

# Entrepreneurial Development Issues and Challenges in Sri Lanka: A Case Study of Women-owned Businesses in Ampara District

Mohamed Abdul Cader Salfiya Ummah<sup>a</sup> and Athambawa Jamaldeen<sup>b</sup>

<sup>a</sup> Department of Management

<sup>b</sup> Department of Accountancy and Finance  
Faculty of Management and Commerce,  
South Eastern University of Sri Lanka  
Univeersity Park, Oluvil, Sri Lanka  
salfiyau@seu.ac.lk, jamal2958@gmail.com

## Abstract

Women Entrepreneurship has become a prominent role in Sri Lankan Economy. Entrepreneurs & Entrepreneurship is the talk of town, everybody is discussing about entrepreneurship. Government has started new courses and modules in entrepreneurship education. So many training centers have been developed to nurture natural talent of entrepreneurs. Government is seeing entrepreneurship the only solution of its increasing employment demand and that's true. But, still it is a question where the so called women have been empowered in proper way to nation's development. A number of further research directions and questions are posed as a way of extending the knowledge in this area. So, this paper aims to identify the issues and challenges for women owned start-ups as well as on-going businesses in Ampara District. This was exploratory approach in semi-structured questionnaire and face-to-face interviews with 291 women owned entrepreneurs from manufacturing, retail, handicraft and other service sector using convenience sampling techniques from non-probability sampling method. Findings suggest that, entrepreneurship becomes crucial role in the development of economy. But, Women entrepreneurs envisage many problems while operating their businesses. Lack of entrepreneurial qualities such as self-confidence, risk taking ability, need for achievement, dual role to play at business and at home, lack of awareness of facilities provided by the business development services institutions, competition with large scale units, problems related to marketing, lack of access to finance and lack of access to technology are some of them. The role of women entrepreneurship is inevitable in any country. Now a day, women enter in almost all professions such as trade, industry, engineering, technology. They are willing to take up business and contribute to the nation's development. Thus, there role is being recognized and steps are being taken empower and promote female entrepreneurship.

**Keywords:** women-owned businesses, women entrepreneurs, entrepreneurship development

## Introduction

Women owned businesses in South Asia are growing rapidly, and in Sri Lanka (Moonasinghe, 2000), and entrepreneurship offers tremendous opportunities for women by

opening doors to greater self-sufficiency, self-esteem, education, and growth, not only for the women themselves, but also for their families and their employees (Estes, 1999). In the West, women are increasingly turning to entrepreneurship as a way of coping with the 'glass ceiling' that seems to prevent them from reaching top managerial positions in organizations (Morrison et al., 1987). Others find that entrepreneurship provides them with greater satisfaction and flexibility (Belcourt et al., 1991). This trend has also been visible in several Asian countries (Licuanan, 1992).

Most of the women entrepreneurs in women headed families are motivated by push factors for entrepreneurship in micro businesses (Salfiya, 2012). Steps are being taken to promote women entrepreneurship. They should be moulded properly with entrepreneurial qualities to meet the challenges in national and global markets and be competent enough to survive in the industry by means of showing the pull factors and positive sides of the entrepreneurship. According to Ismail (2012), it was found that, age, gender, family size, income, occupation and education as determinants for an entrepreneur.

Women Entrepreneurship has become a prominent role in Sri Lankan Economy, and there is an imperatives necessity to empower women through entrepreneurial activities. Because of the domestic war and tsunami hit in 2004 which made more women separated and have become the bread winners of their families. Many government and nongovernmental organizations has forwarded much more women empowerment programs during the period and still it is a question where the so called women have been empowered in proper way to nation's development.

Sri Lanka's total population 20.27 million consists of 53% women according to the latest census. The latest Household Income and Expenditure Survey 2012/2013, which was conducted by the Department of Census and Statistics, and the estimates, that, out of five million households in Sri Lanka, 1.1 million (23%) households are headed by women. And, most of the women heading households are in 40-59 age groups, while 50% of them are widows, and 4.5% are reported as never married. Labour force participation rate is still low in Sri Lanka 33.7% of female is half of 66.675 for male (Sri Lanka Labour force Survey, 2013). Meanwhile total urban population in Sri Lanka is 18% huge remaining in rural areas (Department of Census and Statistics, 2013).

The impact of women's economic empowerment goes beyond the individual level. Research has shown that women are more likely than men to invest a large proportion of their household income in education, nutrition and well-being of their children. It has been estimated that in emerging markets, women reinvest 90% of their earnings in their families and communities. With the accumulated assets and enhanced economic security, women improve industrial capacity and spur economic growth by creating new jobs, as well as by expanding the pool of human resources and talents available in a country. It's also acknowledged that female-operated Small and Medium Enterprises (SMEs) could well cater to the demands of the rising middle class – important to Sri Lanka now given the country's move towards an upper middle-income economy. Given the low female labour force participation in the country, fostering women entrepreneurs can be an effective way of capturing the potential of women in the development process of Sri Lanka.

Despite these obvious gains, gender biases against women are common. As the National Policy on Human Resource and Employment observes "there is a gender bias in small-and-medium enterprises (SME) employment. Workers employed in SMEs are predominantly men. Good equal employment practices are needed to correct the above bias". According to the World Bank Enterprise Surveys for Sri Lanka, regardless of the

sizes of the business, fewer women are employed in top managerial positions and less women participate in ownership compared with men.

The national labour force participation rate is 34.3 percent for females and 65.7 percent for males (Sri Lanka Department of Census and Statistics, 2013). This implies that there is an untapped reservoir of manpower that could be utilized for development of a country while empowering individuals and benefitting society as a whole by means of attracting to labour force or creating as women entrepreneurs.

## **Women-owned businesses in Sri Lanka**

In Sri Lanka 90% SMEs represents the economy. The composition of SMEs in Sri Lanka indicates nearly 75% of SMEs are concentrated in Food, Beverage, and tobacco industry, the textile apparel and leather industry and the mining industry. Among the total employers in Sri Lanka, only 10% of them are women employers. As the National Policy of Human Resource and Employment observes, Most SMEs in Sri Lanka are agri-culture based Industry. Sri Lanka is predominantly an agri-cultural economy and 82% of the households still in rural sector. Women constitute 52 % of the population and valuable resource potential in the agricultural sector of Sri Lanka such as agricultural production, agri based, agriculture based SMEs. Of the entire female participation nearly 31.7% women are engaging in agri cultural sector.

Sri Lanka is primarily an agricultural country in which Ampara district consists of multi ethnic people such as Sinhalese, Tamils, Muslims, and Burgars. Ampara District consists of 20 Divisional Secretariats with the total population of 668,170 that is 3.2% district population in Sri Lanka. Over 90% of the populations in this district live in rural sector. Mainly agricultural sector such as paddy production, crop production, livestock, milk and egg production meat production are found in this district and Fishing also is another source of income in the coastal area of Ampara districts. 11,156 commercial places such as retail shops, restaurants, textile and footwear, dispensary and Pharmacy, wood and iron furniture, building material and paints jewelry liquor shops in which 48.69 % were as retail shops. 4507 businesses found in manufacturing industry in which 43% Food, beverage and tobacco, 16.7 % wood production and furniture, 15.9% textile, wearing apparel and leather (Statistical Handbook- Ampara district, 2011). More women owned businesses found in Ampara districts are handicraft, handloom, garments and textiles, retail business, manufacturing food and other products crop farming, and poultry farming etc.

## **Methods and Materials**

This was exploratory approach using a semi-structured and face-to-face interviews with 98 women owned entrepreneurs in Ampara district from manufacturing, retail, handicraft, tailoring and garment and social service known as social entrepreneurs. Convenience sampling techniques used for data collection. Final year undergraduates were used to collect the data. The interview for the focus group was individual and group. Since there is not a validated data base about the women entrepreneurs in Ampara district from a common public announcement through brochure, the women entrepreneurs were invited for a common gathering- Entrepreneurship development program. From 291 participants all participants were considered for this survey.

## Discussion and Findings

**Table 1.** Respondents Profile

Variable	Frequency	Percentage	Mean±
<b>Education</b>			
Below G.C.E (O/L)	134	46%	
G.C.E (O/L)	89	30.6%	
G.C.E (A/L)	48	16.5%	
Degree and above	0	0%	
<b>Sector</b>			
Handicraft	80	27.5%	
Tailoring and Garments	102	35%	
Manufacturing food and others	54	18.6%	
Retail Business	43	14.8%	
Social Entrepreneurs	12	4.1%	
Business Experience			9 ± 2.5
Age			42.3 ± 5.1

Source: Survey Data

Accordingly, in the education level of the respondents, 46% were below G.C.E (O/L), 30.6% were G.C.E (O/L), 16.5% were G.C.E (A/L), and no respondents obtained degree and above level.

Sector wise, 27.5% were from handicraft, 35% were from tailoring and garments, 18.6% were from manufacturing food and others, 14.8% were from Retail business, and 4.1% were social entrepreneurs.

The mean age from the respondents was  $42.3 \pm 5.1$  and the mean business experience was  $9 \pm 2.5$ .

From the interview with respondents individually and as group, some reasons were revealed by the respondents as challenges and issues when they starting and operating their businesses such as lack of access to finance, lack of access to technology, lack of managerial skills required for business development, lack of entrepreneurial skills, inconsistent economic policy, Personal difficulties, negative prevailing socio cultural attitude.

Findings suggest that, entrepreneurship becomes crucial role in the development of economy. The potential Industry for women entrepreneurs in Sri Lanka mainly found agriculture, agro-based industries, cottage Industry, trade and services, tourism industry etc.

## Conclusion

The role of women entrepreneurship is inevitable in any country. Nowadays women enter in almost all professions such as trade, industry, engineering, technology. They are willing to take up business and contribute to the nation's development. Thus, there role is being recognized and steps are being taken empower and promote women entrepreneurship.

In Ampara district, women entrepreneurs envisage many problems while operating their businesses. Lack of entrepreneurial qualities such as self-confidence, risk taking ability, need for achievement, dual role to play at business and at home, lack of awareness of facilities provided by the business development services institutions, competition with

large scale units, problems related to marketing, lack of access to finance and lack of access to technology are some of them.

The impact of women's economic development goes beyond the individual level. Research has shown that women are more likely than men to invest a large proportion of their household income in education, nutrition, and well-being of their children (Salfiya, 2012). With the accumulated assets and enhanced economic security, women improve industrial capacity and spur economic growth by creating new jobs, as well as by expanding the pool of human resources and talents available in country.

Although Sri Lanka has achieved most of the Millenium Development Goals (MDG)-related human development goals, the active female participation in the economy is relatively low. Therefore, it is an imperative need to develop women entrepreneurship in Sri Lanka through the structured mechanism such as Vocational training / training on entrepreneurial Skill Development and educate women entrepreneurs in record keeping and marketing knowledge.

Also government should create more favorable policies that stimulate women from the bottom level as a an entrepreneur for sustainable development of their family .proper well design counseling and Education system should be given more training to women to get awareness regarding women empowerment.

Since, institutional support and pull factors such as confidence, independence, need to achievement are the key factors for the women empowerment. So policy makers should consider these factors as important tools to develop women from the grass root level. Empowerment of women has been recognized as a central issue in determine the status of women. Creating an environment through positive economic and social policies and education Knowledge, political participation also some of the ways to upward the women status from bottom to top.

The entrepreneur herself benefits tremendously through this system as it focuses on individual needs. Such a method would include technological support, input linkages, business counseling, market links, and individual mentoring that will build up a successful enterprise.

Fostering 'female entrepreneurship' and encouraging women to act as 'employers' is an important way of unlocking women's potential in contributing to Sri Lanka's economy.

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