

Challenges for Female Entrepreneurship in Sri Lanka

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1. Introduction

Entrepreneurship has been limited to men in Sri Lanka for many years. Now there are number of females who are conducting their own business and competing outstandingly in the economy. Women entrepreneurship has become essential to any economy as a result of globalization and economic changes. As a result of that some outstanding female entrepreneurial personalities emerged in Sri Lanka including Otara Gunawardene core founder of ODEL, Sandya Wanduragala (Chairperson of Selynexpoters Ltd), Lakmini Wijesundera (CEO of Iron One Technology Ltd), Chandani Bandara (Chairperson of 4Ever Skin Naturals) and Soma Edirisinghe (Core founder of EAP Holdings). Those are the evidences which endorse the number of success stories among Sri Lankan women entrepreneurs. Their journeys are not very smooth as being female entrepreneurs. They have faced thousands of barriers during their journey for the success. Meanwhile there are female entrepreneurs who has started their business and bankrupted in the early stage of the business. Incapability of facing challenges which are common and unique to female entrepreneurs are the main reason behind the failure of female entrepreneurship in Sri Lanka.

However, females used to leave their conventional jobs due to many reasons including their responsibilities as a dutiful wife and a good mother. Such women are started being entrepreneurial by conducting their own business which enhance the income statues of the family while contributing to the economy as well. Nevertheless, female entrepreneurs face number of challenges at the starting point of the business and when running their own business. Further female entrepreneurs in Sri Lanka are practiced unique characteristics of strong, supportive and emotional when facing those challenges in the business. However, coming up with solutions are highly essential for this matter hence female entrepreneurship is good method for enhance living standards inside the family and contributing to the economic development of the country.

2. Women and Entrepreneurship in Sri Lanka

Entrepreneurship is highly important to any economy to establish the socio-economic growth by proving the employment opportunities, generating income sources and by eliminating poverty of the economy. Female entrepreneurship also contributing significantly towards the better economy of Sri Lanka. Therefore, the female labour participation of Sri Lanka is a good indicator to measure the contribution of women inside the economy. According to the Department of Census and Statistics (2017), Labour force

participation rate of the economy is 54.1 percent and female contribution to the labour force is only 36.6 percent. Other 74.5 percent of female are considered as economically inactive females. This indicate that still there is a considerable amount of untapped manpower are available within the women inside the Sri Lankan economy. According to the Central Bank Report (2017), mid-year population of Sri Lanka is 21.4 million and 51.6 percent from the entire population is females. Therefore, the contribution of the female is much needed for the growth of the economy. Basically there are two ways which a country can increase the female labour force participation. First one is to attract the females as employees in the economy and second option is to practice entrepreneurship by the women. More females are contributing to the economy as an employee rather than being entrepreneurial. The structural classification is demonstrated in the bellow table according to the central bank report 2017.

Percentage distribution of employed population by employment status and gender 2017

Employment Status	Gender		Total
	Male %	Female %	
Employee	65.5	34.5	100
Employer	87.3	12.7	100
Own account owner	70.9	29.1	100
Unpaid family worker	21.1	78.9	100

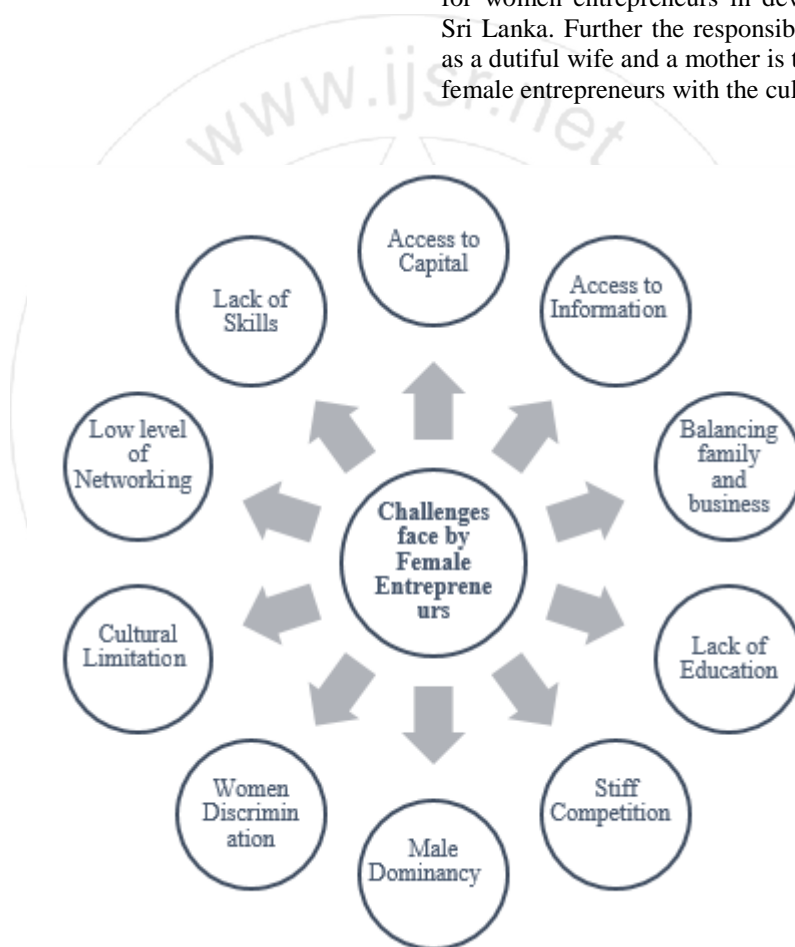
Further, Central bank report (2017) states that higher portion of females is counted as economically inactive due to their role of house wife and regulations related to night shift and maternity leave. Therefore, women can be encouraged to act as employers who generate job opportunities not only to her, but for the entire economy. Further it directly affects for the economic growth other hand. Further it enhances the social, educational and health condition of women and her family when practicing entrepreneurship by the females. According to the Central Bank of Sri Lanka (2017), statues that among employers, 12.7 are female while 87.3 percent are male. 34.5 percent of employees are females and from own account workers 29.1 is represented by females. Higher proportion of females that is 78.9 percent is contributing as family worker category. Further unemployment rate of female is 6.5 percent while male is 2.9 percent in 2017. Rural unemployment rate of female is 6.7 percent and it is recorded as 6.3 percent in urban sector. The Age between 15 to 24 records the highest unemployment rate and age 25 to 29 records female unemployed rate of 15.7 percent. Educational wise highest unemployment rate (8.1%) is reported from the G.C.E. (A/L) & above group. It is 5.0 percent and 11.3 percent for male and female respectively. It

is clearly visible that the contribution from females are less when compare to men either as an employee or as an entrepreneur.

The topic entrepreneurship in Sri Lanka is complex due to the not having a proper definition for Small and Medium Enterprises (SME). Because small and medium enterprises are heart of entrepreneurship in any economy. Even though there are number of definitions given by government authorities, there is no clearly defined and commonly accepted definition for SME. As a country Sri Lanka has not achieved the considerable level of growth of this sector thus not having a clear definition to identify and focus on entrepreneurship in Sri Lanka. Entrepreneurship focus development program, allocation of financial and non-financial assets is not conducted properly due to this limitation in Sri Lankan context.

3. Challenges face by Women Entrepreneurs

So many obstacles are faced by the women in developing counties including Sri Lanka. Entrepreneurs in Sri Lanka is going forward with number of constrains which can be defined as challenges for entrepreneurship in Sri Lanka. Lack of access to finance is one of major barriers that entrepreneurs ever face. Not having favourable economic policies, lack of access to sophisticated technology, absence of managerial skills which need to uplift the business are essential points which hinder the growth of entrepreneurship in Sri Lanka regardless of the gender. Nevertheless, there are unique barriers which face by female entrepreneurs in Sri Lanka. The personal issues, cultural barriers, discriminations against women, inability to access capital when compare to men, lack of networking of women, low access to newest information and technology, not present in the market and poor education are the most common barriers for women entrepreneurs in developing counties including Sri Lanka. Further the responsibilities inside the family life as a dutiful wife and a mother is the major drawbacks among female entrepreneurs with the culture of Sri Lanka.



• Access to capital and Finance

Women entrepreneurs generally meet obstacles in their business life cycle and especially in start-up stage and initial growth stage of the business. In the point of financial perspective, banks are not offering favourable opportunities for women since they are lack of non-current assets and current assets as a security. Banks are one of a common way for obtaining finance for a start-up business. Nevertheless, banks are requesting a security when offering for a loan facility. Most of time female entrepreneurs are not capable of providing a property as a security. As a result of that high interest rates are charged by banks from the women

entrepreneurs. Most common ways of finding finance in the start-up stage is to use their personal savings, assists of family networks, community savings or informal social networks of the female entrepreneur.

Further there is a tendency in Sri Lanka that women gain low amount of initial capital to start up the business and that will be gained through the informal sources than formal sources when compare to male entrepreneurs.

Entrepreneurs are not only need money in the initial stage, but also they need money to maintain easy going operation

process without any bucket lost. Therefore, the money needed for the working capital also a challenge for female entrepreneurs when they are getting a large order quantity. Normally female entrepreneurs are used satisfied their instant financial requirements from her family, relatives or friends. Considerable level of money is needed at the growth stage of the business to expand it to next stage. Female entrepreneurs have to face number of challenges when accessing these financial requirements from the formal sources in the external environment.

• Access to Information

The access to relevant information are highly essential in any business in the start-up stage regardless of the industry. The information seeking behaviour is one of the key activity of being entrepreneurial. It is very essential to obtain relevant information thus accessing to novel information is crucial for the any stage of the business life cycle including the start-up stage, survival and growth stage of the venture. The accessibility of information about the market, sources for the intellectual capital, solutions for the technology related issues, design, government rules, policies and regulations are the most important types of information which are need for an any entrepreneur regardless of the gender. The gender of the entrepreneur is also impacted to some level when accessing to information. The education level of the entrepreneur is one of the crucial factor among them. Female entrepreneurs are far behind than men with aspects of expertise, imitativeness, infrastructural and education level. Most up to data information are highly essential to perform better on those areas. Even some information is not freely available and some need especial access to obtain quality information.

• Balancing both business and the Family

Women in Sri Lanka are playing a two valuable roles as a dutiful wife to his husband to and as a good mother to their children. In Sri Lankan context housewife plays a major role inside the home. She must be there for the tired spouse who comes back home after his work, prepare meals for the household, take care of children and clean activities. Look after children and cooking meals are the conventional motherhood actives of a mother in Sri Lanka context and it is essentially base on the gender. The defined rôle of the women does not change with age and the generation of the women. When compare to female entrepreneurs, male entrepreneurs do not face such responsibility inside the family other than the role of bread winner. Simply the experience of pregnancy, child birth and take care of infant do not affect for male entrepreneurs. Therefore, it is a really challenge for female entrepreneurs to maintain the family balance and the growth of the business. Further, the additional pressure is coming from the society towards the role of good mother. As a responsible mother, she is accountable for behaviour of their children. At this point, some people and some scholars believe that good mother is the one who stay at home and spend her entire time with their children. But female entrepreneurs do not have time to spend some quality time with their kids. But the intention of female entrepreneurs is to uplift her entire family financially.

• Lack of Education

The literacy rate of Sri Lanka is comparatively high when compare to other south Asian countries including India. But the literacy rate of female in Sri Lanka is less when compare to male. The average literacy rate of Sri Lanka is 93.1 percent as a combination of both men and women. The literacy rate of male and female are 94.1 percent and 92.2 percent respectively. Accordingly, there is considerable level of deficit between male and female literacy rate. The margin is more widerespecialy in rural area. Same scenario is applied to female entrepreneurs as well. The education level of them not in a satisfied level when compare to male entrepreneurs. The knowledge level related to technology is very poor within the female entrepreneurs. The low level of education is not only affect for the female entrepreneurs in Sri Lanka, but also for the both male and female entrepreneurs in developing countries. But female entrepreneurs are far behind when compare to male entrepreneurs in Sri Lanka. The female entrepreneurs with no formal education are facing number of difficulties when developing the business. Book keeping and calculating profit and loss of the business, understanding financial related issues inside the business and to run the day today activities are needed some level of education. Further the level of skills which female entrepreneur has, level of information she accesses and the resources she obtained to the business is directly or indirectly related with the educational level of the female entrepreneur. Further the level education is related with willingness of having risk. Female entrepreneurs are not willing to take a risk as a result of lack of education within the women entrepreneurs. Normally entrepreneurs are taking calculated risk and women fail to identify this due the lack of education. Further the level of education is essential for some business operation activities including decision making and networking. Some level of beneficial external resource networks can be formed with the higher level of educational background of the female entrepreneur.

• Stiff Competition

Competition is a biggest challenge that every female entrepreneur faces inside the Sri Lanka. Entrepreneurs were dominated by the male for long time of period. Even though the scenario is changing and females also has started being entrepreneurial, still most of advantages are enjoying by the male entrepreneurs when compare to females. According to the survey which was launched by the SLASSCOM Innovation and Entrepreneurship forum (2015), 96 percent of start-up are owned by male entrepreneurs and only 4 percent are owned by females. Accordingly, tough competition from male entrepreneurs is huge challenges. When compare to female entrepreneurs, male entrepreneurs far ahead with most of every aspects including expertise, imitativeness, infrastructural, educational and training, business experience and the level of networking. Therefore, the inherent competitive advantage is enjoyed by the male entrepreneurs while females are facing for the huge competition even to survive in the market. The skills of the women should be improved to according to requirement of market.

• Male Dominancy

There are some industries which are traditionally dominant by males (construction) and inherent disadvantage is there

for female entrepreneur therefore. Both male and female entrepreneurs are not getting equal opportunities and sometimes women are paid less even though the opportunity is there. Though we are in twenty first century still there are areas which are specialize by the men like engineering, science, technology, innovation etc. Women are getting numerus and continues obstacles when try to entre those industries.

• Discrimination as being women

Female entrepreneurs are not treated equally as male entrepreneurs in the business world. Business women has to face many problems which related to gender decimation. Therefore, female entrepreneurs do not enjoy the rights and the freedom equally when compare to men. Most of formal organizations are act in masculine behaviour and females have to face number of difficulties when they enter to those formal organizations. Further customers, potential investors and suppliers do not count female entrepreneurs as serious as male entrepreneurs. Simply female entrepreneurs are disadvantaged of being women and getting no support. Even in the start-up stage of the female business there is no one to support with funding for the business, finding place and the legal part of the initial stage. Female entrepreneurs use to do everything by them self. The business conducted by women are under value in the society. Most of people used to believe that females are not good at conducting businesses and even their products or services are not up to stands.

• Cultural Limitations

Sri Lanka is a country which has a unique traditional culture when compare to modern western culture. Women is a well define role inside the Sri Lankan culture and women is not treated equally with the each and every aspect of the society. The idea of that women is limited to house hold activates and not for the business is the main limitation inside the culture. Husband is considered as the bread winner of the family and the other responsibilities of house hold activates and children are belonged to the mother in the family. Her freedom is limited and she has to get permission for either her father or husband if she is married. Within the Sri Lankan culture women are always dominated by the males inside the family as well as the inside the jobs. Therefore, there are cultural limitations though women interest on act as their own boss. Moreover, men do not like to work for female entrepreneurs since it is a belittlement for men. Therefore, finding and retention of employees inside the female owned business has become a challenge for female entrepreneurs. Sometimes male works do not obey to the female entrepreneur's words even though she is the boss of the business. Because Sri Lanka is masculine country which male is the head of family. Therefore, male believes that women should be work under men and responsibilities of women are taken by men in the family. Therefore, females have to return home before sun goes down regardless of work they have to finish at work. Parties till late night and more socialization with male are not the activity of culturally define role of the women in Sri Lanka. But sometimes female entrepreneurs have to participate for the parties at night with the intention of networking with beneficial parties and socialize with the stake holders of the business. Further female entrepreneurs have to work till late night continuously when there is number of orders to be

competed. Accordingly, sometimes the female entrepreneur has to breach the conventional cultural limitation as women and female entrepreneurs has stepped forwards by breaking traditional barriers with the emerging role of the women.

• Low level of Networking

Female entrepreneurs are lack of resources when compare to male entrepreneurs. Therefore, Networking is one of a solution to obtain external resource support and it is highly beneficial to the women entrepreneurs since it provides significant advantage. Further it helps to gain a competitive advantage over competitors in the industry. The advices which can be obtained from the expertise inside thenetworkingalso valuable for the venture growth of an entrepreneurial firm. Most of the time women do to entre to the male dominant network due to low level of confidence compare to men. Therefore, females are getting support only from the personal network including family, friends, relatives and acquaintance. Most of time female entrepreneurs are getting financial, material and non-material support from their family and friends. Network of females are not extended beyond to support, inter-firm and communication networks. Further women are looking for the networks with people who are emotionally bonded. Women are highly limited to female and family networks at the early stage of the business. Therefore, the opportunities also become limited for female entrepreneurs. Network size of the females also low when compare to network size of the females. Men are getting number of advantages as a result of networking. Material support is the most frequent support which male entrepreneurs are looking while females are looking for the emotional support.

• Lack of Management Skills and Training

Most of the business which are conducted by women are not survive in the long run when compare to the businesses of male entrepreneurs. The life span of female business is limited to one to four years. The female entrepreneurs have not developed and are not confidence with the management skills of her. Planning, organizing, leadership and controlling are not very much familiar practices inside the female entrepreneurship. Further skills of decision making, leadership skills and the problem solving are major component of management which need to be practiced by an entrepreneur. Women entrepreneurs are far behind than male entrepreneurs when practicing these elements in management. It directly impacts for the survival and the growth of the business of the female entrepreneur. Sales and marketing skills are one the common skill that every entrepreneur should practice hence it is the only way of inflow cash to the business. But female entrepreneurs are not good at this skill as well and they are absence with these skills when compare to male entrepreneurs. However, female entrepreneurs can enhance the skills of management including marketing skills and lead their business to the great success by participating for the training sessions. But unfortunately there are less number of trainings are specially focused for female entrepreneurs by addressing major issues which are faced by female entrepreneurs. Especially female entrepreneurs who lives on rural areas are having no training and consultancy when compare to female entrepreneurs who operates in urban areas.

4. How to overcome those challenges which are faced by female entrepreneurs?

- Delegated loan facilities for women entrepreneurs

One of the way to encourage female entrepreneurs through finance is providing a mandated loan portfolio inside the banking system in Sri Lanka. That should be a dedicated lending for female entrepreneurs who are conducting micro, small, medium and large scale business. Same kind of approach has been taken in past for the SME sector and agricultural sector without weighting a particular proportion for on female entrepreneurship. Nevertheless, those strategies also end up with creating a no favourable situation for female entrepreneurs. Because the major proportion of the particular portfolio is given to male entrepreneurs who have less risk compare to female entrepreneurs. Therefore, the prospective proposed mandatory loan portfolio for female entrepreneurs should be carefully structured to enjoy maximum benefits to achieve the expected outcomes by the female entrepreneurs in Sri Lanka

- Mentoring Programs and Business Development Services

Most of female entrepreneurs are not much educated as we discussed under challenges. Further family, relatives and friends of female entrepreneurs provide advices for their business rather than any formal organization. Clearly there is a lack of mentorship among the female entrepreneurs in Sri Lanka context. Not only financial constraints, but also female entrepreneurs are shortage of advices and ideas to their business. Government has to play a major role proving a proper mentorship for female entrepreneurs. There are female entrepreneurs all over the country and there are areas which has insufficient access to even network with the government agencies. Business counselling service for female entrepreneurs to provide non material support, programs to enhance finance literacy, providing advices and information for the start-up business, the knowledge about preparing a business plan which is essential to apply for a financial facility and knowledge about book keeping system is highly essential areas when a female entrepreneur should be aware to sustain and enhance the business.

- Access to Market

Government can create platforms for female entrepreneurs to access large markets. The knowledge and the procedure of importing goods also can be increased within the female entrepreneurs. Information is playing a vital role when accessing to a new market and that barrier can be overcome via the effective use of internet. Further sophisticated technology, advertising through social media, to maintain their own digital space through websites, approach suppliers through professional networks, knowledge etc. are the benefits that can be enjoyed by the female entrepreneurs through the internet. Accordingly, orientation programs and training sessions are much needed to conduct on behalf of the conventional trainings methods. The content of the training session must be focused on the utilizing search engines online to find out exchange networks including suppliers and customers and make online connections with them, to step in the digital space with their websites and enhance the global appearance etc.

- Networking Opportunities

Forming formal links with professional networks, trade associations, business chambers in island wide to connect network of sellers and buyers. This is highly essential to find markets for female entrepreneurs and accessing information and new market opportunities.

- Job Bank to access skilled labours

Labour related issues are one of a foremost challenge among female entrepreneurs. Hence a job bank can be created for the benefit of female entrepreneurs and as empowering action for the unemployment. Government can host a job bank which can be raised as solution for both unemployment and lack of skilled works for entrepreneurs.

- More child care facilities

Increase number of child care facilities by creating a favourable situation for females to utilize their labour skills for the economically value adding activities.

- Introducing and implementing policies by targeting equal access for business related services and eliminating gender discrimination.

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