

**An empirical investigation on the impact of Individual Factors
on the Business Performance of women entrepreneurs of Sri
Lanka**

By

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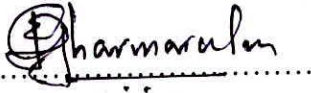
M.Sc. (Management) Degree Program

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DECLARATION

The work described in this thesis was carried out by me under the supervision of Mr. A G M M N S P Molligoda and a report on this has not been submitted in whole or on part to any university or any other institution for another degree.

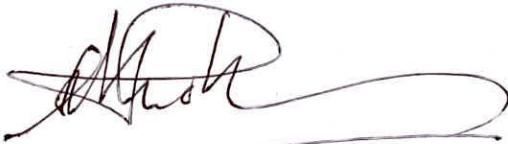
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CERTIFICATION

I hereby recommend that the thesis was prepared under my supervision by Mrs. Koambala Liyanage Buddhika Gayashrinie Dharmaratne of GS/MC/1220/2000 entitled the 'The impact of individual factors on the business performance of women entrepreneurs of Sri Lanka' accepted in partial fulfillment of the requirement for the degree of Master of Science in Management



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ABBREVIATIONS

OECD	-	Organization for Economic Cooperation & Development
MGOAL	-	Motivation and Goals
SOLETH	-	Social Learning Theory
NETAFF	-	Network Affiliation
HUMCAP	-	Human Capital
ENVINF	-	Environmental Influences
BUSIPER	-	Business Performance
p	-	Probability
r	-	Coefficient of Correlation
R ²	-	Coefficient of Determination
SD	-	Standard Deviation

An empirical investigation on the impact of Individual Factors on the Business Performance of women entrepreneurs of Sri Lanka

Koambala Liyanage Buddhika Gayashrinie Dharmaratne

ABSTRACT

Sri Lankan women have only recently taken an active role in the business sector of the country. However, they are seemed competing on an equal footing with the men, in the business field giving great contribution to the development of the country. But, Sri Lankan researchers in the field have paid relatively low attention towards this field, despite a number of successful businesses are owned and operated by Sri Lankan women. Therefore this empirical investigation attempted to identify the **impact of individual factors on the business performance of women entrepreneurs in Sri Lanka**.

This empirical investigation examined the applicability of five theoretical perspectives derived from studies in USA and Israel. These five theoretical perspectives explain the relationships of such individual factors as Motivation and Goals, Social Learning Theory, Network Affiliation, Human Capital and Environmental Influences with the Business Performance of women entrepreneurs. This study sheds light on the explanatory power of these five perspectives in the Sri Lankan context.

A survey was conducted to gather primary data from the small business women by selecting 100 business women from Colombo, Galle and Ratnepura districts. The data was analyzed using tabular and graphical analysis, Pearson's correlation analysis and multiple linear regression analysis. The reliability was tested using Chronbatch's Alpha value method and all the variables carried equal or above 0.65 which is an acceptable Alpha value in reliability tests. Six hypotheses, which are related to the research objectives and six major research questions were developed and tested.

According to the evidence given by the data analysis, the individual factors such as **Environmental Influences, Motivation & Goals** and **Human Capital** showed strong positive correlations with Business Performance of Women entrepreneurs. Even though the other two personal factors such as **Social Learning Theory** and **Network Affiliation** also showed positive correlations with the business performance, the relationships were not much vivid. The regression model too excluded these variables from the best-fit model.

Overall, this research suggests that theories regarding women entrepreneurship in particular, derived from researches in developed countries need to be carefully examined and tested before being used in non-developed or developing country contexts like Sri Lanka. But in special cases those theories can be applied with slight modifications so that many benefits can be gained from them.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Though there is a long history for the term Entrepreneur or Entrepreneurship, a universally accepted definition for that word has not yet been given or developed by any academic. However, there has been an increased interest in the field of entrepreneurship during the recent period. That has resulted in thousands of published and unpublished researches on titles such as, entrepreneurship, entrepreneurial characteristics, entrepreneurs' career path, male and female entrepreneurs, and many other entrepreneurship related topics.

The word '*entrepreneur*' has been derived from French and its literally translated meaning is "between-taker" or "go-between". In almost all of the definitions of entrepreneurship, there is an agreement that we are talking about a kind of behavior that includes (Shepero, 1975)

1. Initiative baring
2. The organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account
3. The acceptance of risk or failure

The definition of Hisrich R.D. (1996) is one of the most popular definitions of entrepreneurship and it clearly describes many aspects of that concept. He says, "Entrepreneurship is the dynamic process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks and receiving the resulting rewards of monetary and personal satisfaction and independence".

Currently, social changes, together with technological and industrial development, have attracted more and more women to participate in business and, in fact, it can be argued that because of their traditional roles, they can be more adept at problem solving. This can give them an inbuilt advantage in the entrepreneurial stakes, both in developing and developed countries (Peterson & Weiermair, 1998).

In a market economy, being a female entrepreneur means accepting the risks involved in selling either goods or services to make a profit. Entrepreneurs run their own business; pay taxes and either work alone or employ others, and thus achieve a degree of social standing. Even though women accept the risks and have to expend an enormous amount of time and energy upon the organization, an increasing number of women are seeking to become entrepreneurs (Hisrich & Brush, 1988). USA, Canada and Britain are among the countries in which female entrepreneurship thrives.

Sri Lanka is a South Asian country that has a very long written and unwritten history. It has passed a proud periods of independent and as well as a period as a colony of the Great Britain. In Sri Lanka, even during the medieval period and the pre-colonial era there was not much evidence to show that we had a patriarchal system. On some occasions there had been a little evidence to prove that we had a patriarchal system. But, after the arrival of the British to Sri Lanka and with the introduction of new laws and legislation the social system was significantly changed (Knox, 1681; Herat, 1999).

Despite the social changes, Sri Lankan women were very late participating in and/or contributing in important fields of activity of the country. This has resulted in the exclusion and marginalization of women from the social, economic and political process. Women's subordination is reflected in socio- economic condition and political participation. Further women's domination or leadership was hard to be noticed in the said fields till about the 1950s (Hemalatha, 2005).

Sri Lankan women have only recently taken an active role in the business sector of the country. But still the number of female entrepreneurs is relatively low. However, the situation has now changed and there is evidence to prove that Sri Lankan women significantly contribute in every economic, political and social aspect of the country (Hemalatha, 2005). In fact they seemed to be competing on an equal footing with men, in such fields.

Especially in the business sector of Sri Lanka, it is conspicuous that women have shown significant progress over the men during the last few decades. A large number of