

**An Empirical Study on Determinants of Business Success of
Women Entrepreneurs: Evidence from Gampaha Area**

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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. This empirical investigation attempted to understand the Determinants of Business Success of Women Entrepreneurs in Gampaha. Many women see, entrepreneurship as the path for a better future while it deals with their prevailing issues. As the gender discrimination rates are going down globally, a favorable situation is building for the future women entrepreneurs, hence the demographics are changing on the entrepreneurship. The primary data is gathered based on the structured questionnaire from all the registered women entrepreneurs in Gampaha divisional secretarial area as at 31st of December 2018 and the sample

consists of 94 women entrepreneurs. The gathered data was dropped down and analyzed by using Descriptive Statistics, Correlation and Regression analysis. The researcher has used business success which is measured by Sales, Profitability and Growth as the dependent variable and Human Capital, Network Affiliation, Social Factors and Environmental Factors as independent variables. The research study concludes that determinant factors (human capital factors, network affiliation, environmental factors and social factors) have a strong positive impact on the business performance of women entrepreneurs. As well as, it reveals that, there is no impact of organizational factors on business success. The findings of this study are useful for identifying the main determinants of the business performance of women entrepreneurs to take actions to facilitate that particular background. And also it will help women entrepreneurs to make their decision more effectively for better performance. Relevant authorities also can use these findings for their decision-making process. Moreover, this research would give information to non-government and government organizations to get their decisions and to improve the women participation in SME by giving training and development programs for them.

Key Words

Human Capital, Network Affiliation, Environmental Factors, Social Factors

1. Introduction

In modern society, entrepreneurship is becoming one of the emerging trends and most of individuals like to act as Entrepreneurs as Solopreneurs, Entrepreneurs or part-time entrepreneurs. Entrepreneurship includes innovations, managing risks, creative thinking, and it is not

something one brings with genes, but it is something practiced. Recently, women entrepreneurship has become a crucial role in the economy in terms of national income, employment and share of firms operating in a country.

According to Pandian and Jesurajan (2011), women entrepreneur is defined as “the women or group of

women, who initiate, organize and operate a business enterprise.” Many women see, entrepreneurship as that path for a better future while it deals with their prevailing issues. As the gender discrimination rates are going down globally, a favorable situation is building for the future women entrepreneurs, hence the demographics are changing regarding the entrepreneurship.

According to the Department of Census and Statistics of Sri Lanka out of total economically inactive population, 74.4% is female and 25.6% is represented by males (DCS, 2018). Thirty years of civil war in Sri Lanka increased the number of windows, and that they require assistance to their survival. Most of them are engaged in small scale self-employments. According to Hemalatha (2009) (as cited in Dharmaratne, 2012), Sri Lankan women only have taken an active role recently, in the business sector of the country. But still, the number of female entrepreneurs is relatively low. The situation has now changed and there is evidence to prove that Sri

Lankan women significantly contribute to every economic aspect. Dharmaratne, (2012) concluded that 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 and large number of women have started their businesses and most of them have been able to meet with success and some of them now compete at the international level.

Small and Medium Enterprises (SMEs) record greater than 90 percent of the total number of enterprises in Sri Lanka and it is considered as the backbone of Sri Lankan economy. Furthermore, the contribution of Sri Lanka has improved from 40 percent in 2010 to 52 percent in 2011. Moreover, it records for 32-41 percent of the employment in agricultural, industrial and services sectors of the economy (IPS, 2017). Despite the vital role of SMEs in the economy, female participation in the sector is significantly low, and gender bias against women is commonly observed in the SME sector (IPS, 2017). But women employment in Sri Lanka is

crucial in Sri Lanka mainly because the generation of employment opportunities improves social, educational and health status of women and welfare of their families and path for initiate their career with flexibility and independence. (IPS, 2017).

But in Sri Lankan context dearth of studies has discussed the determinants of the success of the women entrepreneurs which is crucial for the economic development. Therefore this study attempts to bridge the gap by examining the determinants which are affecting the business performance of women entrepreneurs within the Sri Lankan context. Therefore, the present study examines the determinant factors of women entrepreneurs in the business performance in the Gampaha area of.

The primary objective of this study is, to identify, the relationship between the determinants factors (human capital, network affliction, and social, environmental and organizational) affecting to the business success of women entrepreneurs and the business

performance of women entrepreneurs. Furthermore, it will reveal what are the challenges and issues faced by women entrepreneurs.

Many scholars may have a problem, why someone should study the women entrepreneurs. Information about women entrepreneurs are difficult to gather and theory is underdeveloped. When considering the significance of this topic scholars have recognized three reasons for studying this topic. According to Arrow, (as cited in Shane & Venkataraman, 2000) entrepreneurship is a mechanism by which society converts technical information into these products and services. Secondly, the Kirzner's, (as cited in Shane & Venkataraman, 2000) opinion was entrepreneur is a mechanism through which temporal and spatial inefficiencies in an economy are discovered and mitigated. Finally, according to Schumpeter, (as cited in Shane & Venkataraman, 2000) isolated entrepreneurially driven innovation in products and process as the crucial engine driving the change process. Therefore if there is a lack of

knowledge about entrepreneurship, the business landscape is incomplete.

Hence, the finding of this research will be helpful to get decisions for women entrepreneurs and will uplift their standard of living.

According to the Household Income and Expenditure Survey (2009/10) (HIES), out of 5 million households, in Sri Lanka, 23 % of the households are female-headed households who are mostly in the age group of 40-59 years. Among the total female heads of the households, in Sri Lanka, more than 50% are widows while a small percentage (4.5%) has reported as never married (again). They are the main income source of the house. Therefore, it is important to examine what factors affect the performance of women entrepreneurs. It helps women who will be engaged as future entrepreneurs and also who are current entrepreneurs.

Moreover, this research would give information to non-government and government organizations to get their decisions and to improve the women participation in SME by giving

training and development programs for them.

2. Methodology

This study, 'The determinants of business success of women entrepreneurs, is conducted using a quantitative research method. The study focuses on test the developed hypotheses and the established relationships in the research model. The study can also be descriptive as it explains the relationships between variables. Thus, it is quantitative explanatory research.

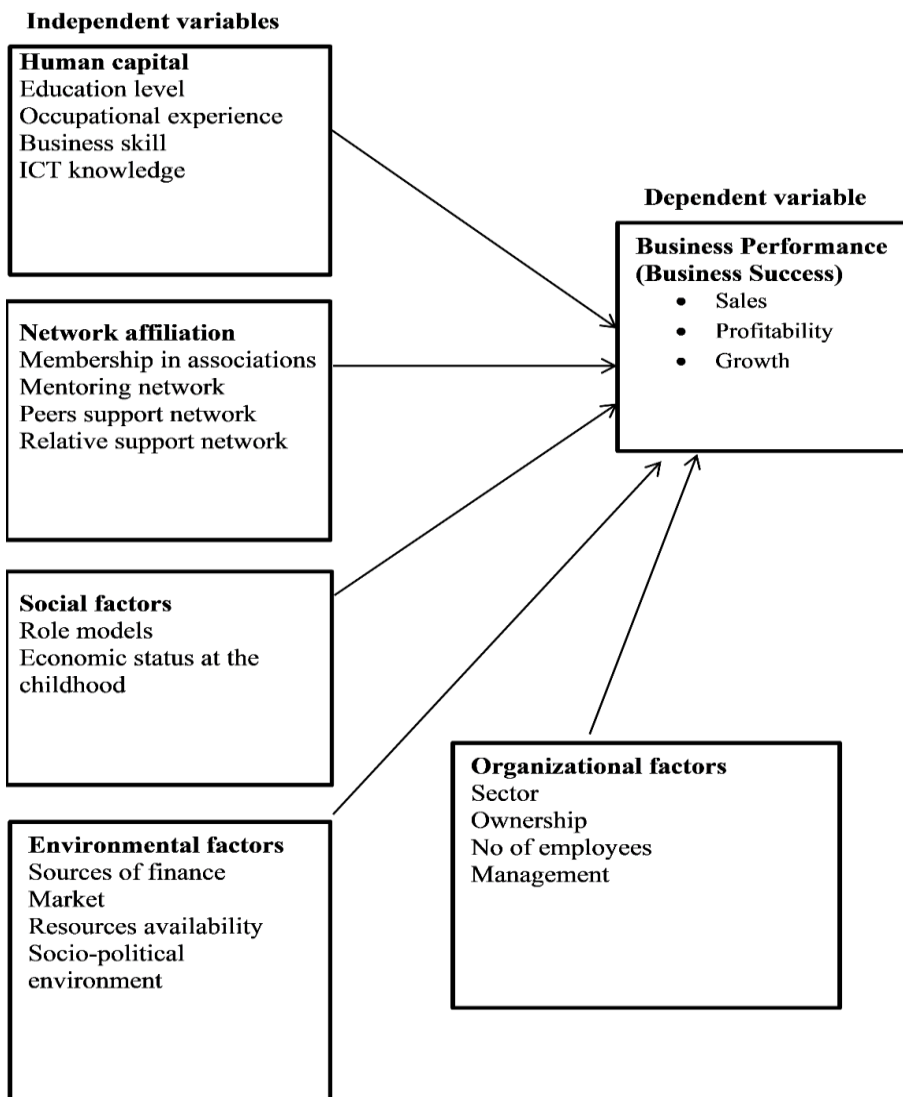
2.1. Conceptual Framework

The conceptual framework of the research study is shown in figure 1 Human capital, Network affiliation, social factors, environmental factors and Organizational factors are taken as the independent variables and education level, Occupational experience, Business skill, ICT knowledge are taken as the sub-variable of the Human capital variable. Relative support network, Mentoring network, Peers support network, Membership in associations

are taken as the sub variable of network affiliation. Role model, Economic statuses are taken as the sub variable of social factor. Sources of finance, Market, Resources availability and Socio-political environment are taken as the sub variable of environmental factor.

Sector, Ownership, No of employees and Management are taken as the sub variable of organizational factor, while the Business performance of women entrepreneurs is taken as the dependent variable.

Figure 1: Conceptual framework



2.2. Hypothesis

Human capital, Network affiliation, Social factors, Environmental factors, and Organizational factors are taken as the independent variables; under human capital, education level, occupational experience, business skill, ICT knowledge are the sub-variables; under network affiliation relative support network, mentoring network, peers support network, membership in associations are the sub-variables; under social factors role model and economic status are the sub-variables; under environmental factors, Sources of finance, Market, Resources availability and Socio-political environment are the sub-variables; under organizational factors business sector, ownership, number of employees and management are the sub-variables; under demographic factors, age, marital status, number of children are the sub-variables. Business performance of women entrepreneurs is taken as the dependent variable. Profitability, sales and growth of the business are the measurements of the business performance. Following hypothesis were tested with the data collected.

H1 - There is a relationship between human capital factors of the women entrepreneurs and business performance.

H2 - There is a relationship between network affiliation factors of the women entrepreneurs and business performance.

H3 - There is a relationship between environmental factors of the women entrepreneurs and business performance.

H4 - There is a relationship between the social factors of women entrepreneurs and business performance.

2.3. Data Collection and Analysis

The population considered for the research study is all the registered women entrepreneurs in Gampaha divisional secretarial area as at 31st of December 2019. The sample consisted of 94 women entrepreneurs selected by using a convenience sampling method. A structured self-developed questionnaire was used to gather primary data needed for the study which is based on the literature. 110 questionnaires were distributed among women entrepreneurs who

were registered under the divisional secretariat office Gampaha and only 94 questionnaires were returned completely. The questionnaire consisted of four sections. The first section consisted of the questions related to demographic information of women entrepreneurs. Section 2 consisted of questions related to determinant factors, section 3 consisted of questions related to business performance and section 4 consisted of open-ended questions related to women entrepreneurs. All the questions of sections 2 and 3 were put on a five-point Likert scale.

.To analyze, descriptive statistics, correlation coefficient, ANOVA and

simple regression analysis were used. To test the relationship between variables correlation was used regression analysis was used to identify the significance of the relationship.

2.4. Operationalizing Main Variables

Measurement scales of five variables in the conceptual framework were adopted from previous researches. The above-stated variables in the conceptual framework of the study are operationalized in the table below.

Table 01: Operationalizing main variables

Variable	Criteria to be concerned in the study	Source
Age	20-30 years 30-40 years 40-50 years above 50	Wuhe,2010(As cited in Kaushalya, 2016)
Material status	single married divorced widow	(Kaushalya, 2016)

Education	Only primary education passed O/L passed A/L graduate postgraduate	Ganewatte,2008(as cited in (Kaushalya, 2016)
Number of children	No children less than 3 more than 3	(Kaushalya, 2016)
Ownership	sole-proprietorship partnership family business joint venture company	-
Sector	Enterprises relating to textile, apparel and leather Production of food and Beverages Trading Agriculture Beauty Culture Coir related products Miscellaneous	-
Management	Whether there are mangers to conduct the business	-
Employees	Whether there are employees. less than 5 between 5-10 more than 10	-
Education	Have been enough education to conduct business.	(Kaushalya, 2016)

Occupational Experience	Whether been doing a job in the same field before, Whether have prior experience in this industry	(Kaushalya, 2016)
Business Skill	Business skills that are supportive to perform the business activities well.	(Kaushalya, 2016)
ICT knowledge	Used social service network as a marketing technic.(email, Facebook)	(Kaushalya, 2016)
Membership in associations	Involvement in networks of college, women associations, trade associations and business associations.	(Hisrich,learner and bruch,1983 as cited in (Kaushalya, 2016)
Mentoring network	Formal and informal sources to get advice, knowledge and information.	Wendy and Chong, 2007. (Kaushalya, 2016)
Peers support network	Peers who share business information, financing for survival and growth. Help to Identify and solve the issues within the industry and solve the issues within the industry.	Wendy and Chong, 2007. (Kaushalya, 2016)
Relative support network.	Relatives who help during start-up and growing the business.	Wendy and Chong, 2007. (Kaushalya, 2016)
Role model	Individual decisions to engage in a certain behaviour are often influenced by the behaviour and opinions of others.	(Hisrich,learner and bruch,1983 as cited in (Kaushalya, 2016)

Economic status in childhood	Experienced in anxiety-laden stressful situations such as poverty, economic hardships and death of a parent.	(Hisrich, learner and bruch,1983 as cited in (Kaushalya, 2016)
Source of finance	The source of finance day to day operations of a business keeping.	Hisrich and Brush (1982 and 1985)
Market	The market is the place in which buyers and sellers met. as a women entrepreneurs how they access to the market.	Hisrich and Brush (1982 and 1985)
Resource availability	Resource availability, including venture capital, technical labour force, loans, support services, and a favourable entrepreneurial	Hisrich and Brush (1982 and 1985)
Socio-political environment	Availability of government assistance	Hisrich and Brush (1982 and 1985)
Business Performance	Profitability growth sales	Hisrich and Brush (1982, 1985).cited in (Kaushalya, 2016)

Source: Author constructed (2019)

3. Results and Discussion

3.1. Reliability and Validity

The degree to which a measurement technique can be depended upon to

secure consistent results upon repeated application is known as the reliability of a measure (Weiner, 2007).

Table 2: Result of Conbrach's Alpha

Variable	Cronbach's Coefficient Alpha
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Human capital	0.542
Network affiliation	0.473
Social factors	0.508
Environmental factors	0.726
Business performance	0.888

(Author constructed, 2019)

As shown in Table 2, Cronbach's alpha for human capital is 0.542, Network affiliation is 0.473, social factors is 0.508, which most of are more than 0.5 and it indicates that there is good consistency between data, which measures the variable. Environmental factors and business performance factors indicate that the strong consistency of data, which measure the variables since the alpha value is greater than 0.7.

The degree to which any measurement approach or instrument succeeds in describing or quantifying what it is designed to measure is known as the validity of a measure (Weiner, 2007). Validity is concerned with the extent to which an instrument measures what it is intended to measure (Tavakol & Dennick, 2011).

Table 03: KMO & Bartlers Test

Variable	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Sig. Value
Human capital	0.593	.000
Network affiliation	0.646	.000
Social factors	0.647	.000
Environmental factors	0.704	.000
Business performance	0.777	.000

(Author constructed, 2019)

As shown in Table 3, Kaiser-Meyer-Olkin Measure of Sampling Adequacy for human capital is 0.593, Network affiliation is 0.646, social factors is 0.647, which most of are more than

0.5 and it indicates or quantifies what it is designed to measure.

3.2 Descriptive Statistics

In descriptive statistics mean, variance standard deviation for all the considered variables is calculated.

Table 04: Descriptive Statistics

Variable	Mean	SD	Variance
Human Capital	2.3830	.52026	.271
Network Affiliation	3.0691	.54305	.295
Environmental Factors	3.1862	.56074	.314
Social Factors	3.0851	.59518	.354
Business Performance	3.5931	.69849	.488

Source: Author constructed (2019)

3.3 Correlation Analysis

Using Pearson's product-moment correlation with the 2-tailed test of significance, the correlation analysis

was made to investigate the determinants of Business Success of Women Entrepreneurs.

Table 5: Correlation Coefficients

Variable	Correlation Coefficient	Relationship	Hypothesis.
Human Capital	0.763**	Significant strong positive	Accept H1
Network Affiliation	0.715**	Significant strong positive	Accept H2
Environmental Factors	0.836**	Significant strong positive	Accept H3
Social Factors	0.674**	Significant strong positive	Accept H4

(Author constructed, 2019)

Table 05 displays the correlation coefficients of variables for the analysis of the relationship between determinants and business performance. In this case, the coefficient of correlation is more than 0.5 at 0.01 significant level. Therefore, all the variables were highly important when considering the individual factors of Women

entrepreneurs. According to this result, there is a positive relationship between business performance and determinants factors of women entrepreneurs.

As the correlations of all independent variables with the dependent variable were highly positive and statistically significant.

It shows that there is a significant relationship between Human capital and business performance, or in other words, it indicates that education level, Occupational Experience, Business skill and ICT knowledge positively related with Business performance. It shows that there is a significant relationship between Network Affiliation and the Business performance, or in other words membership in associations, mentoring network, peers support network and relative support positively related with Business performance. And also there is a significant relationship between environmental factors and business performance, or in other words source of finance, availability of market, Resource availability and Social political environment positively

related with business performance. It reveals that there is a significant relationship between social factors and business performance, or in other words role model and economic status in childhood positively related with business performance.

3.2. Multiple Regression Analysis

Multiple regression analysis was carried out for all the four relationships found. The multiple linear regression analysis was carried out to investigate the relationship between the dependent variable (Business Performance) with each independent variable such as Human capital (HC), Network Affiliation (NF), Environmental factors (EF) and Social factors.

Table 06: Multiple regression Analysis

Model	Unstandardized Coefficient		Standardized Coefficient t	Sig.
	B	Std. Error		
			Beta	

1 (Constant)	-.591	.190		-3.103	.003
Human Capital	.279	.079	.208	3.524	.001
Network Affiliation	.337	.069	.262	4.883	.000
Environmental Factors	.608	.069	.488	8.791	.000
Social Factors	.177	.062	.151	2.861	.005

a. Dependent Variable: BP

When considering the relationship between determinants and business performance of women entrepreneurs, R square value is 0.856, implying that Independent variables explain 85.6% of the total variability of the dependent variable. All the variables are significant at the 0.01 level of significance. Table 06 unstandardized coefficient B value describes that there is a positive relationship between Determinants and business performance. Due to that, all the Hypothesis are accepted at 0.01 significant level.

4. Conclusion

When we consider the previous scholarly work, Kaushalya, (2016) individual factors (Human capital, Network affiliation, Social factors) of women entrepreneurs positively affect the business performance of women-owned SMEs. Moreover, Dharmaratne, (2012), concludes that the women-owned businesses in the selected sample are favourably affected by the existing environmental factors like capital market, consumer market, socio-political variables, and resource availability. The findings of this research in the Sri Lankan context supports the conclusions of the above two researches.

Therefore, the research study concludes that determinant factors (human capital factors, network affiliation, environmental factors and social factors) have a strong positive impact on the business performance of women entrepreneurs and organizational factors are not influenced on business performance

The findings of this study are significant for identifying the main determinants of the business performance of women entrepreneurs in order to take actions to facilitate that particular background. This will be a vital study to refer to the fresh women entrepreneurs who are seeking to enter the market. Women entrepreneurs who currently engaged in small businesses can make use of these finding to get a better understanding of their current situation. Related authorities also can use these findings for their decision-making process. Furthermore, this study provides theoretical and practical knowledge with the research guide for university students and other people who are interested to learn.

As the study shows the determinant factors positively effect on the business performance of women entrepreneurs if advancements are carried out in those fields especially in rural areas where there is no necessary background to start and run a small business it will be a great push for them to succeed. Therefore, Government and interested parties should take the actions to increase the level of business skills of women and provide more occupational opportunities to acquire required technical and non-technical knowledge, skills and provide a better entrepreneurial background to acquire better entrepreneurial experience. Entrepreneurship should be improved as a career path. Parents, peers, relatives must encourage their children in entrepreneurship by directing them. Schools, universities should introduce entrepreneurship as a compulsory subject to improve the entrepreneurship skills among the students. The media is also responsible for informing the benefits of entrepreneurship and the success stories among the community.

The findings of this study are useful for identifying the main determinants of the business performance of women entrepreneurs in order to take actions to facilitate that particular background. And also it will be helped to get decisions to women entrepreneurs and uplifting their standard of living. According to the household income and expenditure survey (2011) reveals that out of five million households, 1.1 million households are women. Women are the main source of the house. Therefore, it is important to identify the main determinants of the business performance of women entrepreneurs.

This will be a very important study to refer to the fresh women entrepreneurs who are seeking to enter the market.

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Women entrepreneurs who currently engaged in small businesses can make use of these finding to get a better understanding of their current situation.

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