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# Networking and information: Crucial ingredients in empowering women-owned and led micro, SMEs in Sri Lanka

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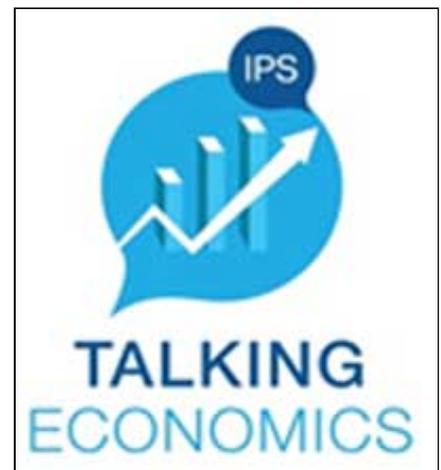
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**By Sunimalee Madurawala**

The International Women’s Day is globally celebrated on March 8 every year. This year’s celebrations under the theme ‘Empowering Women - Empowering Humanity: Picture It!’ highlights the Beijing Declaration and Platform for Action - a visionary agenda for empowerment of women signed by 189 governments 20 years ago. The declaration identifies ‘Women entrepreneurship’ as one of its strategic objectives and proposes institutional and financial arrangements for its promotion and support.

A group of women entrepreneurs gathers at the Ukuwela Divisional Secretariat (DS) Office in the Kegalle District on a rainy day in November to participate in a group discussion on challenges they face in operating and expanding their businesses. Fifty-four-year-old Kamalawathi, a pepper producer from the area, eagerly waits for the discussion to start. She has many things to discuss in her mind. One burning issue she faces in running her business is the lack of technological know-how to produce white pepper. Getting information on technical support is the main purpose for her to participate in the discussion.

Kamalawathi claims, “White pepper is of higher value than black pepper. I have been trying to produce white pepper but I have not been able to meet the required quality standards. Despite many attempts we



have not been able to get the pepper to turn out as white as the white pepper produced by larger-scale pepper growers, who use various other methods or machines. We don't know or have the proper technical knowledge to produce quality white pepper at home."

However, the fact is Kamalawathi is unaware of the 'Vidatha' centre at the Ukuwela DS office, which offers more than 30 different technology trainings and technology skill building programmes including the training that she requires. Kamalawathi also admits that she has a few contacts with fellow women entrepreneurs and has not obtained the membership at any of the trade associations operating in the area.

Like Kamalawathi, many women-owned and led micro, small and medium enterprises (WMSMEs) in the country face the same problem. 'Lack of information' and 'poor networking', are two major barriers that hinder the development of their businesses. This is also highlighted in an on-going IPS study on constraints faced by WMSMEs, which found that women entrepreneurs have limited knowledge and lack awareness of market information (price, buyers, new markets, suppliers) and services (financial and non-financial) available.



### **MSMEs**

The contribution of MSMEs to the country's gross domestic production (GDP) and employment generation is quite significant. It has been estimated that small and medium enterprises (SMEs) accounts for more than 90 percent of the total number of enterprises in Sri Lanka. The contribution of SMEs to the total GDP of the country has increased up to 52 percent in 2011 from 40 percent in 2010.

Furthermore, it accounts for 32-41 percent of the employment in agricultural, industrial and services sectors of the economy (Figure 1). The contribution of MSMEs would be higher if one takes into account of micro enterprises for which data is not available. Despite the important role of MSMEs in the economy, female participation in the sector is significantly low and gender bias against women is commonly observed in the MSME sector.

### **Why is women entrepreneurship important to Sri Lanka?**

Promoting and fostering women entrepreneurs is of utmost importance, especially to a country like Sri Lanka, where female participation in the labour force is considerably low (34 percent) compared to the country's success in achieving many other socioeconomic targets. Sri Lanka has been able to meet most of the Millennium Development Goals (MDG) such as poverty reduction, increasing literacy rate, decreasing Infant Mortality Rate (IMR), decreasing Maternal Mortality Rate (MMR) and access to safe drinking water and sanitation.

Promotion of women entrepreneurs is important mainly because it enhances the economic growth of the country and provides employment opportunities for women, improves social, educational and health status of women and wellbeing of their families. Further, it is an ideal avenue for women to start up their careers as it provides them the flexibility and independency.

### **Information and networking for women entrepreneurs**

In addition to accessing credit, training and legal policy constraints, lack of access to proper information and poor networking have been identified as major obstacles faced by women entrepreneurs. Information is important to entrepreneurs for many reasons. It helps entrepreneurs take prudent business decisions, inspires new business ideas and alerts them on trends and potential new markets. Information is also a major source in planning for the future.

Information relevant to business organisations takes different forms such as information on customer, employee and supplier relationships, market knowledge, knowledge of the business environment, professional associations and trade bodies, trade exhibitions and conferences, research and development. The way a business gathers, shares and exploits available information, is crucial to its success.

Networking (both formal and informal) is also much needed for operation and growth of enterprises, especially MSMEs as it gives them the means to share information and knowledge, capture opportunities, establish connections, increase confidence and become visible and get noticed by various stakeholders (such as potential buyers, government officers, chambers and trade associations).

According to the Global Entrepreneurship Monitor, women who start businesses tend to know fewer entrepreneurs than men. Men have more social connections enabling them to access business opportunities, information and contacts than women. As a result of poor networking, women are disadvantaged by having fewer professional connections, role models and mentorship opportunities,

which can adversely affect their businesses in the long run. A recent survey of women entrepreneurs in Sri Lanka found that 41 percent of them do not belong to any business association.

### **Accessing information and building networks: What can be done?**

Although female literacy rate in Sri Lanka is more than 90 percent and there are various information channels (newspapers, TV, radio, etc.) and forms of networks (business, social, formal, informal) available throughout the country, 'lack of information' and 'poor networking' are among the major barriers facing WMSMEs in the country.

Accessing information and building networks are inter-related: the more you can access information, the more you can build your networks and vice versa. Likewise, weakness in one affects the other. Poor networking is the main reason WMSMEs 'lack information'. In addition, low mobility of women and social and cultural practices can obstruct building networks. WMSMEs may also find it difficult to access information due to institutional weaknesses. For example, at present, there is a mechanism to disseminate market prices for spices through the relevant government offices. However, sometimes this information does not trickle down to the bottom as intended mainly due to the lack of resources and commitment on the part of institutions.

There are a number of measures that can be taken to enhance networking and access to information among WMSMEs. Among these are:

- Strengthening existing information channels,
- Effective use of available information channels (i.e., using primetime slots to telecast informative and educational TV programmes targeting women entrepreneurs),
- The use of innovative methods to disseminate information, as well as using information and communication technology (i.e., use of mobile phones as an effective medium to communicate with women entrepreneurs in remote areas as opposed to traditional methods like posters and banners),
- Setting up collective groups for women entrepreneurs at village level.

These simple steps would go a long way in empowering thousands of women entrepreneurs like Kamalawathi to develop their businesses and effectively contribute to the country's development.

***(This article is based on an ongoing research study by IPS titled: 'Products with Regional Trade Potential and Associated Non-Tariff Barriers, with special focus on Women Owned and/or Led Micro, Small, and Medium Enterprises (WMSMEs) - A Case of Sri Lanka'. The study is led by UNDP Asia-Pacific Regional Centre (APRC) with funding from AusAID. Sunimalee Madurawala is a Research Officer at IPS. To view the article online and comment, visit the IPS blog 'Talking***