

Individual Factors Affecting the Business Performance of Women Entrepreneurs in Colombo District, Sri Lanka

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Introduction

Entrepreneurship is a critical factor for an economy of a particular country since it leads to generate income locally or internationally and ultimately facilitates economic progression. It emphasizes not only generating income but also increasing living standards of the people and accelerating production, etc. Hence entrepreneurship can be considered as one of the major drivers of the economic growth especially for a developing country like Sri Lanka.

Women Entrepreneurship is also attracted the attention of the scholars being one of the crucial factors of economic growth of a country. Sri Lanka needs to pay high consideration to women entrepreneurship since more than half portion of women population. Women entrepreneurship generates new job opportunities to the society, it influences to provide innovative management solutions to the business world. Even though a variety of advantages can be identified, still there is a number of barriers associated with a woman entering to the business world such as gender discrimination, matrimonial problems, cultural barriers, lack of finance etc (Hisrich, 1982).

When focusing on the entrepreneur's role and the Sri Lankan economy, past history shows that there is no considerable contribution of women entrepreneurship to the development of the economy of the country. But in recent past, the situation has changed and there is a considerable contribution of women entrepreneurs to the Sri Lankan economy even though the numbers of female entrepreneurs are still relatively low (Hemalatha, 2005).

Research problem of the study is formulated as, “Is there an effect of individual factors namely, human capital, social learning and financial capability on business performance of women entrepreneurs in Colombo District, Sri Lanka”.

The main objective of the research is, to find out the effect of individual factors on the business performance of Women Entrepreneurs: in Colombo District, Sri Lanka.

The sub-objectives of the research are,

- To find out the relationship between human capital and business performance of women entrepreneurs in Colombo District Sri Lanka.
- To find out the relationship between social learning and business performance of women entrepreneurs in Colombo District Sri Lanka.
- To find out the relationship between financial capability and business performance of women entrepreneurs in Colombo District Sri Lanka.
- To identify which factor (out of human capital, social learning and financial capability) has the most influence on the business performance of women entrepreneurs in Colombo District Sri Lanka.

According to the objectives of the study, the following hypotheses were formulated.

- Hypothesis 1: There is a positive relationship between human capital and the business performance of women entrepreneurs in Colombo District Sri Lanka.
- Hypothesis 2: There is a positive relationship between social learning and the business performance of women entrepreneurs in Colombo District Sri Lanka.
- Hypothesis 3: There is a positive relationship between financial capability and the business performance of women entrepreneurs in Colombo District Sri Lanka.

Literature Review

The field of entrepreneurship is a complex study area in modern studies. Nobody can give an exact definition of entrepreneurship as a result. Simply it is an exploiting new profitable business opportunity and creating new organizations by using them (Kearney, 2007).

Women entrepreneurship has attracted the attention of the scholars from the recent past based on the definitions for an entrepreneur. Women have owned and operated the business for decades, but they were not always recognized or given credit for their efforts. According to Hughes (2012), Women entrepreneur is any female who organizes and manages an enterprise, especially at a business or commercialized level.

According to Cooper (1992), it can be identified that personal and industrial factors such as experience, education, the occupation of parents, gender, race, age, and entrepreneur's goals affect women entrepreneurship. Brush (1991) has stated that there is no significant difference between the performance of businesses when comparing men and women individually and the researcher has identified that the most successful factors are, previous occupational experience, business skills, level of education, and personal factors such as motivations and having a mentor.

This study has focused only on human capital, social learning and financial capability as its independent variables.

According to Hisrich (1982), human capital can be defined as the collection of individually developed supportive skills and capabilities through his or her education and experience. This is based on six dimensions, educational level, educational area, previous occupation, previous entrepreneurial experience, experience in the industry, business skills. Further, Hisrich (1982) identified that there is an effect to the business performance from these human capital factors.

Social learning theory was introduced by Bandura in 1977 and the concept mainly relies on the role of entrepreneurial socialization since it explains the behavioural pattern of the entrepreneurs and leads to career development. Social Learning can happen through the observation of the behaviour of other people, especially role models. The study also revealed that there is a positive impact from social learning towards the business performance of women entrepreneurs (Bandura, 1977).

Brophy (1989), stated that availability and capability to find sufficient start-up capital is one of the most influencing environment factors which directly affect the business performance of women entrepreneurs. Similarly, if there are sufficient loan facilities and other financial support services for the entrepreneurs that will also favourably impact the business performance (Bruno & Tybjee 1982).

Chaganti & Parasuraman (1994) defined that business performance is related to financial performance and documented organizational factors. According to Hisrich (1982), five dimensions namely, revenue, profits, the ability to face competition, business expansion, business achievements, can be used to measure the performance of a particular business.

Methodology

The researcher has used a self-developed conceptual framework which indicates Human Capital, Social Learning and Financial Capability as the independent variables while Business Performance as the dependent variable of the study.

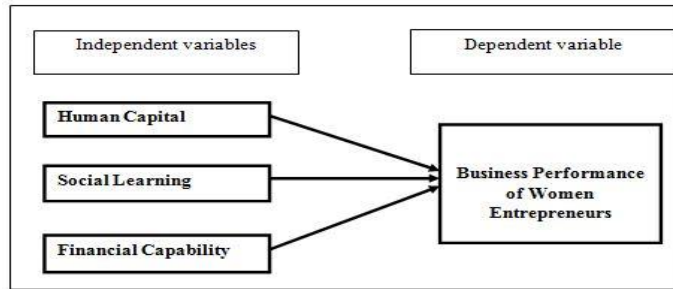


Fig. 1. Conceptual Framework

Source: Compiled by the author

The study population of this research is considered as the total number of women entrepreneurs in Colombo District, Sri Lanka. A target population is a total number of women entrepreneurs who have registered their businesses at the Small Enterprises Development Bureau (SED), Colombo. According to the statistics provided by SED, there are 313 registered women entrepreneurs.

Sampling method of the study is non-probability sampling method due to the difficulties in randomization of selecting the sample from the population and the time limitations.

According to this study, the sample size was determined by using a sampling calculator with 95 per cent of the confidence interval and five per cent of confidence level. According to the output, the sample size is 173 respondents.

The researcher employed basically the primary data collection method for this study. A structured questionnaire was developed through the literature in order to collect the data on dependent and independent variables as well as the general information of the respondents. Self-administrated questionnaires were filled by the women entrepreneurs at the settings such as meetings and the workshops organized by the SED Bureau, Colombo.

As the secondary data sources, the researcher used previous researches, journal articles, statistics available at SED Bureau, Colombo etc.

Statistical Package for Social Sciences (SPSS 16.0) has been used for data analysis.

Results and Discussions

Total 173 questionnaires were distributed with planned non-response amount of 10. The researcher could collect only 164 questionnaires. Reliability

Table 1. Reliability of Variables

Variable	Code	Number of Items	Cronbach's Alpha	Comment
Business Performance	BP	07	0.944	Acceptable
Human Capital	HC	17	0.717	Acceptable
Social Learning	SL	12	0.837	Acceptable
Financial Capability	FC	10	0.824	Acceptable

Source: Compiled by the author based on data generated by SPSS version 16.0

Correlation Analysis

Correlation analysis was done to identify the relationship between the independent variables and the dependent variable.

According to the analysis, all variables were satisfied the requirement. Chi-square values are also in a significant level at the 95% of confidence level. As a conclusion of the results, it can be concluded that there are no inter-correlation issues among the variables of the construct.

Validity

Table 2. The validity of the Model

Variable	Items	KMO Value	Factor loading		Bartlett's Value	Text
			Maximum	Minimum		
BP	17	0.712	0.944	0.767	0.000	
HC	12	0.822	0.968	0.773	0.000	
SL	10	0.753	0.980	0.911	0.000	
FC	07	0.850	0.943	0.620	0.000	

Source: Based on survey data

According to the results of the variables, all satisfied the threshold requirement. Sig value of Bartlett 's Test of Sphericity of all variables is less than 0.05. Finally, it can be concluded that all the indicators and dimensions which were used to develop the construct are soundly valid in terms of construct validity and convergent validity.

As per the table 4.3, all three types of correlation coefficients are positive and significant which indicate that all the independent variables are having positive relationships with the dependent variable.

Table 3. Correlation Analysis

Variable	BP
HC	.329**
SL	.437**
FC	.382**

** $p < .01$; * $p < .05$

Source: Based on survey data

Hypothesis Testing

H1: There is a positive relationship between Human Capital and Business Performance of Women Entrepreneurs.

The Pearson's coefficient of correlation is = 0.329** (P=0.000); which is a positive value. It implies that there is a weak positive correlation between Human Capital and Business Performance of Women Entrepreneurs. Accordingly, the alternative hypothesis is accepted.

H2: There is a positive relationship between Social Learning and Business Performance of Women Entrepreneurs.

The Pearson's coefficient of correlation is = 0.437** (P=0.000); which is a positive value. It implies that there is a weak positive correlation between Social Learning and Business Performance of Women Entrepreneurs. Accordingly, the alternative hypothesis is accepted.

H3: There is a positive relationship between Financial Capability and Business Performance of Women Entrepreneurs.

The Pearson's coefficient of correlation is = 0.382** (P=0.000); which is a positive value. It implies that there is a weak positive correlation between the Financial Capability and Business Performance of Women Entrepreneurs. Accordingly, the alternative hypothesis is accepted.

Multiple Regression Analysis

The following table shows the summary of the results of multiple regression analysis of the study

Table 4. Multiple Regression Analysis

Dependent Variable	Coefficient	T	Sig.	VIF
BP				
Intercept	.289	.739	.461	
HC	.160	2.292	.023	1.128
SL	.370	5.460	.000	1.069
FC	.311	4.604	.000	1.064
Adjusted R ²	.320			
F	25.837**			
Sig	.000			
N	164			

** $p < .01$; * $p < .05$

Source: Based on survey data

Accordingly, the linear regression model can be formulated as;

$$BP = 0.289 + 0.16HC + 0.37SL + 0.311FC + e1$$

The multiple regression model with three predictors produced $R^2 = 0.333$, $F = 25.837$ and 'p-value' < 0.05 . The standardized coefficients (beta values) were used to explain the relationship between variables. As shown in Table 4.4, HC, SL and FC have significant positive regression weights, indicating respondents who are having higher scales on these variables were expected to have higher BP. Since the 'p values' of coefficients of all variables are less than 0.05 the relationship is significant. The R^2 indicates the overall quality of the prediction and by looking at R^2 value as shown in Table 4.4, it can be identified that the model explains the minority (less than 50 per cent) of the total variance. HC, SL and FC together explain 33.3 per cent of the total variance of BP. 66.7% of the variance of BP is explained by other factors. Further, all the values of independent variables are significant at 95% of the confidence interval.

Discussions

Findings of the study are mainly discussed referring to the objectives of the study.

The general objective of the research study is to find out the individual factors affecting the business performance of women entrepreneurs. According to the reviewed literature, there are three main variables which describe individual factors. They are Human Capital, Social Learning, and Financial Capability.

According to the sub-objectives of the study, the results of the discussion of the relationship between independents variable and dependent variables are shown in the following table.

Table 5. Supported Hypotheses of the Study

No	Hypotheses	Supported or not
H1	There is a positive relationship between human capital and the business performance of women entrepreneurs	Supported
H2	There is a positive relationship between social learning and the business performance of women entrepreneurs	Supported
H3	There is a positive relationship between financial capability and the business performance of women entrepreneurs	Supported

Source: Compiled by the author

The study found that there are positive relationships between the dependent variable (Business Performance) and the independent variables (Human Capital, Social Learning, Financial Capability). According to the results of correlation analysis, there is a significant positive relationship between Human Capital and Business Performance with 0.329 correlation coefficient, the significant positive relationship between Social Learning and Business Performance with 0.437 correlation coefficient, the significant positive relationship between Financial Capability and Business Performance with 0.382 correlation coefficient.

According to the final sub-objective, the study has identified Social Learning as the most influencing factor among the independent variables since it is having 0.370 of coefficient value according to the multiple regression analysis.

Conclusions and Recommendations

Entrepreneurship is an effective timely solution for most of the economic issues that the country is currently facing such as income disparity, high unemployment rate etc. Because of these reasons empowering entrepreneurs has become a timely need. Addressing that felt need, this research mainly aims to identify the individual factors affecting the business performance of women entrepreneurs with special reference to Colombo district, Sri Lanka.

Findings of the research emphasized that there is a positive relationship between HC and BP, SL and BP as well as FC and BP. Among the independent variables, SL was the most influencing individual factor, followed by FC respectively.

As the recommendations for the improvement of the BP of women entrepreneurs in Colombo district, Sri Lanka, the researcher suggests to pay attention on improving the entrepreneurial education within the country in order to establish an entrepreneurial culture, establishing industrial and business centres, improving the accessibility to finance by establishing mandated loan portfolio specially for female entrepreneurs, introducing gender sensitive banking practices to the bank

officials, improving the financial literacy and awareness of women entrepreneurs, introduce mentorship and advisory services, improve the business development support service packages, easing the legal and regulatory framework burdens for women entrepreneurs etc.

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