility bills and, importantly, to feel better that they have control over their lives instead of occupying in a full time job locally or abroad. This has also created a social effect. Women in business are not only able to take care of financial position of the family but also they have quicker access to family due on any reason than a working woman. However, it has not been observed how effectively women run businesses to contribute to their family and to the economy of the country. It is common that the effective management of a small business will lead to expand the business into medium and large scale in future. This study basically aims at the progress of women in small business and how effectively they run the business towards goals in future expansion. The research method chosen and best suited to this study is descriptive quantitative research. The proposed method for data collection is close-ended questionnaire to maintain accurate accounts of information given. The researcher has used 50 registered women in small business that fitted with the outlined criteria chosen through simple random sampling. The researcher concludes the study by observing the importance of creating awareness of the need for women to invest in small businesses and financial institution to

introduce new financial mechanisms to develop women in businesses.

Keywords: *Women, Entrepreneurship, Challenges, SME, Investment*

1. INTRODUCTION

It has been proved that more than 90 per cent of industries in Sri Lanka are reported to be either small or medium sized enterprises which provide economic growth, increased productivity and employment (Organization for Economic Cooperation and Development, 2004). In view of the growing importance of entrepreneurship- oriented development it has been identified the fact that about 40% of enterprises in developing countries are owned and run by women (Zororo, 2011). Women in business have a potentiality of becoming owners of trademarks, service marks, trade names as well as of industrial designs, patents and copyright in future (Kim, 2012).

Fostering women in business can have a positive impact on a number of areas. It enhances economic growth and provides employment opportunities; in addition, it improves the social, educational and health status of women and their families as women invest more on education, health and well-being of the family (Attygalle et al., 2014). This means women in Sri Lanka have been able to send children to school, to pay utility bills and, importantly, to feel better that they have control over their lives instead of occupying themselves in a full time job locally or abroad. In global scale, the women in business use their skills, experience and time to uplift themselves and their communities. They become productive and innovative. Through their collective industry they are contributing to Sri Lanka's success as a nation.

2. RESEARCH PROBLEM

Women in business provide more benefits to the country. Sri Lanka is a developing country which has a vast demand for housemaids to middle-east countries. Although this brings foreign money to the country, it has already created some social problems like child labour, child abuse, child pregnancy, prostitution and

family problems. All of these problems can be avoided if mothers stay with their families and be self-employed. This enables families to be more sustained such as children get education, protection and enough nutrition, which cause to increase literacy rate, level of education and living standards. Then again it helps to develop the economy.

Entrepreneurship among women is very important for a country like Sri Lanka because women constitute more than half of the population of this country, but their active participation in the economy is only 34 percent (Department of Census and Statistics, 2014). Additionally, the number of females representing the employer category is about 0.6 percent of the total employed population of Sri Lanka (Department of Census and Statistics, 2007). This implies that the lack of Sri Lankan women pursuing entrepreneurship and the shortfall of successful women in business have directly resulted in their lower levels of contribution to the local economy. There are certain common challenges that were identified in developing entrepreneurs in Sri Lanka. These include, lack of access to finance, inconsistent economic policies, lack of access to technology, and a lack of managerial skills required for business development (Attygalle et al., 2014).

Then, these challenges can be common to the SMEs operated by women as well. How women face these challenges, except them any other challenges women face and the environmental conditions of businesses women operate are the areas this research covered. Therefore, this study aimed to investigate how women operate SME businesses in a challengeable environment.

3. RESEARCH OBJECTIVES

The following are the objectives which aim to fill the gap of this study. Main Objective is to study the investments of women entrepreneurs in SME sector of Sri Lanka.

Specific objectives are:

- (I) to identify the basic requirements of establishing businesses by women entrepreneurs
- (ii) to determine the challenges of women entrepreneurs.
- (iii) to learn the environment of SME women entrepreneurs in Sri Lanka.

4. RESEARCH QUESTIONS

The following research questions were set to treat the above mentioned objectives.

- (i) What basic requirements are available for women to establish a business?
- (ii) What are the challenges of operating a business by women in SME?
- (iii) How to develop a suitable environment for SMEs operate by women?

5. SIGNIFICANCE OF THE STUDY

Sri Lanka is a country which is concerned with the economic development through facilitating infrastructure. Therefore, the government invests more on development projects in order to develop some selected industries such as tourism, marine industry etc. Therefore, it is necessary to develop the private sector businesses in Sri Lanka. Supporting small business is a key to the development which will lead to eradicate some social problems like poverty. In Sri Lanka, only 35% of women are employed (Department of Census & Statistics, 2012). Usually, women are considered an important element in a family. Converting the rest of 65% of women into income generators is very important in a developing era. This study clearly identified the challenges related to the development of SME operated by women. Developing strategies to overcome or minimize the impact of these challenges is the responsibility of authorized institutes including the government. Therefore, this study empirically supports to recognize the problems related to women in business. Theoretically this study supports the need of achievement theory to extend further the focus on achievement in a challengeable environment. The goals of many women entrepreneurs are set to support the family. Therefore, the anthropological theory can be further extended by concerning this aspect.

6. LITERATURE REVIEW

6.1 Theoretical Review

The Classical theory was the result of Britain's industrial revolution which took place in the mid-1700 and lasted until the 1830s. The classical movement described the directing role of the entrepreneur in the context of production and distribution of goods in a competitive marketplace (Say, 1803). This is the foundation of any business, which highly supports in this study as well as women to operate

businesses competitively, which contributes to the production and distribution.

When it comes to developing businesses in production and distribution, the inconsistent relationship between the demand and supply must be considered to create opportunities.

A better understanding of this supports entrepreneurs to be successful in the economy. The crucial roles of the entrepreneur in economic theory were first and foremost recognized by Cantillon (1755), early in the 18th century, and he became the progenitor of the ideas that subsequent economists explored. Cantillon recognized that discrepancies between demand and supply in a market create opportunities for buying cheaply and selling at a higher price and that this sort of arbitrage would bring equilibrium to competitive market. People who took advantage of these unrealized profit opportunities were called “entrepreneurs” (Landström, 1998). Entrepreneurship is the expression of the human impulse to be creative (Khalil et al., 2007) and the role of the entrepreneur in the growth economy is argued to be direct and unambiguous.

A simple characteristic of an entrepreneur is the need of achievement. This leads the person to follow the goal until its accomplishment. Need for achievement theory by McClelland (1961) explained that human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are driven by this need to achieve and excel.

Psychological factors of individuals are required to be considered when developing entrepreneurship. Many psychological theories have reviewed that personal characteristics define entrepreneurship (Landstrom, 1998). Personality traits needed for achievement and locus of control are reviewed and these are risk taking, innovativeness, and tolerance for ambiguity. Successful women entrepreneurs exhibit psychological characteristics such as high level of self- confidence, determination, hard work, creating a position for themselves, superior quality output and the love for their work (Schlosser, 2001).

The anthropological theory says that for someone to successfully initiate a venture the social and cultural contexts should be examined or considered. Here emphasis is on the cultural entrepreneurship model. The model says that a new venture is created by the influence of one's culture. Cultural practices lead to entrepreneurial attitudes such as innovation that also lead to venture creation behaviour. Individual

ethnicity affects attitude and behaviour (Baskerville, 2003) and culture reflects particular ethnic, social, economic, ecological, and political complexities in individuals (Mitchell et al., 2002). And, cultural environments create attitude differences and entrepreneurial behaviour differences. Women always represent the culture of that particular society. The anthropological theory applies to women in all the ways. The business practises of women are highly influenced by their individual attitudes and behavioural patterns.

Reynolds (1991) has identified four social contexts that relate to entrepreneurial opportunity. The first one is social networks. Here, the focus is on building social relationships and bonds that promote trust and not opportunism. The second one is the life course stage context which involves analysing the life situations and characteristics of individuals who have decided to become entrepreneurs. Third one is ethnic identification. One's sociological background is one of the decisive “push” factors to become an entrepreneur. Finally, the fourth social context is called population ecology. The idea is that environmental factors play an important role in the survival of businesses.

According to Das (2000), there are three categories of women entrepreneurs such as chance entrepreneurs (keep busy, hobby, special interest), forces entrepreneurs (financial need, control over time, challenge, show others what could be done) and created or pulled entrepreneurs (to be independent, self-satisfaction, example to children, employment opportunities to others). Any women entrepreneur can be listed under one of these three categories. This concept supports to understand the differences in the qualities of different entrepreneurs.

6.2 Empirical Review

Basically entrepreneurs need knowledge and creative ideas for start-ups. Successful entrepreneurs are well experienced in creating capital, taking risks and gaining resources. There are many successful stories of entrepreneurs that can be considered as examples for creative business ideas such as the Microsoft, E-bay, Body Shop, Virgin group etc. There are successful women entrepreneurs who have the same qualities and characteristics.

In the 1970s women left homes and entered the workforce in droves, women today are leaving the workforce in droves in favour of being at home. But unlike generations of women before, these women are opting to work in the home not as homemakers, but as job-making entrepreneurs. Many women start businesses that align with personal values and offers freedom and flexibility when it comes to things like scheduling. The glass ceiling that once limited a woman's career path has paved a new road towards business ownership, where women can utilize their sharp business acumen while building strong family ties (Forbs, 2012).

It has been proved that an increase in women's wealth results in the well-being of the family, especially children (Kabeer, 2001). SMEs are an essential source of employment opportunities and are estimated to contribute about 35 percent of employment. The SMEs play an important role in promoting inclusive growth. The focus on SMEs in policy discussions emanates also from their role in developing entrepreneurial skills, innovation and promoting economic growth. These are also seen as useful in promoting social cohesion. It is therefore considered essential that the environment these SMEs operate in needs be improved (National Human Resources and Employment Policy, 2012).

The number of females representing the employer category is about 0.6 percent of the total employed population of Sri Lanka in 2007 (Ranasinghe, 2008). As the Department of Census and Statistics discussed in 2007, the entrepreneurship among women is very important for a country like Sri Lanka since the women constitute to more than half of the population of this country, but their active participation in the economy is only 35 percent (Ranasinghe, 2008). According to National Human Resources and Employment Policy, SME sector of Sri Lanka accounts for 80% of the businesses and 35% of employment in Sri Lanka fulfilled by SMEs.

As Birley, Harris & Harris (1988) (cited in Cooper, n.d.) indicated to analyse the factors which influence the initial entrepreneurial decision is used to develop a theory for female entrepreneurs. The model describes three broad groups: "Antecedent Influences" include those aspects of the entrepreneur's background which affecter motivations, perceptions, and skills and knowledge. They include genetic factors, family influences, education, and previous career experiences. The

"Incubator Organisation" describes the nature of the organisation for which the entrepreneur worked immediately prior to start-up. Relevant factors include the specific geographic location, the type of the skills and knowledge acquired, the degree of contact with possible fellow founders, and the extent to which the entrepreneur gains experience. "Environmental Factors", external to the individual and to his incubator organisation provide an important setting within which the individual entrepreneur is able to flourish. Important factors here include the general prevailing economic conditions, but more specifically the accessibility and availability of venture capital, role models of successful entrepreneurs, and the availability of supporting services.

According to Hunt & Kasynathan (2002) the women and men in the developing world need access to microfinance and donors should continue to facilitate this. The equity and efficiency arguments for targeting credit to women remain powerful: the whole family is more likely to benefit from credit targeted to women, where they control income, than when it is targeted to men (Kabeer, 2001). However, donors and implementing agencies need to significantly improve the design and monitoring of microfinance programmes to ensure that they support the empowerment of women. More reflection and documentation are needed on specific programme strategies which assist women to take greater control of decision making and life choices. Microfinance must also be re-assessed in the light of evidence that the poorest families and the poorest women are not able to access credit. Swain in 2007 mentioned that a majority of microfinance programmes target women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Mayoux in 2001 argues that the impact of microfinance programmes on women is not always positive. Women that have set up enterprises benefit not only from small increases in income at the cost of heavier workloads and repayment pressures. The contribution made by women strengthening women's position within the household and their role in decision making increased that women in the past were not able to raise their voice in their families, simply because they had neither money nor any kind of economic activities (Gunathilake & Silva, 2010).

Among the challenges faced by SMEs, the access to finance is one of main issues in this sector. A study of International Finance Corporation revealed that 77% of the

sample of SMEs required financial support but only 53% were approached by financial institutes. However only 29% were turned out to finance in long and medium term base (Nanayakkara, 2012). An unsupportive policy environment is also considered to be another key challenge to SME development in Sri Lanka. A survey conducted among entrepreneurs in the Moneragala district revealed that 27% of the respondents considered adverse economic policies as the number one factor affecting SMEs (Abyrathne, 2006). The lack of education, technical and managerial skills also acts as a major challenge to the development of SME sector (Attygalle. et.al, 2014). Another non-financial constraint faced by SMEs is the lack of information available on markets and marketing skills. Not only do SMEs find it difficult to access information on available markets (both domestic and international), they also lack the necessary know-how to market their products accordingly (Esim, 2001).

However, small businesses in Sri Lanka are facing many challenges like access to finance, physical infrastructure, level of technology, regulatory framework, access to information and advice, access to markets, business development services, industrial relations and labour legislation, intellectual property rights, technical and managerial skills, linkage formation and environmental issues. Therefore, it is a responsibility of relevant authorities to take actions to reduce involved risk of each challenge mentioned here.

7. METHODOLOGY

An empirical survey was designed with one set to study the views and experiences of women entrepreneurs who are located in three selected districts by applying simple random sampling method since questionnaires were distributed among selected districts. Geographically Colombo, Kandy and Kegalle were selected based on stratified sampling method. The women who operate small and medium scale businesses were selected on the basis of Geography and Demography: age from 18 to 77, civil status, divorced, widowed and all social status. The registration of the business was also considered. There were 50 women entrepreneurs who participated in this study. Women in business were considered as the dependant variable and the independent variables were such as knowledge, experience, education level, and basic financial knowledge. The support of financial institutes,

government support, and financial position of the business are moderate variables. Both moderate and independent variables are the challenges faced by women entrepreneurs. Research data analysis was conducted in the methods of univariate analysis, such as frequency tables, diagrams, correlation and measures of dispersion.

8. CONCEPTUAL FRAMEWORK

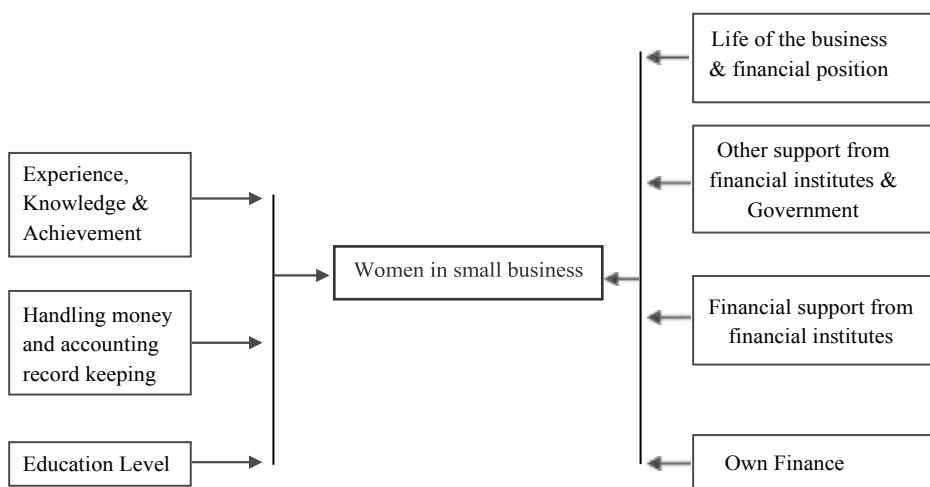


Figure 1: Conceptual Framework of the study
Source: developed by the author

9. FINDINGS

No specific age limit was assigned for participants. However, the selected sample consisted of participants who were at least 25 years of age and at the most 60 years of age. The questionnaire was given to women who were directly involved with a business or a part of a business process.

9.1 COMMON BUSINESSES THOSE WOMEN OPERATE

Based on the statistical and illustrated data below it could be seen that data is concentrated on types of businesses which fall under the category of salon, communications and home based marketing. Therefore, it could be said that the

majority of the women in business would be highly experienced and hence would tend to adapt to positive aspects of small businesses which can be started easily, accept positive aspects as normality and continue breeding positive image towards women in business to the future generations of women within the country. This could specially encourage women to start businesses and financial institutes to make packages to suit for women.

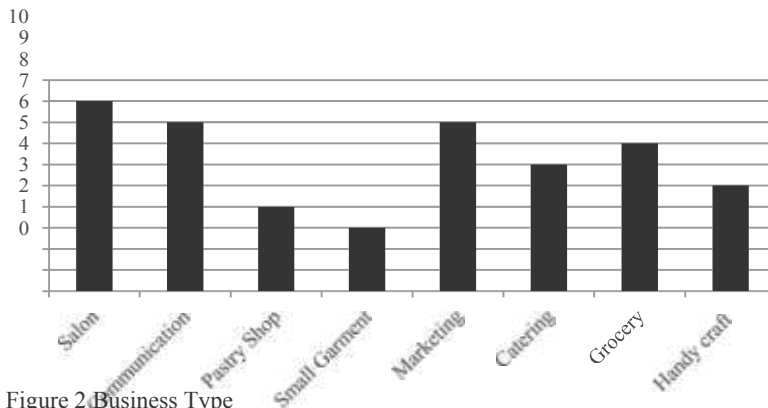


Figure 2 Business Type
 Source : Developed by the author

9.2 Marital Status Consideration

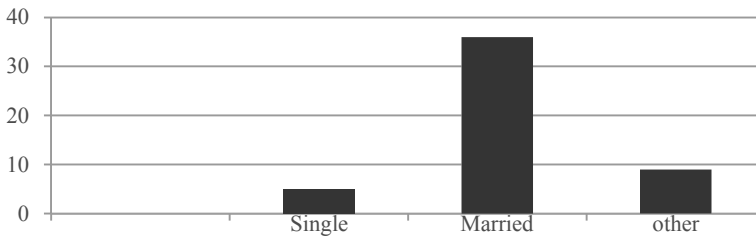


Figure 3: Marital Status

Source : Developed by the author

The respective proportions of women those who are married, single and other status are shown in the Figure 3. The result falls under the category of married. Therefore, it could be said that a majority of the women in business would be married and that has made a reason for them to start a new income as they consider that is their responsibility too. This could specially encourage married women to start businesses and to open a new income flow.

9.3 Education Level

Based on the data gathered it could be seen that a majority of the participants had received their education up to either O/L or A/L. This would mean that the women in small business sector would have minimum educational background as Advanced Level passes and this would mean a majority of the women may have necessary knowledge, skills or attitudes to perform in their businesses. However, it is also seen that out of the sample selected quite a few women had received practical education or training from institutions such as beauty and hair academies with a diploma level qualification, as they need a certification to start a salon. Other businesses do not require proper certification, but need skills to perform in the businesses such as catering, handy craft etc.

On analyzing the nature of education background mainly required for the type of skills and creativity which the business associates with it could be stated that practical education or training from different organizations is more valuable and suitable as an example of maintaining accounts. Having qualifications makes the business activities easier to carry out, and it provides a practical knowledge of how they can face positives and negatives from the environment. 25% of the women's education is equal or less than G.C.E. O/L while 75% of women indicate a small deviation as equal or less than G.C.E A/L. This indicates that only few women are educated less than or up to G.C.E.O/L.

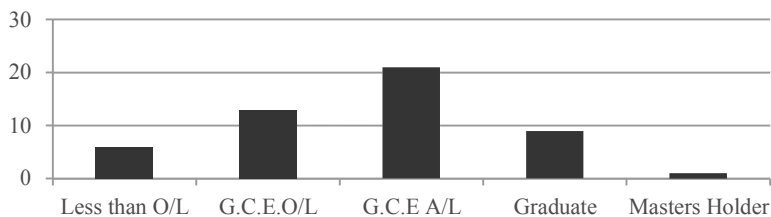


Figure 4: Education Level
Source : Developed by the author

9.4 Motives to Start an Own Business

Table 01: Analysis of Motives

| Statistics | | |
|--------------------|-----------------------|-----------------------|
| | Response | Rank |
| Mean | 3.14 | 2.84 |
| Standard Error | 0.2390628 | 0.218267763 |
| Median | No suitable jobs | To support the family |
| Mode | To support the family | To support the family |
| Standard Deviation | 1.6904292 | 1.543386153 |
| Sample Variance | 2.857551 | 2.382040816 |
| Count | 50 | 50 |

Source : Developed by the author

Above illustration and statistical data demonstrate that to support the family is the main motive to start a business for the majority. To be independent and to achieve an aim are the other two main motives which gained the attention of women to start a business. However, the difficulty to get an employment also causes women to seek for income generating methods. Therefore, it could be said that the main reason for women to start a business is to seek for an extra income to support the family. According to the ranking of the above causes, the majority prefer to support their families and they believe that they can become independent when they have a direct income line for them. Having a very narrow goal makes them neglect business goals.

9.5 Monthly Income

Table 02 : Monthly Income

| Monthly income of the business? | Response |
|--|-----------------|
| (SLRs) 5000 - 25000 | 1 |
| (SLRs) 25000 - 45000 | 9 |
| (SLRs) 45000 - 65000 | 8 |
| (SLRs) 65000 - 85000 | 13 |
| (SLRs) 85000 - 105000 | 9 |
| More Than (SLRs) 105000 | 10 |
| Total | 50 |

Source : Developed by the author

As per the information stated above, it could be seen that a very low number of women earn a minimum income of Rs.5000 to Rs.25,000 per month. It is evident that the majority of women in business generate Rs.65,000 to 85,000 sales per month. It is also important to mention that 20% of women generate more than Rs. 105,000 worth sales per month. Therefore, on the whole it could be said that the view point held by women who participated in the survey regarding the sales can be improved further and all depends on hard work and attracting customers by providing a better service. However, they have to balance this income between the family aid and business operations. This makes them to limit the opportunity to develop the business. 25% of the business income is equal or less than Rs.45000- 65000 when 75% of business income shows a large deviation as equal or less than Rs.85000-105000. This indicates that women in business generate good income per month.

9.6 Lifetime of the Business

It is more common that the small businesses do not have a long life span. However how far women can run the businesses is shown in the data below. Upon analysing the gathered data it was seen that a majority of women were willing to run businesses more than 3 years, as they fall in the category of 3 – 4 years. 28% women run businesses for more than 5 years. This indicates that women in businesses are much committed to what they do and to achieve their goals. In a healthy strong income flow a woman would tend to act and would work towards achieving goals which would not only be beneficial for the business on the long run but also for their life itself. This is a good sign for financial organizations to support women in small enterprises. However, this does not analyse how far they could develop the business with this duration.

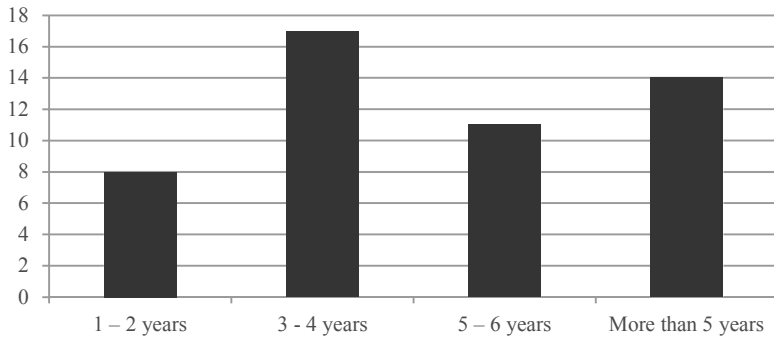


Figure 05: Average Life span of the business
Source: Developed by the author

25% of the business income is equal or less than 3-4 years when 75% of business income is equal or more than 5 years. This indicates businesses run by women having a great life span.

9.7 Expectation to Expand



Figure 06: Expectation to expand
Source: Developed by the author

Based on the data presented above only very few women felt that there was no need to expand the business in future. However, it appeared that a majority of the women felt that they need a business expansion in future. This once again is an indicator for financial institutes to make investing decisions on women in business. Women operate business not only for survival but also to contribute to the economic growth of the country. This also specifies that women are much enthusiastic on the business they are engaged in and on achieving goals in future.

9.8 The way of Expanding the Business

Table 03 : Way of expanding the business

| How do you expect to expand the business? | Response |
|--|-----------------|
| Opening another branch | 7 |
| Skipping to another related business | 17 |
| Acquiring more equipment and labour | 19 |
| Other | 7 |
| Total | 50 |

Source : Developed by the author

Among the choices given, a majority of the women would like to expand the business in future. A significant percentage expects to acquire equipment and labour by improving the existing capacity. Therefore, it could be said that they are in an ambition to develop the existing business further as they have already identified that it has a potential. In addition, those who had chosen the option “skipping to another related business” have either identified that the existing business does not have a potential for further growth, or they have not identified the profitable areas in the existing business. Since only a few had chosen the “opening another branch” option it could be said that they have difficulties in financing a branch. Those who selected the “other” option belong to the category of women who do not have an idea of future expansion or direction. This could be due to the negative impacts of macro and micro environments.

9.9 Ways of Spending Monthly Income

Starting from the modal class to other statistical measures, it could be clearly seen that most of the women spend the generated income for personal consumption and business operations only. According to them the income is not enough to have a percentage of saving due to high inflation over the economy. The majority of women want exactly to use the income on personal consumption, business operations and savings which is shown in the ranks clearly.

Table 04 : Ways of spending Income

| How do you spend your monthly income? | Response Rank | |
|---|---------------|------|
| | Response | Rank |
| Personal consumption only | 2 | 5 |
| Personal consumption plus Business operations | 23 | 8 |
| Personal consumption plus savings | 8 | 4 |
| Personal consumption, Savings and Business operations | 16 | 31 |
| Savings plus Business operations | 0 | 2 |
| Count | 49 | 50 |

Source : Developed by the author

Table 05: Analysis of spending income

| Statistics | Response Rank | |
|--------------------|---------------|------|
| | Response | Rank |
| Mean | 2.7755102 | 3.22 |
| Standard Error | 0.1375975 | 0.15 |
| Median | 2 | 4 |
| Mode | 2 | 4 |
| Standard Deviation | 0.9631828 | 1.09 |
| Sample Variance | 0.9277211 | 1.19 |
| Count | 49 | 50 |

Source : Developed by the author

Based on the above information, significantly very few women only who like to use the income for savings and for business operations. They allocate the business income and profits for their personal consumption. Therefore, this also indicates that these small businesses which are run by women mainly focus on generating income for personal consumption.

9.10 Percentage of Spending

The data below on the percentage of spending the income generated by the women in business concentrated on mainly three areas as shown in the above statistics. The result falls under the category of personal consumption. Therefore, it could be said that a majority of the women in business spend at least 40% on personal consumption and that is the most common figure among many women who belong to this sample. Most acceptable range is then 40% on personal consumption, 35% on business operations and 25% on savings. However, savings occur when it is possible for women to save the business income only. The ability to save from business income is attracted by financial institutes mainly when they ready to provide finance for business operations. Therefore, women must understand the importance of saving which will open doors for future financial avenues for the business. 25% of the spending focuses only on personal consumption when 75% of spending focuses on business operations and savings. This indicates that a larger proportion has been allocated for savings and business operations.

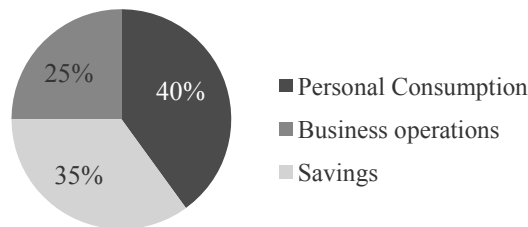


Figure 07: Income Spending
Source : Developed by the author

9.11 Keeping Accounting Records

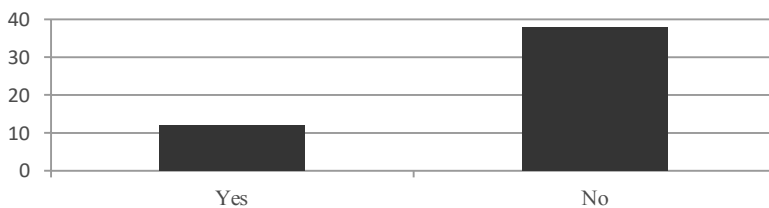


Figure 08: Keeping records
Source: Developed by the author

Based on the data gathered from women in the sample, it was possible to understand that a large number of women do not keep accounting records. However, from discussions that were held with some women, it was possible to discover that though they do not keep accounting records, they keep writing day to day transactions. Further, the majority of women (76%) do not keep accounting records and few women (24%) keep records as they explained it is helpful when they apply for a loan and some of them wanted to keep transaction records as they deal as agents for some companies. Therefore, it was possible to arrive at the conclusion that the business needs to keep transactions/accounting records properly in order to present the financial position of the organization. On the other hand, based on the analysis which was done above, it is also clearly seen that a majority of the women agreed to the fact that the business would lack health and safety if they do not write what occurs in the business. The modal class which falls on to the “No” category could possibly represent those who tend to opt out from keeping records having an answer of “not necessary, everything in mind”.

5.12 Financial Start up

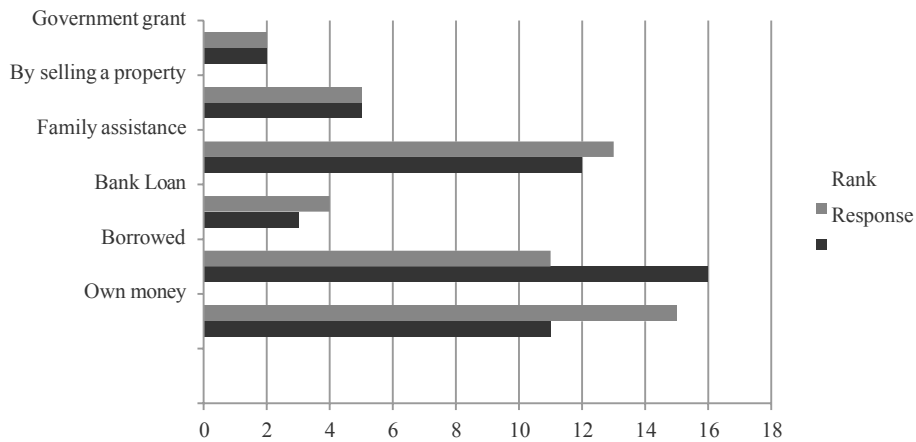


Figure 0:9: Financial Start up
Source: Developed by the author

The illustrated and analysed data shown above indicate that the majority of women had used borrowed money as the start-up capital. This borrowed money does not indicate a loan from financial institutes. Borrowing occurs informally from friends, relatives and third parties who offered loans for very high interests. A considerable group of women have received family support and some mainly used own money as the financial capital. This clearly indicates that based on the standard deviation most common sources of finance for women in business are borrowings, own money and family support.

9.13 Satisfaction with Financial Services Provided by Financial Institutes

Financial services basically are created to serve the society with various financial facilities; therefore, it is obvious that these organizations are being offered financial products to support businesses. It is clearly shown in the below analysed data that a majority of women in businesses are strongly dissatisfied with the support provided by financial institutes which is account for 34% from the whole sample. In the discussion many women explained as the first reason for why they are dissatisfied with the services provided by financial institutes is these financial organizations do not have customized facilities to support women in business especially for micro business. And some of the other reasons were that financial

institutes request for many documents, take time, and they should visit these places many times to get a work done. This is a good sign for financial organizations to develop customized programmes to suit requirements of women in business and specially to develop microfinance programmes.

Table 06 : Financial Institutes

| Are you satisfied with the financial service provided by financial institutes | Response |
|---|----------|
| Strongly satisfied | 4 |
| Satisfied | 6 |
| Neutral | 14 |
| Dissatisfied | 9 |
| Strongly dissatisfied | 17 |
| Count | 50 |

Source : Developed by the author

Table 07 : Analysis of financial institutes

| Statistics | |
|--------------------|-----------------------|
| Mean | 3.58 |
| Standard Error | 0.183147092 |
| Mode | Strongly dissatisfied |
| Standard Deviation | 1.295045504 |
| Sample Variance | 1.677142857 |
| Kurtosis | -0.85056768 |
| Skewness | -0.44777239 |
| Count | 50 |

Source : Developed by the author

9.14 Satisfaction towards Nonfinancial Services Provided by Financial Institutes

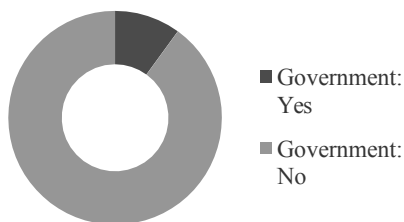


Figure 10: government support
 Source: Developed by the author

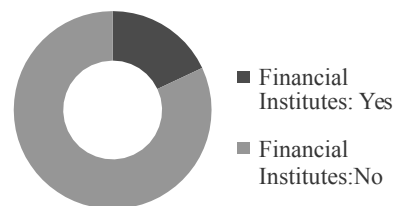


Figure 11: Other institutes' support
 Source: Developed by the author

Above illustrated and analysed data show clearly the dissatisfaction of women in business towards non-financial services provided by government and private institutes. The considered non-financial services are SME capacity building services, self-help information (workshops & seminars) for SME sector, and services for small businesses. It is clearly shown in the above analysed data that a majority of women in businesses are strongly dissatisfied with the non-financial support provided by government and private institutes. 90% of women in business

are dissatisfied with government services and 82% of them are dissatisfied with the private sector. Building capacity of SME sector is a key in a developing economy. Because of that sole proprietorship solves many problems in a country economically and socially. Therefore, government should take relevant actions and develop policies to support and aid small businesses and specially to help women in business. There are government organizations such as , Ministry of Women and Child Affairs, Ministry of Finance and Planning and National Enterprise Development Authority can provide a better service to this matter.

9.15 Challenges to the Business

Table 08 : Challenges

| Please rank the following by considering them as challenges to your business? | Response |
|--|-----------------|
| Family support | 6 |
| Economic situation of the country | 7 |
| Culture | 5 |
| Competition | 1 |
| Finance | 12 |
| Support from financial institutes | 8 |
| Support from the government | 8 |
| Managing the business | 3 |
| Count | 50 |

Source : Developed by the author

The illustrated and analysed data show that the majority of women take finance as a challenge to the business that they are in. Some women have to spend their income for personal requirements while allocating a proportion of income to the business operations. Extra finance will grow the business into different activities is the idea the majority had.

A considerable group of women have identified the support of financial and government institutes as a challenge. Some reasons could be gathered from the discussion held as many of them said that the time taken to reach relevant authority, too many conditions and the absence of customised services are major issues.

Finally, it could be said that the economic situation and the family support also

became challenges to women in business as they consider the economic situations cause inflations and it leads small businesses to suffer. Family support is lacking for many women as they operate the businesses by isolating themselves from the family.

9.16 Improved Business Skills

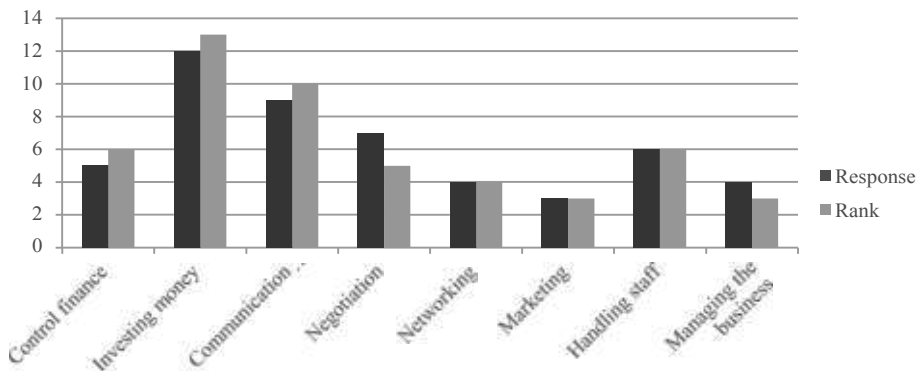


Figure 12: Business skills
 Source: Developed by the author

The above data show a very important element to prove that businesses help to grow skills of their operators. The illustrated and analysed data have shown that the majority of women had improved on how to manage finance within the business, which accounts for 24% of participants. 18% of them learnt how to invest money in order to generate profits and the way it leads the business to growth. Other than the skills women gained in investing and managing finance, they also gained skills such as communication, negotiations, marketing, handling staff and managing the business. Especially negotiation and communication might help to build relationships with external parties, which lead to build the reputation. Finally, it comes to ranking; still a majority prefers to build the skill of controlling finance and investing money towards profits. That is 46% of the participants.

9.17 Progress of the business

The below illustrated and analysed data have shown that the majority of women are satisfied with the existing position of the business. Therefore, it could be said that the majority have achieved what they expected to realize. A considerable group of women, in other words more than 50% of women, are satisfied or strongly satisfied

with the place now they are in. That reflects the hard work and commitment of women to develop the business in less than 5 years. Finally, it could be said that, this alerts financial and government institutes to reform their products services customised to suit the women in business. Investing in the small business sector might increase the assets of Banks. Therefore, it can be said that women in business require more support from the financial institutes which will bring back a return in the future.

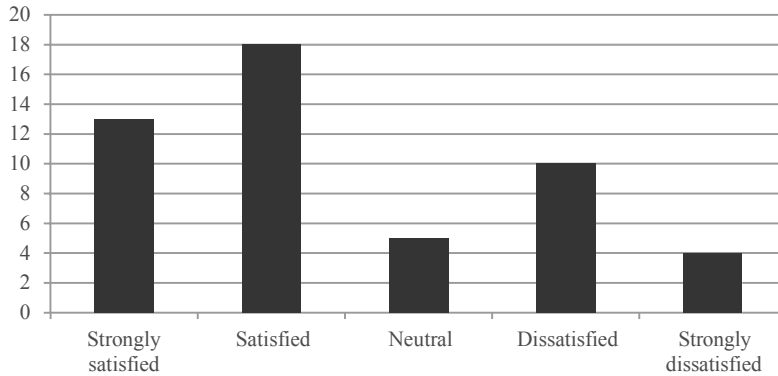


Figure 13: Progress
Source: Developed by the author

9.18 Achievements of the Business

Although women are satisfied with the existing position, more than 50% of the participants are not happy with the achievements of business activities. The illustrated and analysed data shown above present the fact that the majority of women could not achieve the planned business aim. It was observed in the discussion that the finance is the main problem along with the lack of support from the family.

A considerable number of women are satisfied with the achievement of the business, which accounts for 49% of the participants. In the discussion it was found that the personal intention to achieve goals and support from family and relatives were the main reasons behind this satisfaction.

Finally, it could be said that a business needs more commitment from the operators and continuous support from other related parties to grow. Also it requires more

attention on its operation and access to resources like finance. This statement is applicable to women in business too as they should focus more on the business growth by giving more commitment to its activities.

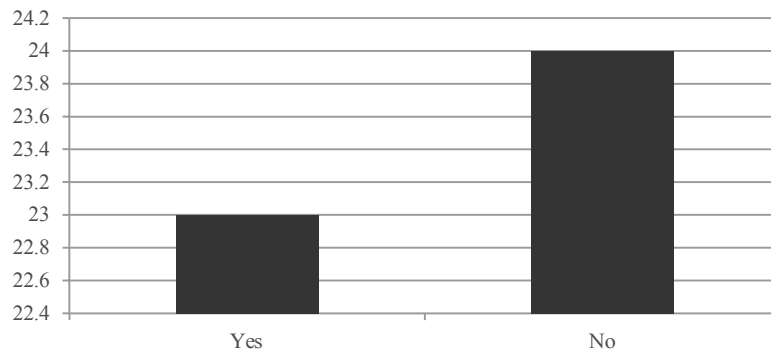


Figure 14: Business Achievements
Source: Developed by the author

9.19 How business helped to be independent

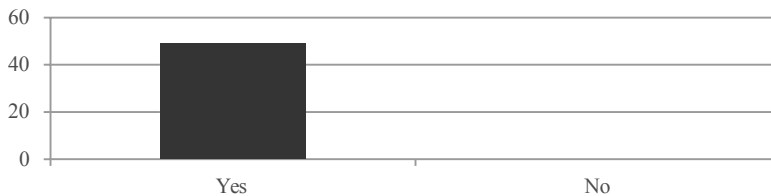


Figure 15: Independency
Source: Developed by the author

Above illustrated and analysed data show that 100% of participants have said that the business empowered them to be more independent in society. The main consideration observed in the discussion was the majority view that financial independence is more valuable as there is no need to wait to fulfil the requirements of the family. Also some women mentioned that they were happy that they also contributed to the country's economic growth by running an own business. Women in mainly salon, communication and catering businesses were able to provide employment opportunities for villagers. Many of the participants explained that they could earn more from the business than from being employed in another organization.

9.20 The Correlation between the Level of Education and Way of Spending the Income

There is a partial positive correlation between the level of education and the way of spending the income, which means that the way of spending the income is affected by the level of education that each woman belongs to. However, it could be said that this is a weak association between the education and the way of spending the income.

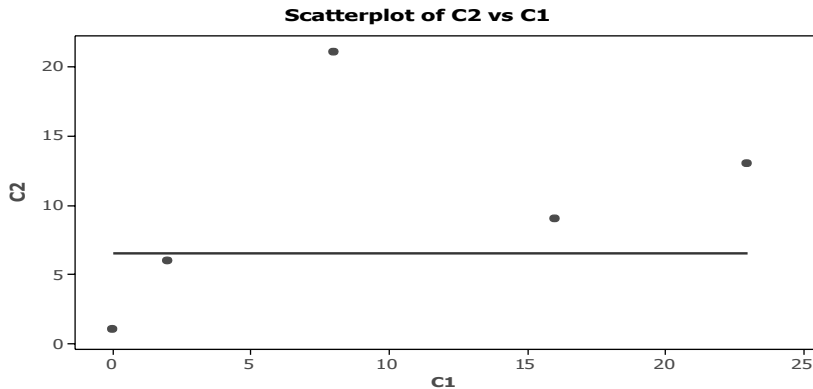


Figure 16: Correlation between the level of education and way of spending the income
Source: Developed by the author

9.21 The Correlation Between Startup Capital and the Satisfaction of Financial Services Provided by Financial Organizations

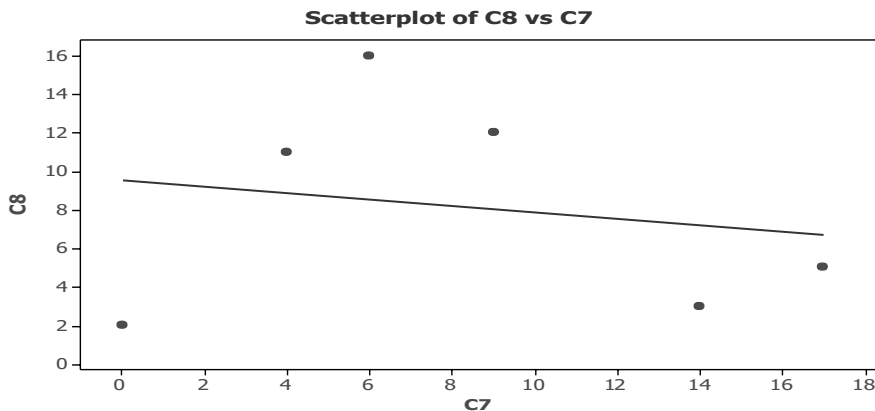


Figure 14: Correlation between startup capital and the satisfaction of financial services provided by financial organizations
Source: Developed by the author

There is a partial positive correlation between the start-up capital and the satisfaction of services provided by financial organizations, which means how sources of start-up capital of a small business is influenced by the services provided by the financial organizations.

Therefore, it could be said that the association between the sources of start-up capital and the satisfaction of financial services provided by financial organizations is very strong. That means, the financial services have not heavily accounted for business start-ups.

9.22 The Correlation between the Income and the Way of Spending the Income

There is a partial positive correlation between the income and the way of spending the income, which means that the way of spending the income is influenced by the income generated. It could be said that the association between the income generated and the way of spending the income is weak as the correlation is 0.3.

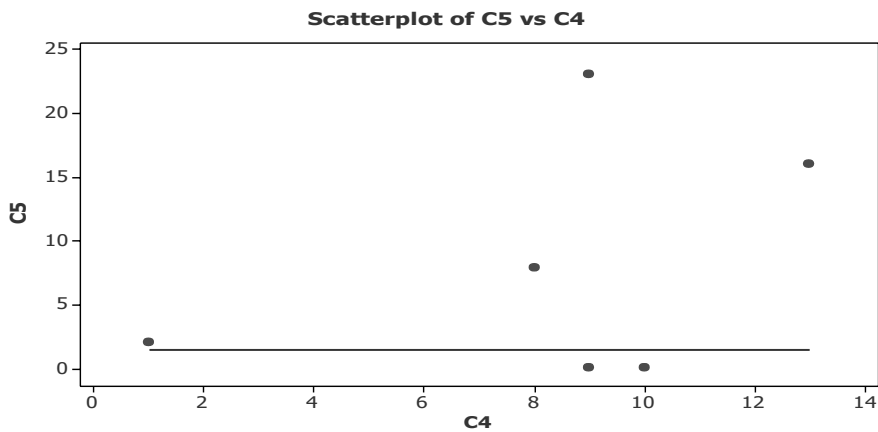


Figure 18: Correlation between the income and the way of spending the income
Source: Developed by the author

9.23 The Correlation between the Satisfaction towards Non-financial Services Provided by Financial Institutes (Government and Private)

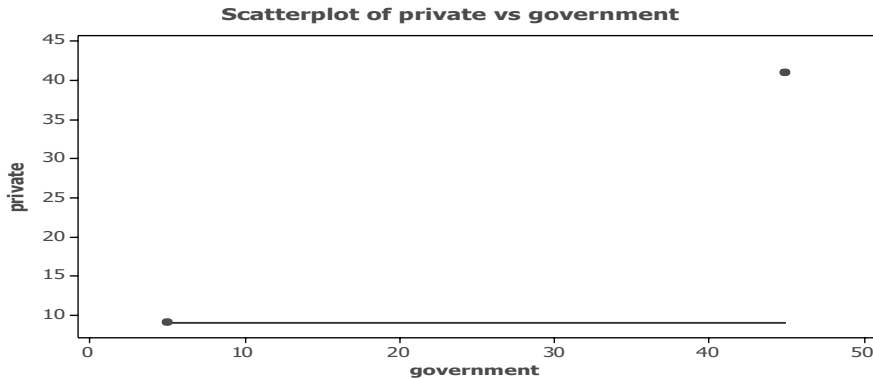


Figure 19: Correlation between the satisfaction towards non-financial services provided by financial institutes (Government and Private)
Source: Developed by the author

There is a strong perfect positive correlation between non-financial services provided by the government and private institutions. The meaning is that when the government organisations increase their services to the public, private organizations too increase their services and vice versa. Therefore, it could be said that due to some unforeseen reasons less services from both sectors are associated with the satisfaction seriously.

9.24 One-way ANOVA Application: Education and Motives

Table 09 : Education level

| Your education level | Response |
|----------------------|----------|
| Less than O/L | 6 |
| G.C.E.O/L | 13 |
| G.C.E A/L | 21 |
| Graduate | 9 |
| Masters Holder | 1 |
| Total | 50 |

Source : Developed by the author

Table 10 : Motives

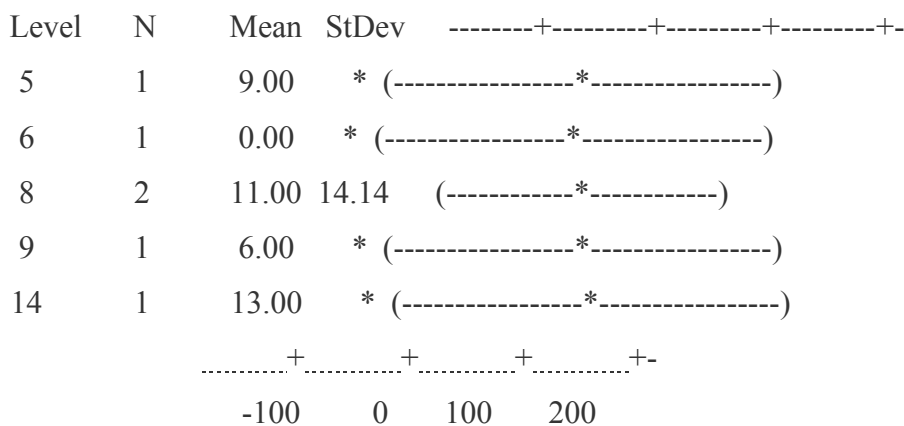
| What made you to start your own business? | Response | Rank |
|---|----------|------|
| Need of being independent | 9 | 11 |
| To support the family | 14 | 15 |
| Less availability of suitable jobs | 8 | 8 |
| Self-motivation | 5 | 5 |
| Personal aim | 8 | 9 |
| Other | 6 | 2 |
| Total | 50 | 50 |

Source : Developed by the author

| Source | DF | SS | MS | F | P |
|--------|----|-----|-----|------|-------|
| C2 | 4 | 111 | 28 | 0.14 | 0.945 |
| Error | 1 | 200 | 200 | | |
| Total | 5 | 311 | | | |

S = 14.14 R-Sq = 35.76% R-Sq(adj) = 0.00%

Individual 95% CIs for Mean Based on Pooled StDev



Pooled StDev = 14.14

The test statistic used for ANOVA is the F-statistic and is calculated by taking the Mean Square (MS) for the variable divided by the MS of the error. The F-statistic is 0.14, meaning the F-statistic is always nonnegative. This F-statistic is a ratio of the variability between educations compared to the variability motives group. This variable measure provides statistically valuable results. It can be concluded as a difference in population means that exists for those two groups.

9.25 One-Way ANOVA Application: Education and Monthly Income

Table 11: Education level

| Your education level | Response |
|-----------------------------|-----------------|
| Less than O/L | 6 |
| G.C.E.O/L | 13 |
| G.C.E A/L | 21 |
| Graduate | 9 |
| Masters Holder | 1 |
| Total | 50 |

Source: Developed by the author

Table 12 : Monthly Income

| Monthly income of the business? | Response |
|--|-----------------|
| (SLRs) 5000 – 25000 | 1 |
| (SLRs) 25000 – 45000 | 9 |
| (SLRs) 45000 – 65000 | 8 |
| (SLRs) 65000 – 85000 | 13 |
| (SLRs) 85000 – 105000 | 9 |
| more than (SLRs) 105000 | 10 |
| Total | 50 |

Source : Developed by the author

| Source | DF | SS | MS | F | P | C3 | 4 |
|--------|----|-------|------|------|-------|----|---|
| | | 239.3 | 59.8 | 0.83 | 0.666 | | |
| Error | 1 | 72.0 | 72.0 | | | | |
| Total | 5 | 311.3 | | | | | |

S = 8.485 R-Sq = 76.87% R-Sq(adj) = 0.00%

Individual 95% CIs For Mean Based on Pooled StDev

| Level | N | Mean | StDev | -----+-----+-----+----- +- (-----*-----) (-----*-----) (-----*-----) (-----*-----) |
|-------|---|-------|-------|--|
| 1 | 1 | 6.00 | * | (-----*-----) |
| 8 | 1 | 21.00 | * | (-----*-----) |
| 9 | 2 | 7.00 | 8.49 | (-----*-----) |
| 10 | 1 | 0.00 | * | (-----*-----) |
| 13 | 1 | 9.00 | * | (-----*-----) |

-----+-----+-----+----- +-
 -60 0 60 120

Pooled StDev = 8.49

The test statistic used for ANOVA is the F-statistic and is calculated by taking the Mean Square (MS) for the variable divided by the MS of the error. The F-statistic is 0.83, meaning the F-statistic is always nonnegative. This F-statistic is a ratio of the variability between education compared to the variability Monthly income. This variable measure provides statistically valuable results. It can be concluded as a difference in population means that exists for those two groups. But this association is very weak.

10. CONCLUSION

During the course of the research, several independent variables were identified, which were highly important to measure the effectiveness of investing in small enterprises by women. The women in small business sector have minimum educational background as Advanced Level passes and this implies to a majority of

the women may have necessary knowledge, skills or attitudes to perform in their businesses. A majority of the women were without previous employment experience. On the other hand, when considering women who are with employment experience, it could be seen that they were very keen in performing their business. Having a previous employment helps women to be motivated and self-confident to start and run operations in a business. Women with related experience to the current business perform well in business operations as they have the advantages of created network and a reputation. Also they are very punctual and know how to manage the time. Related working experience caused women to start a new business and this also should be attracted by financial institutes. The main reason for women to start a business is to seek extra income to support the family. The majority prefer to support family and they believe that they can become independent when they have a direct income line to them. By having a very narrow goal makes them neglect business goals. It is observed that many women operate businesses which serve women customers, such as salons, marketing herbal cosmetics, handy craft etc. The achievements of the business have made women to be independent. It means that the business has empowered them to be more independent in society. Offering credit to women remains more powerful than for men: the whole family is more likely to benefit from credit targeted to women, where they control income, than those targeted to men. Therefore, this is a good sign for women to apply for credits from financial institutes with many benefits of microfinance. Women spend the generated income for personal consumption and business operations only. According to them the income is not enough to have a percentage of saving due to high inflation over the economy.

Financial start-ups of many women in businesses are based upon borrowings which occurred formally and informally. This makes them fall into heavy debts, which leads them to avoid future investments. Women are willing to run for many years. This indicates that women in businesses are very committed to what they do and to achieving their goals. In a healthy strong income flow a woman would tend to act and would work towards achieving goals which would not only be beneficial for the business on the long run but also for her life itself. Women need a business expansion in future. This also specifies that women are more enthusiastic on what business they engage in and on achieving goals in future. In addition, the most women prefer working with state banks than with private banks, as the

environment in state banks is very familiar to them and they have many branches that enable easy access. Women in small businesses do not have the power or the resources to fight against the arguments of banks and financial companies.

Many women are dissatisfied with financial facilities provided by financial organizations which do not have customized facilities to support women in business especially for micro business. And financial institutes request many documents, take a lot of time, and make it necessary for customers visit them many times to get a work done. Based on these findings of the study, there is a clear indication that above variables directly influences the effectiveness of investing by women in small businesses. Furthermore, based on the findings of this study, it is also possible to state that the women in businesses are strongly dissatisfied with the non-financial support provided by government and private institutes. Building capacity of SME sector is a key in a developing economy. Because of that the sole proprietorship solves many problems in a country economically and socially.

A majority of the women in business are married and that has become a reason for them to start a new income as they consider that is their responsibility too. This could specially encourage married women to start businesses and to open a new income flow. It is possible that having children is a cause for women to start a business. The majority of the women in business have at least two children in their families and that is the most common number of children in a Sri Lankan family. Therefore, it can be said that having children makes women to search for extra income paths such as investing in small businesses. As it was mentioned before the findings of the research point out that there is a strong link between the above variable and investments in small enterprises by women. It further indicates that sales & profits of the business can be increased further and all depends on available finance, hardwork and ability to attract customers by providing a good service. Women would develop many business skills by involving a business, especially investing and managing finance, communication, negotiations, marketing, handling staff and managing the business. Especially negotiation and communication might help them to build relationships with external parties, which leads to build their reputation. It was observed that many women could earn more from the business than being employed in another organization. When government organisations increase their services to the public, private organizations too increase and when government organizations decrease the level of the services to

small businesses, private organizations do decrease the facilities to small businesses.

Manufacturing has become difficult for small firms due to two main reasons; industrialization and larger firms push away small firms from manufacturing. This is because of small firms' low capacity and lack of resources, technology & finance. However, entering into the small business sector is easier than entering into other sectors. Small businesses in Sri Lanka are facing many challenges like access to finance, physical infrastructure, level of technology, regulatory framework, access to information and advice, access to markets, business development services, industrial relations and labour legislation, intellectual property rights, technical and managerial skills, linkage formation and environmental issues. Therefore, it is a responsibility of relevant authorities to take actions to reduce involved risk of each challenge mentioned here.

However, access to finance is a major problem to start a small business, but the knowledge on how to manage the financed money effectively is also lacking in new start-ups. Therefore, understanding financial statements is essential to the success of a small business. They can be used to guide a business in the right direction and to help avoid costly failures. However, it can be found that there are ways of financing businesses especially a start-up business. Finally, it could be concluded that women perform effectively by investing in small enterprises, enhancing family well-being and by contributing to the GDP and economic growth.

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