



Breaking the Barriers: Influential Factors for Women Entrepreneurs' Success in Sri Lanka

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ABSTRACT

This research investigates the factors influencing the success of women entrepreneurs in Small and Medium-sized Enterprises (SMEs) within the Alawwa Division, Sri Lanka. With only 25% of SME owners being female in the country, the study addresses the unique challenges faced by women entrepreneurs, aiming to contribute insights for policymakers and development agencies. The research employs a quantitative approach, utilizing survey data from 103 women entrepreneurs, coupled with statistical analyses such as correlation and multiple regression. The key determinants identified include Family Support, Personality Factors, Human Capital, Institutional Support, and Internal Motivation, all demonstrating positive relationships with Women Entrepreneur Success. Family Support, Personality Factors, and Internal Motivation emerge as particularly influential. The study underscores the importance of fostering supportive familial environments, developing personal attributes, and enhancing institutional and human capital support. These findings carry practical implications for stakeholders, providing a basis for targeted strategies to promote gender-inclusive economic development. The research not only contributes to academic knowledge but also serves as a catalyst for fostering gender equality in entrepreneurship. By addressing these factors, the study envisions creating a conducive environment to harness the untapped potential of women entrepreneurs, ultimately fostering economic growth in Sri Lanka.

Keywords: SMEs, Woman Entrepreneurs, Influential Factors, Success

Introduction

Small and Medium-sized Enterprises (SMEs) are key drivers of economic development, innovation, and job creation globally (Gherghina et al., 2020; Karadağ, 2016). However, in Sri Lanka, the lack of a standardized definition for SMEs, with varying criteria among different government agencies, poses a challenge. The SME policy framework in Sri Lanka defines these enterprises based on employee count and annual revenue, encompassing companies with fewer than 300 employees and revenues up to Rs. 750 million. Despite constituting 80% of businesses and contributing significantly to the economy, only 25% of SME owners in Sri Lanka are female (Central Bank Report, 2021) highlighting a gender disparity in the sector. The global discourse on the role of women in entrepreneurship has gained momentum, with an increasing recognition of the transformative potential they bring to economies (Gundry, Miriam & Posig, 2003). However, women entrepreneurs often face unique challenges, including limited access to financial resources, markets, and discriminatory gender norms (Mandipaka, 2014; Marković, 2015; Roomi & Parrott, 2008). This underscores the need to understand and address these challenges to unlock the full economic potential of women in SMEs. Despite women comprising more than half of the country's population, their active participation in the economy is only 35% (Department of Census and Statistics; 2007). Recognizing the significant role of women in economic development and entrepreneurship, this study aims to explore the factors that influence the success of women entrepreneurs in Micro Enterprises. Globally, women's entrepreneurship has gained prominence, with approximately 37% of formal sector businesses worldwide owned by women. However, in Sri Lanka, female entrepreneurs confront challenges connected to gender bias and limited opportunities, resulting in only 18% of the female working-age population actively participating in the economy (Department of Census and Statistics; 2007). With such a low percentage of economically active women in Sri Lanka, there exists a substantial untapped potential that, if harnessed, could significantly contribute to economic growth. The study seeks to identify the factors that influence the success of women entrepreneurs in Micro Enterprises, thereby filling a critical research gap and providing valuable insights for policymakers, development agencies, and academic institutions. By understanding these factors, the research intends to contribute to the empowerment of women entrepreneurs and foster economic development in the Alawwa Division and beyond. The study will delve into the unique challenges and opportunities faced by women entrepreneurs in the Alawwa Divisional Secretariat Division, an area with limited research on success factors, barriers, and support programs for women entrepreneurs. A range of studies have explored the factors that encourage and challenge women entrepreneurs. Ranasinghe et al., (2020) and De Silva et al. (2021) both highlight the need for transnational networks and a deep understanding of women entrepreneurship. Mustapha (2016) and Amlathe et al., (2017) further underscore the significance of these factors, with Amlathe et al., (2017) also noting the potential for women entrepreneurship to contribute to economic development. Choudhary and Royalwar (2011) specifically focus on the opportunities and challenges for rural women entrepreneurs in India, highlighting the potential for empowerment and the need for public support. Accordingly, the objective of this study is to identify and understand the Factors Affecting the Success of Women Entrepreneurs in Micro Enterprises in the Alawwa Division, Sri Lanka. This research problem holds great importance due to the critical role that women entrepreneurs play in the economic growth of the

nation. It is essential to comprehend the factors that affect their success, as this information can be utilized to encourage and nurture women's entrepreneurial pursuits. The subsequent section delineates the research inquiries and goals that direct this study.

Material and methods

The methodology utilized in this research entails a thorough examination of various components, commencing with the research design. The research design serves as a roadmap for the acquisition, measurement, and analysis of data, encompassing crucial decisions such as the mode of data collection, sampling technique, and data analysis procedures. Consequently, the conceptual framework of the study is depicted in Figure 1.

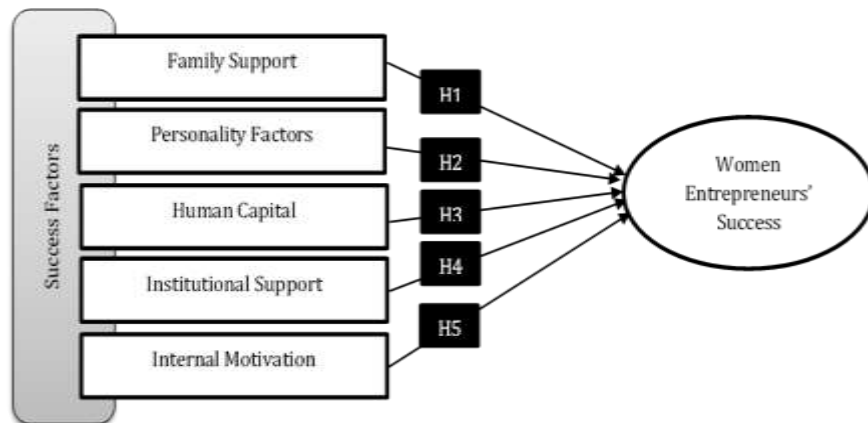


Figure 1: Conceptual Framework

In this study, a quantitative research design was adopted, focusing on gathering numerical data relevant to success factors and women entrepreneurs' success. The deductive reasoning approach was employed to create a theoretical framework and hypotheses. The nature of the study was explanatory, aiming to explore the impact of independent variables, specifically success factors, on the dependent variable—women entrepreneurs' success. The chosen research strategy was survey research, utilizing a survey questionnaire to collect quantitative data on various research questions. The unit of analysis selected was individual women entrepreneurs in SMEs in the Alawwa Division in Sri Lanka. To obtain a representative sample, a total of 103 women entrepreneurs were identified using the Morgan Table and a basic random sampling technique. Data collection involved both primary and secondary sources. Primary data, collected specifically for the study, was obtained through a structured questionnaire with three parts: Part A for demographic information, Part B for independent and dependent variables, and Part C for additional factors. Secondary data sources included Central bank annual reports, relevant previous studies, websites, books, and the internet. The method of measurement and scaling employed the Likert scale, a five-point scale ranging from "Strongly Disagree" to "Strongly Agree." Data analysis was conducted using IBM SPSS 21-Version, involving a series of steps such as data screening, univariate analysis (descriptive statistics and independent sample T-Test), bivariate analysis (Pearson correlation), and multivariate analysis (multiple regression analysis). These analytical techniques aimed to assess the validity and reliability of the data, explore relationships between variables, and evaluate the relative relevance of attributes influencing women entrepreneurs' success.

Results and discussion

According to the data on female entrepreneurs who have registered under the microentrepreneur category in Sri Lanka's Alawwa Divisional Secretarial Division, a total of 135 women entrepreneurs were identified. A sample size of 103 individuals was estimated using the Krejcie and Morgan Table. This sample was subsequently administered the questionnaire, from which the following information was obtained. Table 1 displays the profile of the respondents in the sample.

Table 1: Sample profile of respondents

Factor	Frequency	Percentage
Age		
18-25 years	11	10.7
26-35 years	12	11.7
36-45 years	55	53.4
46 years or above	25	24.3
Marital Status		
Single	21	20.4
Married	72	69.9
Divorce	2	1.9
Widow	8	7.8

Manufacturing activity		
Food and Beverage	30	29.1
Apparel	18	17.5
Beauty Salons	18	17.5
Agricultural	17	16.5
Animal husbandry	5	4.9
Handicrafts	13	12.6
Other	2	1.9
Number of years		
Less than 1 year	14	13.6
2-4 years	36	35.0
5-7 years	31	30.1
More than 8 years	22	21.4
Annual Turnover		
Less than Rs.0.5 million	103	100.0
Number of employees		
No employees	89	86.4
Between 1-3	14	13.6
Educational Level		
Below (GCE) O/L	24	23.3
(GCE) O/L	54	52.4
(GCE) A/L	10	9.7
Diploma	12	11.7
Degree	2	1.9
Other qualifications	1	1.0

The demographic profile of the women entrepreneurs in the study reveals several key findings that shed light on their characteristics and business attributes. In terms of age distribution, the majority of women entrepreneurs, constituting 53.4% of the sample, fall within the age range of 36-45 years. This suggests that women in their mid to late thirties and early forties are prominently engaged in entrepreneurial activities. Furthermore, a substantial portion of entrepreneurs (24.3%) is aged 46 years or above, indicating a significant presence of experienced and mature individuals in the entrepreneurial landscape. With regard to marital status, the majority of women entrepreneurs are married (69.9%), underscoring the involvement of individuals in familial and spousal relationships in entrepreneurial ventures. However, the percentage of single entrepreneurs is notable (20.4%), implying that a substantial portion of women entrepreneurs is navigating the business landscape independently. The distribution of manufacturing activities among women entrepreneurs indicates a diverse landscape, with food and beverage manufacturing being the most prevalent (29.1%). This is followed closely by apparel (17.5%) and beauty salons (17.5%), illustrating a mix of traditional and contemporary entrepreneurial pursuits. The presence of agricultural activities (16.5%) and handicrafts (12.6%) further emphasizes the varied sectors in which women entrepreneurs are engaged. In terms of business tenure, the distribution shows a relatively balanced landscape, with a substantial number of entrepreneurs having 2-4 years of experience (35.0%). This suggests a mix of both established and relatively newer businesses. The annual turnover pattern among women entrepreneurs is noteworthy, as all surveyed businesses reported turnovers below Rs.0.5 million, suggesting that a large number of women entrepreneurs operate within this financial bracket. Additionally, a considerable proportion of women entrepreneurs (86.4%) operate without hiring employees, indicating the prevalence of solo entrepreneurial ventures. The educational background of women entrepreneurs is diverse, with the majority having completed at least the General Certificate of Education (GCE) Ordinary Level (52.4%). The representation of entrepreneurs with diploma-level education (11.7%) and degree-level education (1.9%) underscores the varied educational qualifications within this cohort. These findings highlight the diverse demographic and business characteristics of women entrepreneurs, emphasizing their engagement in a wide range of manufacturing activities, varying business tenures, and predominantly small-scale operations. These insights are crucial for understanding the landscape of women entrepreneurship and formulating targeted strategies to support and empower women in their entrepreneurial endeavors.

Table 2: Correlation Analysis

		Women Entrepreneur Success	Family Support	Personality Factors	Human Capital	Institutional Support	Internal Motivation
Woen Entrepreneur Success	Pearson Correlation	1					
	Sig. (2-tailed)						
Family Support	Pearson Correlation	.573	1				
	Sig. (2-tailed)	.000					
Personality Factors	Pearson Correlation	.450	.356	1			
	Sig. (2-tailed)	.000	.000				
Human Capital	Pearson Correlation	.546	.482	.341	1		

	Sig. (2-tailed)	.000	.000	.000	1	
Institutional Support	Pearson Correlation	.540	.377	.216	.368	
	Sig. (2-tailed)	.000	.000	.028	.000	1
Internal Motivation	Pearson Correlation	.550	.648	.261	.379	.361
	Sig. (2-tailed)	.000	.000	.008	.000	.000
						1

The results of the correlation analysis, presented in Table 2, revealed statistically significant associations, providing valuable insights into the factors that contribute to women entrepreneur success. The findings indicate that women entrepreneur success is positively correlated with family support ($r = 0.573$, $p < 0.001$), suggesting that a supportive family environment is a crucial determinant of success for women entrepreneurs. Similarly, personality factors demonstrated a significant positive correlation with women entrepreneur success ($r = 0.450$, $p < 0.001$), highlighting the importance of personal traits in influencing entrepreneurial achievements. Human capital, which comprises skills and education, showed positive correlations with women entrepreneur success ($r = 0.546$, $p < 0.001$), emphasizing its role in contributing to the success of women entrepreneurs. Institutional support also exhibited positive correlations with women entrepreneur success ($r = 0.540$, $p < 0.001$), underscoring the significance of external support systems in influencing success. Furthermore, internal motivation demonstrated significant positive correlations with women entrepreneur success ($r = 0.550$, $p < 0.001$), indicating that an entrepreneur's internal drive is positively associated with their success. This suggests that internal motivation may act as a driving force that interacts with external factors to contribute to the success of women entrepreneurs. The findings of this study emphasize the importance of family support, personality factors, human capital, institutional support, and internal motivation in influencing women entrepreneur success. The positive correlations indicate that a combination of internal and external factors plays a significant role in determining the success of women entrepreneurs in the studied context, with each factor contributing positively to the overall success of women entrepreneurs.

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. The Error in the Estimate	Change Statistics			df1	df2	Sig. F Change	Durbin-Watson
					R Square	Change	F Change				
1	.754	.569	.547	.427	.569	25.614	5	97	.000	1.439	

a. Predictors: (Constant), Internal Motivation, Institutional Support, Personality Factors, Family Support, Human Capital
b. Dependent Variable: Women Entrepreneur Success

The regression analysis has yielded significant findings regarding the factors that influence Women Entrepreneur Success. The model demonstrates a strong positive linear relationship ($R = 0.754$) between the dependent variable and the predictors, indicating a substantial association between them. The model accounts for approximately 56.9% of the variability in Women Entrepreneur Success ($R^2 = 0.569$), showcasing the substantial impact of the included predictors. The Adjusted R Square, at 0.547, adjusts for the number of predictors, providing a reliable measure of the model's goodness of fit. The predictors collectively contribute significantly to Women Entrepreneur Success, with each factor playing a crucial role. Internal Motivation, Institutional Support, Personality Factors, Family Support, and Human Capital are identified as key determinants. The statistically significant F Change statistic ($F = 25.614$, $p < 0.001$) reinforces the overall significance of the model, suggesting that the included predictors collectively contribute to the prediction of Women Entrepreneur Success. The Durbin-Watson statistic, at 1.439, indicates no substantial autocorrelation in the model's residuals. In summary, the regression model reveals that a combination of Internal Motivation, Institutional Support, Personality Factors, Family Support, and Human Capital significantly influences and predicts Women Entrepreneur Success.

Table 4: ANOVA table

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	23.429	5	4.686	25.614	.000b
	Residual	17.745	97	.188		
1	Total	41.174	102			

a. Dependent Variable: Women Entrepreneur Success
b. Predictors: (Constant), Internal Motivation, Institutional Support, Personality Factors, Family Support, Human Capital

The analysis of variance (ANOVA) results for the regression model provides significant insights into the relationship between the predictors and the dependent variable, Women Entrepreneur Success. The regression model, which includes Internal Motivation, Institutional Support, Personality Factors, Family Support, and Human Capital as predictors, demonstrates a substantial overall effect on Women Entrepreneur Success ($F = 25.614$, $p < 0.001$). This suggests that the combined influence of these predictors collectively contributes to explaining the variance in Women Entrepreneur Success. The ANOVA results emphasize the overall significance of the regression model in predicting Women Entrepreneur Success. The substantial F-statistic and its associated p-value indicate that the included predictors play a crucial role in explaining the variability in Women Entrepreneur Success, offering valuable insights into the factors influencing the success of women entrepreneurs.

Table 5: Coefficients table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Beta	Tolerance

(Constant)	-.256	.358		-.714	.477		
1 Family Support	.025	.015	.159	1.635	.105	.492	2.032
Personality Factors	.195	.071	.201	2.747	.007	.834	1.199
Human Capital	.261	.096	.217	2.705	.008	.699	1.432
Institutional Support	.408	.107	.284	3.806	.000	.793	1.261
Internal Motivation	.120	.052	.208	2.292	.024	.562	1.780

a. Dependent Variable: Women Entrepreneur Success

The regression coefficients, presented in the Table 5, offer invaluable insights into the unique contributions of the predictors to Women Entrepreneur Success within the model. The constant term is found to be $-.256$; however, it is not statistically significant ($t = -.714$, $p = .477$), indicating that in the absence of other predictors, there is no discernible baseline effect on Women Entrepreneur Success. Among the specific predictors, Family Support demonstrates a positive unstandardized coefficient of $.025$, with a t -value of 1.635 ($p = .105$). Although not statistically significant at conventional levels, this suggests a positive correlation between Family Support and Women Entrepreneur Success. Personality Factors, with a coefficient of $.195$ and a t -value of 2.747 ($p = .007$), exhibit a statistically significant positive association, implying that certain personality traits contribute positively to Women Entrepreneur Success. Human Capital, with a coefficient of $.261$ and a t -value of 2.705 ($p = .008$), demonstrates a statistically significant positive impact on Women Entrepreneur Success. This suggests that skills and education, encompassed by Human Capital, play a significant role in influencing women entrepreneurs' success. Institutional Support emerges as a powerful predictor with a coefficient of $.408$ and a high t -value of 3.806 ($p < .001$), indicating a statistically significant positive relationship. This underscores the crucial role of external institutional support in fostering Women Entrepreneur Success. Finally, Internal Motivation, with a coefficient of $.120$ and a t -value of 2.292 ($p = .024$), is identified as a statistically significant positive predictor. This suggests that an entrepreneur's internal drive and motivation play a vital role in predicting success.

Conclusion

In conclusion, this research addresses the critical issues faced by women entrepreneurs in Micro Enterprises (MSMEs) within the Alawwa Division, Sri Lanka, shedding light on the factors influencing their success. The study highlights the unique challenges encountered by women entrepreneurs in a region where gender-based economic disparities persist. The socio-economic landscape of Sri Lanka, especially the Micro Enterprises sector, is marked by a significant gender gap, with only 25% of SME owners being female. Against this backdrop, the study delves into the specific challenges faced by women entrepreneurs, aiming to contribute valuable insights for policymakers, development agencies, and academic institutions. Notably, the research reveals that Family Support, Personality Factors, Human Capital, Institutional Support, and Internal Motivation are key determinants influencing the success of women entrepreneurs in the Alawwa Division. The statistical analyses, including correlation analysis and multiple regression, affirm the positive relationships between these factors and Women Entrepreneur Success. Particularly noteworthy are the relatively stronger influences of Personality Factors, Human Capital, Institutional Support and Internal Motivation. The findings underscore the significance of developing personal attributes, and enhancing institutional and human capital support. These factors play pivotal roles in empowering and elevating the success of women entrepreneurs in the specified region. The study contributes not only to academic knowledge but also provides practical implications for stakeholders seeking to promote gender-inclusive economic development. Moving forward, policymakers, development agencies, and local institutions can utilize these insights to formulate targeted strategies and support programs. By addressing the identified factors, a conducive environment can be created to harness the untapped potential of women entrepreneurs, thereby contributing significantly to economic growth in the Alawwa Division and beyond. This research acts as a catalyst for fostering gender equality in entrepreneurship, paving the way for a more inclusive and economically vibrant future in Sri Lanka.

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