

# Female Entrepreneurship and the Role of Business Development Services in Promoting Small and Medium Women Entrepreneurs in Sri Lanka



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## **1. Introduction**

### **1.1 Overview of Small and Medium Enterprises (SMEs) in Sri Lanka**

Small and Medium Enterprises (SMEs) are of vital importance to the socio-economic growth of a country as they contribute to generation of employment, generation of income and poverty alleviation. The SME sector accounts for 95 per cent of all firms in both developed and developing countries<sup>1</sup> and while they contribute to the Gross Domestic Product (GDP) of all countries, their value is of particular importance to developing countries with high levels of unemployment, poverty and income inequality.

The definition of SMEs varies from country to country but it often uses the size of capital and number of employees as its parameters. In Sri Lanka, there is still no clear definition for this sector and this has proven to be a major impediment in SME promotion activities due to large difference in the parameters used by different entities to define the sector. Other countries with strong SME sectors such as Japan, Germany, many countries in the European Union and even developing countries like India and Thailand have clearly set out definitions of SMEs, which has helped focus the SME promotion efforts in a more effective manner.

Despite the lack of a clear definition for the sector, some data can help provide some inference. More than 90 per cent of industries in Sri Lanka are reported to be either small or medium sized enterprises. The composition of the Small and Medium Industries (SMIs) in Sri Lanka indicate that nearly 75 per cent of SMIs are concentrated in the food, beverage and tobacco industry, the textile apparel and leather industry and the mining industry.<sup>2</sup>

Unfortunately, these SMEs face a number of business constraints that hinder their growth. These include, lack of access to finance, inconsistent economic policies, lack of access to technology, and a lack of managerial skills required for business development. In Sri Lanka, both financial and non-financial services (also known as Business Development Services - BDS) intended to address the problems faced by SMEs have not been entirely successful in effectively promoting the SME sector. With no clear definition for SMEs in the country, no proper SME development policy in place and ineffective provision of financial and non-financial services, Sri Lanka has thus far been unable to exploit the growth potential of this sector.

### **1.2 Women and SMEs**

Female labour force participation is important for an economy for many reasons. It indicates the utilization of labour in an economy (and in turn influences the growth potential); relates to income/poverty status; and acts as a signal of the economic empowerment of women. However, latest available data for Sri Lanka indicates that

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<sup>1</sup> Organization for Economic Cooperation and Development (2004).

<sup>2</sup> Task Force for Small & Medium Enterprise Sector Development Program (2002).

out of the total 'economically inactive population' of the country, 69 per cent are females, and out of the total 'economically active population' (i.e., labour force) females account for only 34 per cent.<sup>3</sup> This implies that there is a large untapped reservoir of manpower that could be utilized for the development of the country, while empowering the individuals (i.e., females) and benefitting society as a whole. On the other hand, attracting more women in to the labour force is of utmost importance, and given the fact that the majority of the population in Sri Lanka is female. Increasing female labour force participation can be done in two ways; first is by attracting more women in to the labour force as 'employees' and the second is by encouraging women to act as 'employers', i.e., more women entrepreneurs. Fostering women's economic development through enterprise promotion can have a positive impact in a number of areas. It enhances economic growth and provides employment opportunities; in addition, it improves the social, educational and health status of women and their families as women invest more in education, health and well-being of the family. Despite all these possible benefits to the economy and the society as a whole, gender biases against women are common in the SME sector, a sector in which women should ideally be able to start up their careers as entrepreneurs. As the National Policy on Human Resource and Employment observes "*...there is a gender bias in SME employment. Workers employed in SMEs are predominantly men. Good equal employment practices are needed to correct the above bias*".<sup>4</sup> Most of the SMEs in Sri Lanka are agriculture-based industries. Sri Lanka is predominantly an agricultural economy with 82 per cent of the households still in the rural sector.<sup>5</sup> Women constitute 50.7 per cent of the population and are considered to be a valuable resource potential in the rural agricultural sector of Sri Lanka. Women are the majority of the rural population and they earn their livelihood predominantly through agriculture based activities. Of the entire female labour force participation, nearly 31.7 per cent of women are engaged in the agricultural sector. However, the role of women in agricultural production, agribusiness and agriculture based SMEs has not been widely explored. Women in agriculture based activities help farmers in field operation, manage the livestock production and dairy products, and participate in poultry agriculture and home gardening. However, their involvements in agribusiness activities and SMEs based on agriculture are at a low level due to many social barriers and constraints.

### 1.3 Report Outline

Chapter one gives the introduction to the report and it sets the background for the research topic by providing an overview of Small and Medium Enterprises (SMEs) in Sri Lanka (1.1) and Women and SMEs (1.2). Chapter two gives the objectives of the study. Methodology of the study is presented in chapter three followed by chapter four, which deals with the limitations of the study. Chapter five provides a literature survey which gives a comprehensive analysis of the main elements of the research topic; economic

<sup>3</sup> Department of Census and Statistics (2012).

<sup>4</sup> National Human Resource and Employment Policy (2012, p. 50).

<sup>5</sup> Gamage, A. (2003).



contribution of SMEs, challenges faced by the SME sector, BDS for SMEs, and female entrepreneurship in SMEs. Chapter six of the report provides a demographic and business activity profile of the survey sample. Chapter seven covers social and economic opportunities and barriers for women in the SME sector under four sub-headings namely; starting the business, doing the business, balancing work and family, and social acceptance and recognition. Women's access to Business Development Services is covered in chapter eight. The five case studies from the selected districts are presented in chapter nine. Chapter ten gives the conclusions and recommendations arising from this study.

## **2. Objective**

The general objective of this study is to examine the socio-economic and cultural barriers which hinder women's progression to SME sector. Furthermore, it would also look at the existing and future opportunities for women to enter and lead SMEs with a special focus on access and availability of women - friendly Business Development Services (BDS) including development of business skills, technology transfer and linking with financial services.

The study also aims to provide policy level recommendations to increase women entrepreneurs' access to business development services and to identify national-level strategic priorities for stakeholders to work in economic justice with the aim of promoting women's economic leadership and enterprise culture among women.

## **3. Methodology**

The research methodology was a mix of Qualitative and Quantitative methods, which consist of six components.

1. Literature Review
2. Brainstorming Session
3. Focus Group Discussions
4. Key Informant Interviews
5. Case Studies
6. Sample Survey

Existing literature was reviewed on women participation in SMEs in Sri Lanka, International literature on women participation in SMEs and also on the international best practices in enhancing women's access to BDSs. The literature review will be mainly carried out in referring scientific reports, books, publications, journal articles, working papers, research reports web based publications etc.

A **Brainstorming Session** was held at the IPS with the participation of main stakeholders in the field comprising of government officials, private sector experts, Oxfam Officers, Chambers and Women Associations, INGOs etc. (see Appendix 1 for list of participants).

Fifteen **Focus Group Discussions** (FGDs) were carried out in selected five Districts namely; Monaragala, Batticaloa, Matale, Kurunegala and Anuradhapura using a pre-prepared FGD guideline. Three FGDs in each District with 12-15 participants were carried out. Two of them were with women participants (females those who are currently engaged in SMEs) and one with a mixed group (both males and females those who are currently engaged in SMEs). Participants were selected with the support of the National Enterprise Development Authority (NEDA), District Chambers of Commerce, Local level trade associations etc.

**Key Informant Interviews** (KIIs). The officers to be interviewed were identified at the initial Brainstorming Session and the identified officers were interviewed by using a semi-structured questionnaire.

**Five Cases Studies** were done, one from each district. These case studies were identified through the FGDs and interviewed separately.

**Sample Survey** was carried out in the five districts (Monaragala, Batticaloa, Kurunegala, Matale and Anuradhapura). In the absence of an official sample frame for SMEs, several sources were used in forming a sample frame -National Enterprise Development Authority (NEDA, District Chambers of Commerce, and SAARC Business Association of Home Based Workers (SABAH)<sup>1</sup>. Random Sampling was used in selecting the sample. From each district, 60 respondents were surveyed totalling the entire sample size to 300. A survey questionnaire was developed in English and later translated into Sinhala and Tamil for use in the field.

### **Pilot Test**

A pilot test was held in Gampaha to validate all the research tools in real scenarios. Tested tools were improved based on the comments and feedbacks received at the pilot test.

### **Data Analysis**

The study used both primary data and secondary data. Primary data sources were the Focus Group Discussions (FDGs), Key Informant Interviews (KIIs) and the Sample Survey. Secondary data sources were the Annual Survey of Industries (Department of Census and Statistics), Enterprise Surveys 2011 (the World Bank), Annual Reports (Central Bank of Sri Lanka), etc.

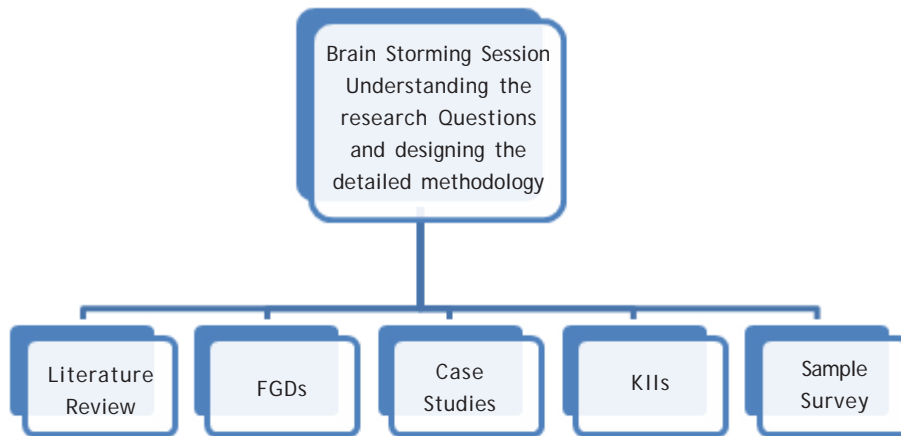
Qualitative primary data, collected from FDGs and KIIs analyzed in a Matrix Analysis analytical strategy by using NVIVO-10 qualitative data analysis software. For the purpose of analysis, the study only considered FDGs with female participants.

Quantitative data from the Sample Survey was analyzed using the statistical package STATA.

Secondary data was analyzed through descriptive data analysis using Microsoft Excel. Existing literature will be mainly analyzed and categorized according to the two main objectives.

Study Methodology is summarized in the Figure 1.

**Figure 1**  
**Methodology of the Study**



#### **Geographical Scope of the Study**

This study was conducted in five districts, namely; Monaragala, Batticaloa, Matale, Kurunegela and Anuradhapura. The selection of these districts was based on the District Official Poverty Line and the District Gender Inequality Index. Monaragala, Matale, Kurunegala and Anuradhapura districts are below the national official poverty line (LKR 3,659 in March 2013).<sup>7</sup> Though the districts Kurunegela and Batticaloa are above the official poverty line, the gender inequality index in these districts is above the national line (0.565 in 2012).<sup>8</sup>

#### **4. Limitations**

Sri Lanka does not have a nationally-accepted definition for SMEs and many of the limitations faced while conducting this study occurred due to this.

At the field level, when coordinating with ground level officers it was difficult to obtain a list of participants who fall under the desired definition initially identified for the study. While the initial outline intended to define SMEs as businesses which have a total investment value greater than LKR 1, 000, 000 and up to LKR 2, 000, 000, maintaining such a distinction proved to be extremely difficult in practice. Often, the

<sup>6</sup> SABAHA is a network of Sri Lankan women food producers funded by the SAARC Development Fund (SDF).

<sup>7</sup> Department of Census and Statistics (2013).

<sup>8</sup> UNDP (2012).

lists between districts varied and using multiple data sources meant that the definition used by different sources was not the same.

In addition to this, the lists maintained by officials do not contain information on the total investment value of the business and therefore, makes it difficult for an external party to differentiate between businesses that are micro, small and medium based on the definition previously accepted. Often, there was hardly any demarcation between micro level enterprises and small enterprises in the information provided to conduct the study. It included both micro and small enterprises under 'SME' and the entrepreneur lists only provide information such as name, contact details, and type of business. It is also difficult to obtain this information via telephone as participants are reluctant to divulge their information.

Thus, it was difficult to identify the business as micro, small or medium until the commencement of the focus group discussion and/or sample survey. Therefore, among the participants of the FDGs, there was a considerable share that did not belong to the definition initially set out by the study. As indicated by the sample profile below, using number of employees to define the level of enterprise shows that a significant portion of the sample survey also includes micro-level enterprises employing two or less than two employees. This was one major limitation in the study.

The time frame to complete the study also proved to be a limitation. While ordinarily, a study of this scale would take a considerably longer time, the three month time frame in which the study was required to be completed posed considerable challenges. While the study did not compromise on the quality, the time factor made this task quite challenging. It is possible to assume that with more time, the problems highlighted above could have been eliminated to a certain extent.

## **5. Review of the Literature**

### **5.1 Economic Contribution of SMEs**

The contribution of SMEs to employment and Gross Domestic Product (GDP) of a country is significant. In countries with high levels of income, the SME sector contributes to 55 per cent of GDP and 65 per cent of total employment and the contribution of the SME sector in low income countries is even larger.<sup>9</sup> However, middle income countries enjoy the largest benefits from SMEs with the sector contributing to 70 per cent of GDP and 95 per cent of total employment in these countries.<sup>10</sup>

In Sri Lanka, SMEs contribute to 50 per cent of GDP but with Sri Lanka's recent rise to lower middle-income country status there is greater potential for Sri Lanka to benefit from this sector. Unfortunately, while the SME sector accounts for more than 90 per cent of industry in Sri Lanka, the employment and value addition of this sector between

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<sup>9</sup> Organization for Economic Cooperation and Development (2004).

<sup>10</sup> Ibid.

1983 to 1996 dropped from 29 per cent to 19 per cent and 11.3 per cent to 4.9 per cent, respectively.<sup>11</sup> According to the most recent data from the Industry Survey<sup>12</sup> conducted in 2008, SMEs employ 26 per cent of the labour force and have a value addition of 17 per cent.<sup>13</sup> While the increase is undoubtedly encouraging, there is significant potential to improve employment and value addition in this sector, particularly in enterprises outside of the Western Province. Currently, nearly 28 per cent of small industries and 50 per cent of medium industries are located in the Western Province while other less commercial provinces like the North Central Province and Uva Province have less than 10 per cent of small industries and less than 5 per cent of medium industries.<sup>14</sup> In order to increase the number of SMEs in non-metropolitan areas of the country, a more conducive environment for SMEs should to be created.

## **5.2 Challenges Faced by the SME Sector**

Among the many challenges faced by SMEs, a large part of the literature points to access to finance as one of the main issues faced by this sector. A study conducted by the International Finance Corporation (IFC) found that 77 per cent of Sri Lankan SMEs that were included in the study had a requirement for medium term and long-term financing but only 53 per cent of the firms requiring financial support approached banks in the year of survey, and of this only 29 per cent received support.<sup>15</sup> Support institutions such as the Lankaputhra Development Bank were set up by the Government of Sri Lanka (GoSL) to provide financial support to SMEs. Other banks such as People's Bank, SANASA Bank, National Development Bank also provide financial services to this sector. However, despite the various attempts to solve the financial issues faced by these enterprises, high interest rates and the heavy emphasis on collateral have not made it any easier for SMEs to access credit.<sup>16</sup>

An unsupportive policy environment is also considered to be another key constraint to SME development in Sri Lanka. A survey conducted among entrepreneurs in the Moneragala district revealed that 27 per cent of the respondents considered adverse economic policies as the number one factor affecting SMEs while only 16 per cent of the respondents in that district chose problems regarding access to finance as a factor negatively affecting the growth of SMEs in that district.<sup>17</sup>

While access to credit and adverse policies are major concerns for SMEs, there are many other constraints faced by these enterprises that impede its development process. SMEs are considered to have low levels of technology which directly hinders the efficiency of the business. The lack of technical and managerial skills also acts as a major deterrent

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<sup>11</sup> Task Force for Small & Medium Enterprise Sector Development Program (2002).

<sup>12</sup> The Industry Survey only covers Industrial Establishments and therefore, SMEs in the services sector are not captured in this survey.

<sup>13</sup> Small and Medium Enterprise Development Facility Project (2010).

<sup>14</sup> Task Force for Small & Medium Enterprise Sector Development Program (2002).

<sup>15</sup> Nanayakkara, G. (2011).

<sup>16</sup> Gamage, A. (2003).

<sup>17</sup> Abeyratne, S. (2006).

to improvement in the SME sector. Another non-financial constraint faced by SMEs is the lack of information available on markets and marketing skills. Not only do SMEs find it difficult to access information on available markets (both domestic and international), they also lack the necessary know-how to market their products accordingly.<sup>18</sup> There have been various attempts under successive regimes to promote the SME sector in Sri Lanka and to address these issues. The most significant of these was the National Strategy for SME Development in Sri Lanka White Paper (2002) prepared by the Task Force for Small and Medium Enterprise Sector Development. This provides a comprehensive strategy for improving the SME sector in Sri Lanka. But unfortunately, most of the useful recommendations highlighted in this paper are yet to be implemented. The importance of promoting SMEs was once again brought to the forefront of policy dialogue in the Mahinda Chinthana policy document. Island-wide entrepreneurship development programmes, improving market opportunities, promoting backward and forward linkages are highlighted among the policy measures intended to promote SMEs in Sri Lanka.<sup>19</sup> Unfortunately, these measures have not been effectively implemented on a large scale national level. Various institutions such as the Ceylon Institute of Scientific and Industrial Research (now referred to as the Industrial Technology Institute), Department of Rural Development and Cottage Industries, Industrial Development Board (IDB) and the Department of Textiles that were set up to promote SMEs have also not been successful in significantly driving the SME policy agenda forward.<sup>20</sup>

### 5.3 Business Development Services for SMEs

In this context, Business Development Services (BDS) become crucial in the overall strategy to develop the SME sector. BDS are non-financial services that provide a variety of services including training, counselling, advice, information provision, facilitating access to markets, improving availability of inputs, improving management and technical skills, assistance to access appropriate financial services, technology development and transfer of technology. These services assist SMEs to overcome various internal and external obstacles and improve their business. Esim (2001) cites studies such as Dawson and Jeans (1997) and Sebstad and Chen (1996) that have shown that financial services alone will not result in business growth in the SME sector.<sup>21</sup> In fact, in some cases it has also indicated that women's businesses grow slower than that of men even within the same financial support programmes indicating that women entrepreneurs in particular require more non-financial support. The role of effective and well planned BDS becomes increasingly important in such instances.

In Sri Lanka, BDS services are provided by a range of programmes initiated by both, government and non-government institutions. These include vocational training by the Ministry of Tertiary Education, training by the Ministry of Rural Industries, training and technology services by IDB, Small and Medium Enterprise Developers (SMED) project,

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<sup>18</sup> Esim, S. (2001).

<sup>19</sup> Government of Sri Lanka, *Sri Lanka: The Emerging Wonder of Asia: Mahinda Chintana Vision for the Future*.

<sup>20</sup> Gamage, A. (2003).

<sup>21</sup> *Ibid.*

business incubator services by UNIDO, services offered by the Sri Lanka Business Development Centre<sup>22</sup> and assistance with marketing by Laksala and the Sri Lanka Handicraft Board.<sup>23</sup> BDS services are largely provided by the public sector but these services have very low demand as they are often considered to be of low quality and mostly located in the Western Province.<sup>24</sup> The private sector BDS available in Sri Lanka mostly cater to larger businesses and are therefore unsuitable for SMEs. In addition to this, Abeyratne and Ranasinghe (2004), as cited in Abeyratne (2006), also point out that BDS funded by the government and donor agencies have targeting issues as they often deliver their services to the 'poor' and not to 'entrepreneurs' with limited finances. This is most likely a result of the lack of business knowledge that goes into the planning of many of these projects. Another problem with existing BDS is that it only covers a limited number of services within a limited geographic location and therefore does not cater to the needs of the entrepreneur.<sup>25</sup>

Thus, the available literature points to the fact that there is a dearth of good quality, affordable BDS in Sri Lanka. There is also a need to enhance the scope of the services offered in order to create new BDS (e.g., waste management, clean technology, etc.) and given the importance of BDS to SMEs, these services should move away from supply-driven BDS to more demand-driven services that cater to the real and immediate needs of SMEs.<sup>26</sup>

#### **5.4 Female Entrepreneurship in SMEs**

Ensuring gender equality matters in many ways to the development process of a country. Gender equality matters in its own right and has been recognized as 'smart economics.'<sup>27</sup> Experiences from various countries confirm that gender equality enhances economic efficiency, and improves other development outcomes. For instance, the Food and Agriculture Organization of the United Nations (FAO) estimates that by giving women equal access to resources as men, they would achieve the same yield levels, increasing total agricultural output in developing countries by 2.5 - 4 per cent, and this extra yield could reduce the number of under-nourished people in the world by 12 - 17 per cent.<sup>28</sup> Further, it is estimated that raising female employment levels to meet male levels could have a direct impact on GDP, for example, of 5 per cent in the United States, 9 per cent in Japan, 12 per cent in the United Arab Emirates, and 34 per cent in Egypt.<sup>29</sup>

Women entrepreneurs have been designated 'the new engines for growth' and 'the rising stars of the economies in developing countries to bring prosperity and welfare,' yet female entrepreneurship remains an 'untapped source' of economic growth and

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<sup>22</sup> Task Force for Small & Medium Enterprise Sector Development Program (2002).

<sup>23</sup> Gamage, A. (2003).

<sup>24</sup> Abeyratne, S. (2006).

<sup>25</sup> Task Force for Small & Medium Enterprise Sector Development Program (2002).

<sup>26</sup> Ibid.

<sup>27</sup> The World Bank, (2011).

<sup>28</sup> Food and Agriculture Organization of the United Nations (2013).

<sup>29</sup> Aguirre, D., L. Hoteit, C. Rupp, and K. Sabbagh (2012).



development.<sup>30</sup> Women seek entrepreneurship for many reasons. While some women start a business because of an idea or innovation, employment experiences that have been unsatisfying, frustrating, with demanding and inflexible work environments, failure to break through the “glass ceiling” to higher-paid managerial positions etc., some others are compelled to start their own business due to forced unemployment, either from a layoff, or a lack of marketable skills.<sup>31</sup> Though the rate of new businesses formed by women has significantly outpaced the rate of new business formed by men across the developing world in recent years, women still do and manage significantly fewer businesses than men.<sup>32</sup> Research on female entrepreneurship have found out that access to financial resources, inadequate training and access to information, work-family interface, women’s safety and gender based violence, lack of societal support, and legal barriers and procedures are the main hindrances for females to start up and operate their own business.<sup>33</sup>

Women’s entrepreneurship is especially significant in the context of moving Sri Lanka towards becoming an “Upper Middle Income” country, as female-operated SMEs could well cater to the demands of the rising middle class.<sup>34</sup> Of the total number of employers in Sri Lanka, only 10 per cent are women. This number corresponding to the total employed population (as of 2011) is at around 0.9 per cent.<sup>35</sup> It has been estimated that about 80 per cent of the economy is driven by SMEs, out of which women led SMEs are only 10 per cent.<sup>36</sup> In Sri Lanka, a majority of women entrepreneurs are in micro-enterprises, a large number of which operate in the informal economy, and they tend to be grouped in particular sectors such as food processing and textile.<sup>37</sup> Those who argue that men were better at business based it on socio-cultural restrictions on women such as, the household work burden, limited mobility after dark and concern about reputation, better knowledge and skills of men, and superior physical strength of men.<sup>38</sup> Lack of access to finance, lack of adequate financial literacy, negative norms and attitudes towards entrepreneurship as a career option, limited mobility, lack of access to networks and communication, an unequal share of family and household responsibilities, and no maternity protection, are some of the factors behind the low visibility of women in the SME sector.<sup>39</sup> Additionally, there are invisible structural barriers in the form of traditional customs, domestic and social expectations that restrict the mobility of women and prevent them from taking on the role of entrepreneur.<sup>40</sup>

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<sup>30</sup> Vossenber, S. (2013).

<sup>31</sup> Winn, J., (2005).

<sup>32</sup> United Nations University (2013).

<sup>33</sup> Vossenber (2013).

<sup>34</sup> International Labour Organization and Asian Development Bank, (2011).

<sup>35</sup> Department of Census and Statistics (2012).

<sup>36</sup> The Nation (2013).

<sup>37</sup> Staermose T. (2009).

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> *Sunday Observer* (2013).



In general, rural women's work patterns are marked by change and continuity as well as flexibility and rigidity (Gurung, 2005).<sup>41</sup> In agriculture, for instance, both women and men play critical roles throughout the world. Most of the women employed in developing countries are engaged in agriculture whether as workers in household farms owned or tenanted by their families, or as wage workers.<sup>42</sup>

In most parts of the world, rural women are intimately involved in most aspects of agricultural production activities. However, various constraints in relation to economic, cultural norms and practices limit women's participation in agriculture and agribusiness activities.<sup>43</sup> Agriculture is the backbone of the developing economies and women are the key figures in their vast agrarian socio-economic set-ups, however their participation varies from region to region in Sri Lanka.<sup>44</sup>

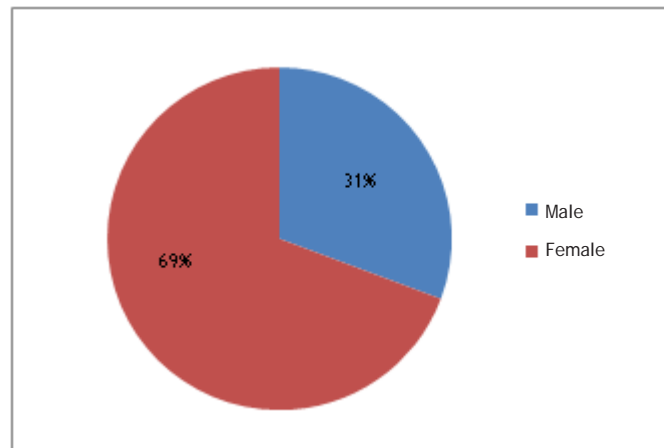
In Sociological perspective, the role of women in the cultural context of Sri Lanka has always been misconceived. Constraints faced by the women in Sri Lanka are deep rooted in cultural values, normative patterns and customs, most of which are without religious and ethical sanction.<sup>45</sup> Thus, their participation in agriculture based SMEs are very minimal.

## 6. Study Sample Profile

### 6.1 Demographic Characteristics

#### Gender Composition of Sample

**Figure 2**  
**Gender Composition of the Sample**



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

<sup>41</sup> Gurung, K., P. THulachan, and D. Gauchan (2005).

<sup>42</sup> Seelanathan, A. (2013).

<sup>43</sup> Dessalegn, T., A. Yiman and Minilek Kefale (2012).

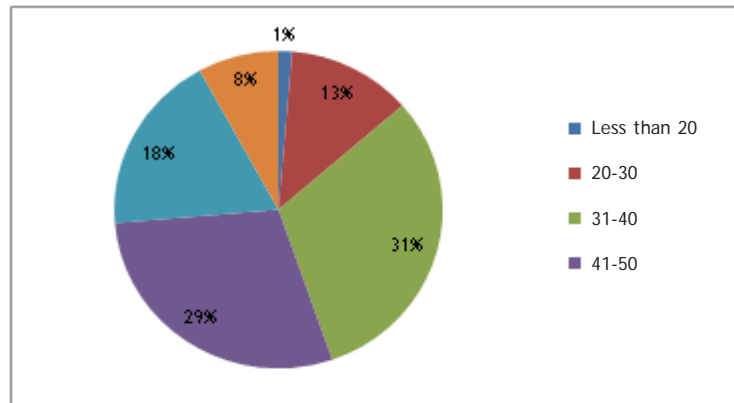
<sup>44</sup> Consumer Finance Survey (various years), Central Bank of Sri Lanka, Colombo.

<sup>45</sup> Seelanathan, A. (2013).

As the primary focus of the study is on female entrepreneurs, the number of female respondents for the sample survey is significantly higher than that of the male sample. As indicated in Figure 2, of the total sample of 300, 69 per cent were female entrepreneurs and 31 per cent were male entrepreneurs.

**Age Composition of the Sample**

**Figure 3**  
**Age Composition of the Sample**

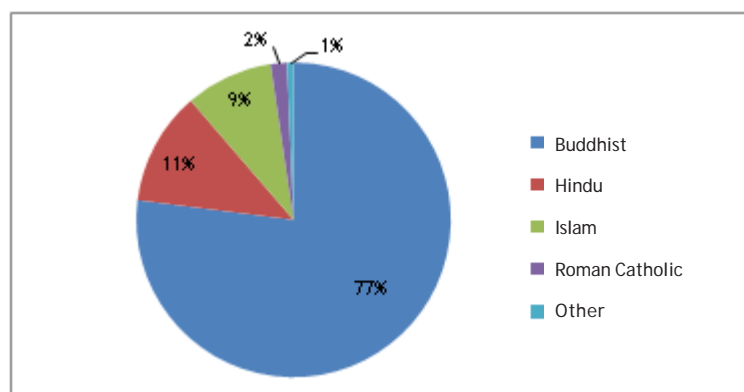


Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

A majority of the respondents were between 30 and 50 years of age. A significant portion of the sample, more than 25 per cent, was also above the age of 50 while 14 per cent of the respondents were below the age of 30. The age composition of the sample indicates that the sample survey covers the views of entrepreneurs from ages ranging from young adults to senior citizens.

**Age Composition of the Sample**

**Figure 4**  
**Survey Respondents by Religion**

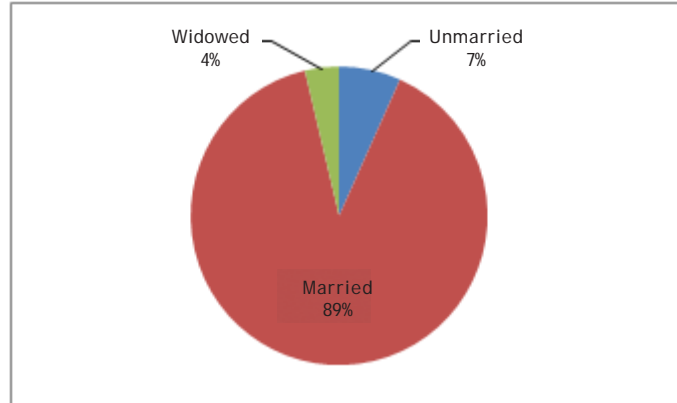


Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

As indicated in Figure 4, an overwhelming proportion of the sample was Buddhist while the only 11 per cent of respondents were Hindu and 9 per cent followed Islam.

## Marital Status

Figure 5  
Marital Status of the Sample

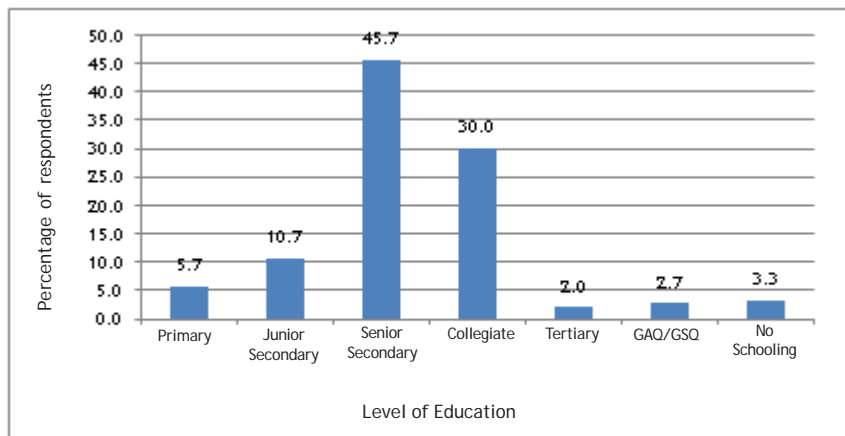


Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

93 per cent of the respondents were married or had been married while only 7 per cent of the respondents were unmarried. According to the gender composition of the sample population, 90 per cent of the female respondents and 88 per cent of the male respondents are married. But 12 per cent of the male respondents were unmarried while only 4.3 per cent of the female respondents were unmarried.

## Educational Qualifications of the Sample

Figure 6  
Educational Qualifications of the Sample



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

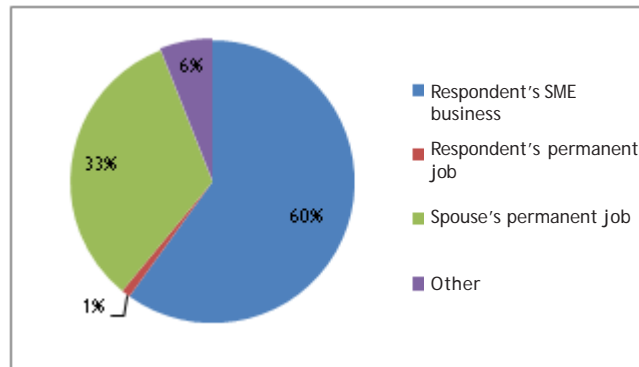
Of the total sample population, 3 per cent of the respondents had received no formal education. It is interesting to note that of the 10 respondents who have not received any formal education, 9 of them were female. Only 2 per cent had pursued higher studies (bachelor's degree and/or post-graduate studies) but 30 per cent had completed their G.C.E. Advanced Level Examination. However, the largest share of the sample

population had completed their G.C.E Ordinary Level Examination and opted to not pursue further education beyond that.

## 6.2 Business Activities

### Main Source of Income

**Figure 7**  
Main Source of Income of the Sample

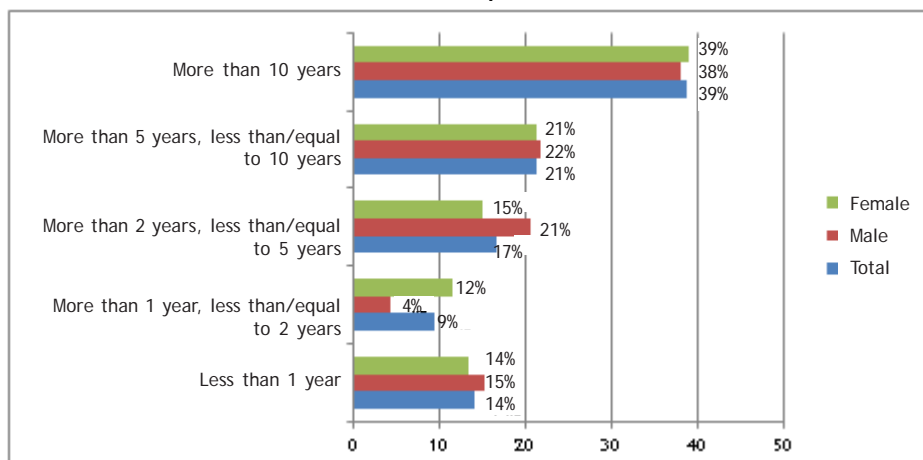


Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

As indicated in Figure 7, 60 per cent of the sample stated that their main source of income came from the respondent's small/medium business. 33 per cent of the respondents stated that their main income came from their spouse's permanent job. However, looking at the gender breakdown indicates that only 50 per cent of female respondents stated that their business was the main source of income while 80 per cent of the male respondents stated that their small/medium business was their family's main income source. Only 1 per cent of both male and female respondents stated that their permanent job was the family's main source of income.

### Period of Operation

**Figure 8**  
Period of Operation

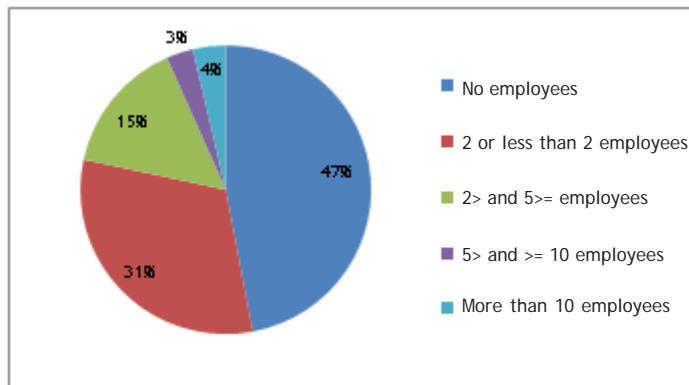


Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

Of the total sample population nearly 40 per cent of the respondents have been involved in their business for more than 10 years. 21 per cent have been in operation for more than 5 years but less than 10 years and 16 per cent have been in operation for more than 2 years and 5 years or less. 23 per cent of the respondents have been in operation for less than 2 years or less.

**Number of Employees**

**Figure 9**  
Number of Employees Engaged in the Business

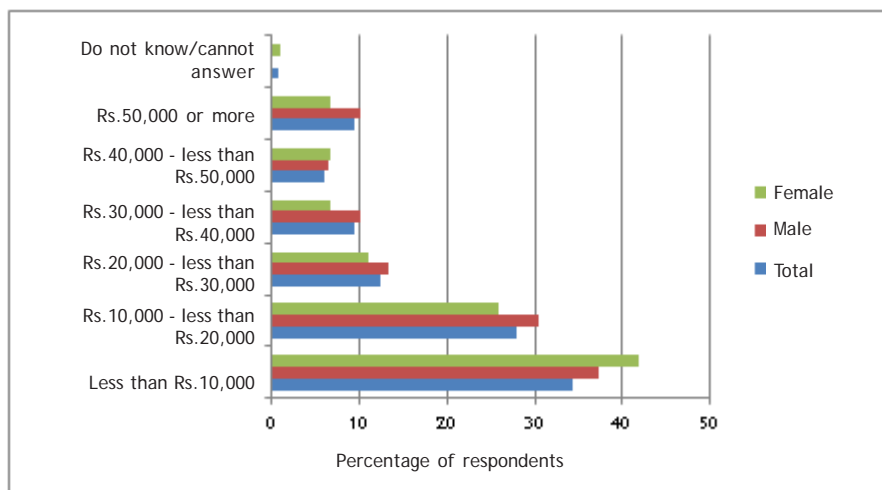


Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

47 per cent of the sample population does not have any employees while 31 per cent have 2 or less than 2 employees engaged their business. There is no significant difference in number of employees between male and female entrepreneurs.

**Monthly Income from Business**

**Figure 10**  
Monthly Income from Small/Medium Business of the Sample



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

The sample population indicated that 34 per cent of the total sample only earn a monthly income of less than Rs. 10,000 through their business. Of this, 42 per cent of female respondents and 37 per cent male respondents only receive less than Rs. 10,000 as a monthly income from their business. As the income levels increase, the income from the businesses of the male respondents is marginally higher than that of the females.

**Reasons for Starting the Business**

Furthermore, when asked what compelled them to start their business, more than 55 per cent of the total sample stated that they started their business to make an income for their family. 7 per cent of the respondents stated that they started their business to utilize their free time and 16 per cent of the respondents chose both options. Only 6 per cent of the respondents stated that they started their business to capture available market opportunities. From the female respondents, only 3 per cent stated that they started their business to capture available market opportunities.

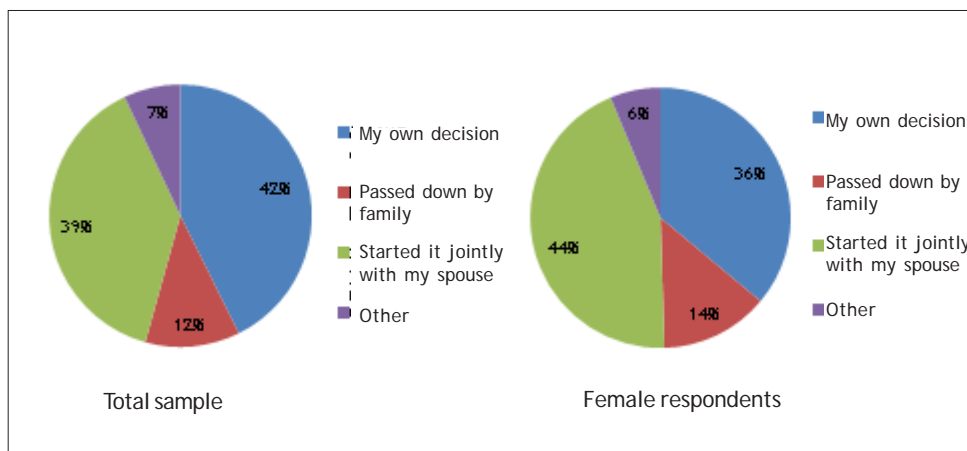
**Table 1**  
**Reasons for Starting Business**

Reason	Percentage of respondents
1. To utilize my free time	7%
2. To make an income for my family	55%
3. To capture market opportunities	6%
4. Both 1 and 2	16%
5. Multiple/Other reasons	32%

Source: Survey on Small and Medium Entrepreneurs, IPS (2014)

**Decision to Start the Business**

**Figure 11**  
**Decision to Start the Business**

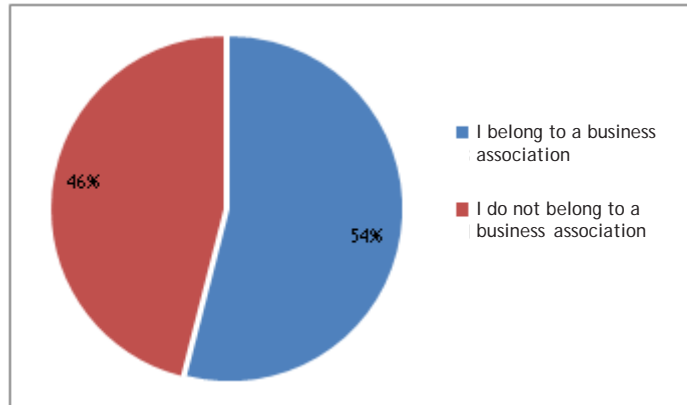


Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

As indicated in Figure 11, of the total sample 42 per cent stated that the business was started on their own initiative while only 36 per cent of the female respondents stated that the business was started by their own decision. More female respondents (44 per cent) stated that the business was started jointly with their spouse.

### Business Associations

Figure 12  
Involvement with Business Associations



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

Networking is an important aspect of developing a business and business associations provide entrepreneurs the opportunity to network more easily. However, nearly half the total sample stated that they did not belong to any business associations. From the female respondents in the sample, 59 per cent stated that they belonged to a business association while 41 per cent stated that they do not belong to any business associations.

## 7. Economic and Social Opportunities and Barriers for Women in the SME Sector

### 7.1 Economic Barriers and Opportunities for Women in the SME Sector

According to the sample survey and focus group discussions conducted in five districts, feasibility of finding resources (land, capital, labour, technology and raw materials) at the initial stage of the business amongst female entrepreneurs was not very difficult. According to the gathered data, finding a land or a place to start the business was not difficult. Nearly 60.5 per cent of the interviewed female entrepreneurs were able to find land easily and most of them found it with the help of their family.

*"My siblings built a shop attached to my house to carry out the business" FGD Participant, Anuradhapura.*

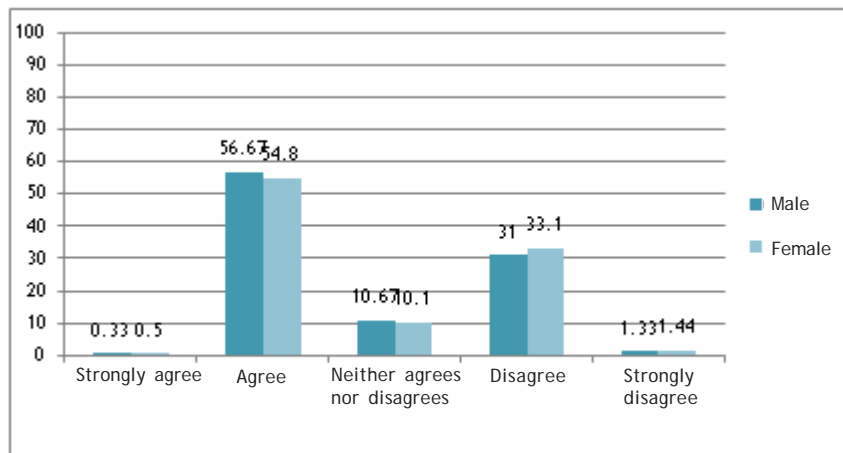
*"My father and mother helped me to find a place." FGD Participant, Anuradhapura.*

*"I started my business at my home." FGD Participant, Kurunegala.*

Finding labour resource for the business was again not an issue for those who were interviewed. Nearly 70 per cent of the group said that finding labour was easy and the percentages were similar in both female and male groups.

According to collected data 57 per cent of the male respondents stated that it was easy for them to find technology. In the female group, 55 per cent of them said that it was easy (Figure 13).

**Figure 13**  
Percentage of Respondents to the Statement 'Finding Technology to Start a Business is Easy'



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

It emerged that the main barrier faced when starting the business was finding a suitable market.

*"It was really hard to move with the society. Therefore it was really hard to do marketing". FGD Participant, Kurunegala.*

*"I think at the initial stages of the business everyone has to face problems on developing an image in the market whether the owner is a woman or a man". FGD Participant, Kurunegala.*

*"Getting connected to the market". FGD Participant, Anuradhapura.*

*"There were no marketing opportunities when I started my business". FGD Participant, Batticaloa.*

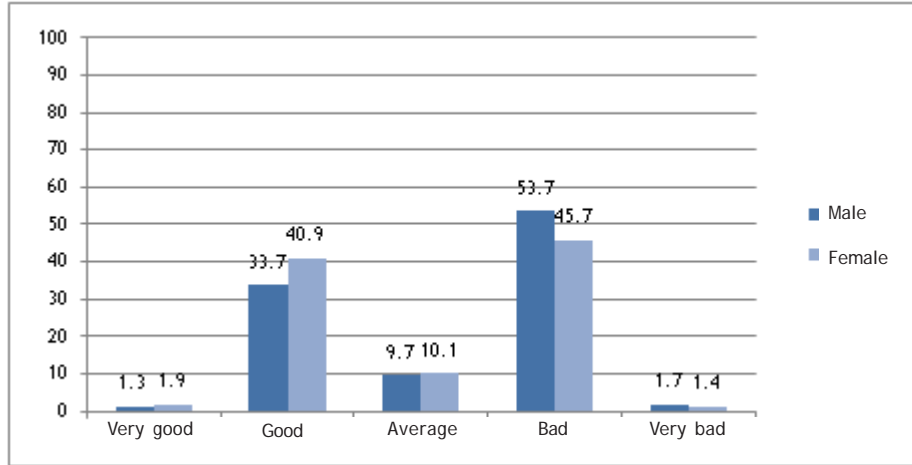
*"Though I produced lot of products I was unable to sell them." FGD Participant, Batticaloa.*

*"I faced several problems with marketing, because I didn't know how to face the market competition". FGD Participant, Moneragala.*

The respondents of the sample survey were not satisfied with the support received by other organizations and institutions (chambers, NGOs, government agencies) to start their business (Figure 14). However, more female respondents than male respondents perceived that the support received by other organizations was above average.



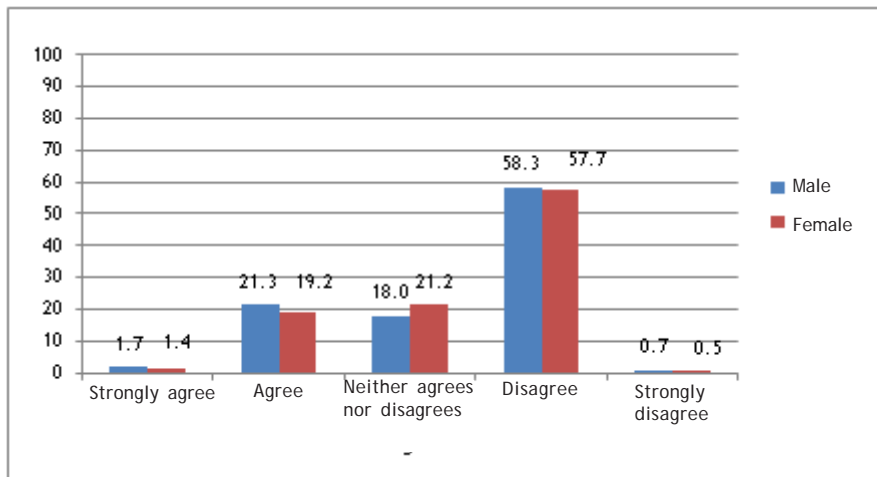
**Figure 14**  
**Support Received by the Other Organizations to Start the Business**



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

Support received from financial institutions to start the business was also not satisfactory according to the respondents (Figure 15). Nearly 58 per cent of both male and female respondents disagree with the statement; 'support received from financial institutions were good'. Only 20 per cent of the respondents are happy about the services they have received from the financial institutions.

**Figure 15**  
**Percentage of Respondents to the Statement 'Support Received from the Financial Organizations was Good'**



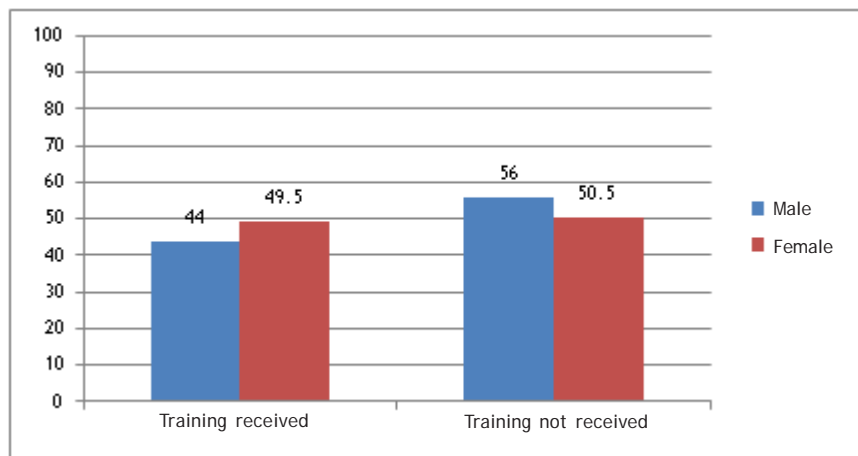
Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

*"We had several financial issues. To overcome this problem, Chamber of Commerce with the support of the Central Bank introduced a new loan scheme named, "Saubagya" where interest rate was 9 per cent. After that, Chamber of Commerce encouraged us to get that loan". FGD Participant, Moneragala.*

*Since we are in a rural area and the numbers of beauticians are limited, sales representatives didn't come to our area. Therefore, it became a big issue at that time. As a solution I made different packs and distributed among the beauticians". FGD Participant, Moneragala.*

The results of the sample survey indicated that receiving a prior formal training was not a significant factor in starting the business, irrespective of gender (Figure 16).

**Figure 16**  
**Formal Training Received Before Starting the Business**



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

*"Since I didn't have any technological knowledge I went to the Industrial Development Board, Small Businesses Unit". FGD Participant, Anuradhapura.*

*"I was invited to participate at the training in Ambilipitiya, Bandarawela which was organized by the Chamber of Commerce". FGD Participant, Moneragala.*

*"Though I participated at the sewing courses I didn't get any knowledge on sewing handbags. From the newspaper cuttings I retrieved the knowledge on sewing handbags. So I thought to just try it out". FGD Participant, Moneragala.*

*"I learned from my mother to sew because she did tailoring as an employment. I started my business by sewing clothes to the kids". FGD Participant, Batticaloa.*

Receiving financial support from banks, marketing, technology, and issues with company registration were the main issues identified by the study.

Most of the respondents have indicated that they faced difficulties in obtaining loans from banks due to several reasons including, banks demand for securities, company registration details etc.

*"We don't get loans from the banks if our business is unregistered". FGD Participant, Moneragala.*

*"When we are requesting loans from the banks they ask us to have deposits. We don't require bank loans if we have enough money to keep as deposits. Now we are tired of seeking banks to get loans". FGD Participant, Moneragala.*

*"When providing a loan, the bank assesses the status of our business. To get a good status we have to have our own place for the business. Otherwise they don't give loans. Though they are giving loans for the development of the business, they don't give loans to build a shop". FGD Participant, Anuradhapura.*

*"It is really hard to get loans from the banks because of their regulations. To get a loan we have to have securities from persons who are working in the government sector. It is really hard to find suitable securities because they are also leading hard lives". FGD Participant, Moneragala.*

*"Though government asks banks to give low interest loans to women, it won't work well". FGD Participant, Moneragala.*

*"Though we receive the registration, banks provide a loan for 20 per cent interest, saying that we don't have the registration as yet. This happens for almost two months. After that, they provide loans for 9 per cent interest". FGD Participant, Moneragala.*

After establishing their businesses one of the main problems faced by them is marketing and tackling market competition.

*"The competition for these products has increased. Now employees who have worked under my business have started their own business in the same industry. Therefore as competition is increasing, they are trying to enter into my market. Then, I started to produce new products, now I'm able to survive in the market". FGD Participant, Moneragala.*

*"We don't have a proper market to sell our products. That happens because foreigners don't visit our villages". FGD Participant, Anuradhapura.*

*"I face heavy competition and because of this heavy competition I couldn't sell products at a reasonable price". FGD Participant, Batticaloa.*

*"Some sell our products under their names". FGD Participant, Anuradhapura.*

## 7.2 Social Barriers and Opportunities for Women in the SME Sector

### Managing Work-family Balance

According to Osttergaard (1992) (as cited in Wickramasinghe, 2000), the concept of gender makes it possible to distinguish the biologically founded, sexual differences between women and men from the culturally determined differences between the roles given to or undertaken by women and men respectively, in given societies. Gender as a conceptual tool is used to highlight various structural relationships of inequality between men and women as manifested in the households, in labour markets, in personal relationships, in ideologies and in socio-political structures.<sup>46</sup> Traditional perceptions

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<sup>46</sup> Wickramasinghe (2000).

**Table 2**  
**Gender Roles/ Responsibilities Framework**

<b>Women</b>	<b>Men</b>
<p><b>Women’s productive roles and responsibilities</b> Include women’s roles and responsibilities that yield economic remuneration whether for manual labour; professional labour; subsidiary activities; part-time work or casual labour etc.</p>	<p><b>Men’s productive roles and responsibilities</b> Involve men’s roles and responsibilities that yield economic remuneration whether for manual labour; professional labour; subsidiary activities; part-time work; casual labour etc.</p>
<p><b>Reproductive roles and responsibilities</b> Include women’s roles and responsibilities within the household and family: inclusive of bearing, nurturing, rearing children; cooking; cleaning; washing; fetching water/ fuel-wood; marketing; caring for sick and the elderly, etc. (<i>Women are principally identified in relation to these roles and responsibilities</i>).</p>	<p><b>Family roles and responsibilities</b> Involve the occasions and the degrees to those men who are involved in household/ family maintenance. Depending on the many variables of culture, community, geography and or area men might contribute in the provision of travelling; protection to the family; trifling household tasks, etc.</p>
<p><b>Community roles and responsibilities</b> Include women’s role and responsibilities in the community: inclusive of maintaining kinship relations; religious activities; social interactions and ceremonies; communal sharing and caring activities; community survival strategies; etc.</p>	<p><b>Public roles and responsibilities</b> Involve men’s public roles and responsibilities that are inclusive of their visibility in the public and powerful spheres- of politics; in decision making bodies; in ‘status’ building activities; in international forums, etc.</p>

Source: Wickramasinghe (2000).

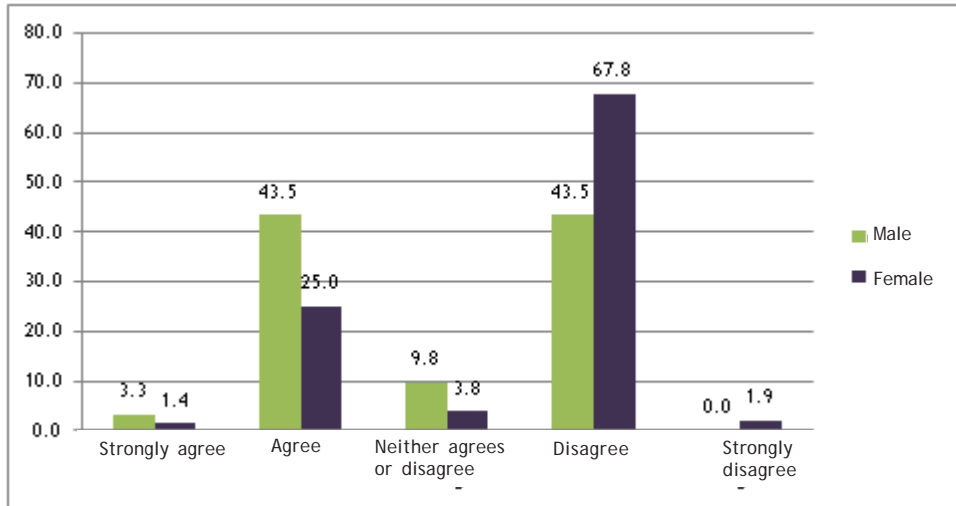
and beliefs of gender identify productive, reproductive and community roles separately and allocate responsibilities accordingly (Table 2). This gender based division of labour places the problem of "Triple Burden" (created by productive responsibilities, reproductive responsibilities and social responsibilities) on females.

Though the household work burden (unequal share of family and household responsibilities) and traditional domestic and social expectations are found to be among the main reasons that hinder women's participation in business activities,<sup>47,48</sup> 67.8 per cent of the women entrepreneurs who participated in the survey disagree with the statement "Balancing business obligations with familial responsibilities is harder for women entrepreneurs" (Figure 17). It's also interesting to observe that 43.5 per cent of the male respondents have agreed with that statement while only 25 per cent of the female respondents did so. Only 26.4 per cent of the female respondents claimed that they either 'strongly agree' or 'agree' with the above statement.

<sup>47</sup> Staermose, T. (2009).

<sup>48</sup> Sunday Observer (2013).

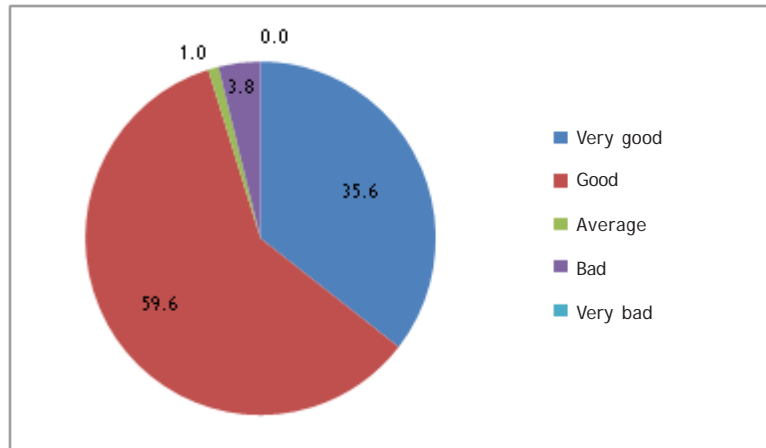
**Figure 17**  
**Percentage of Respondents to the Statement 'Balancing Business Obligations with Familial Responsibilities is Harder for Women Entrepreneurs'**



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

95.2 of the female respondents claimed that the support they get from their families is either good (59.6 per cent) or very good (35.9 per cent) (Figure 18).

**Figure 18**  
**Support Received from My Family**



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

*"I and my husband work collectively. We don't have anyone to help us. My husband scrapes the coconut to make milk toffee". FGD Participant, Anuradhapura.*

*"My small daughter helps me to cut the mosquito nets. Otherwise my husband helps me with that". FGD Participant, Kurunegala.*

*"My husband does most of the household work. He washes all the clothes. Before having his food he divides food for everyone". FGD Participant, Kurunegala.*

*"All the household activities are done by my son's wife. If there is any business work, I don't go anywhere. I'm devoted to my business all the time". FGD Participant, Kurunegala.*

*"When I started my business my child was little. So it was really hard to look after my baby. However, my mother and sister supported me in looking after him; I was able to carry out my business successfully and I could send my son for his higher studies". FGD Participant, Batticaloa.*

However, it was mentioned that balancing the familial responsibilities with business activities is stressful for women entrepreneurs even though they get support from other members of the family. This was mainly attributed to the unequal share of the household activities which are supposed to be done by a woman within the family (i.e. cooking, cleaning, child caring etc.).

*"I wake up at 4 o'clock every day. And do all the household activities. After doing children's work, I start my work. In the evening I help my children with their school work while doing the activities on water tanks. In the night after my children go to sleep I and my husband work until ten or eleven". FGD Participant, Anuradhapura.*

*"By doing a business we are a help to our husbands. Today, a family cannot survive from one person's earnings. But we have to do all the household work while doing our business activities. So it has increased our work. Therefore we have to work under pressure". FGD Participant, Moneragala.*

*"I handle each and every thing in my house. Sometimes I feel that I'm like a machine". FGD Participant, Anuradhapura*

*"Though it is really hard we have to balance it. Normally I get up at 3.00 a.m. every day. After I finish my children's stuff I start my business. When there are lots of work to do I get help from the women's associations in the village. I pay them on a piece basis. That's how I balance my stuff with the business. So I'm doing so much of dedication to balance my life". FGD Participant, Anuradhapura.*

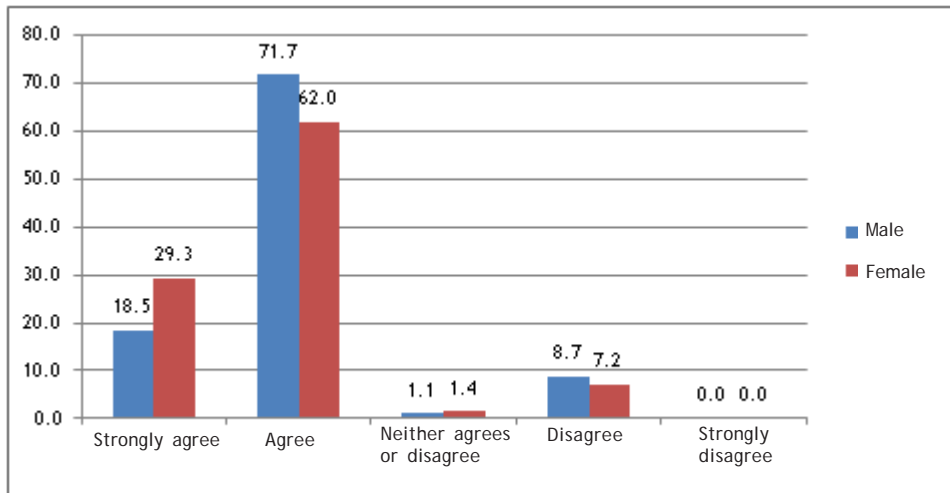
### Social Acceptance and Recognition

Social recognition has been identified as an important element in eradicating problems faced by female entrepreneurs.<sup>49</sup> Social norms are a frequently 'hidden barrier' and lifting the 'cultural veil' is critical in unleashing female entrepreneurial potential.<sup>50</sup> 91.3 per cent of the female respondents and 90.2 per cent of the male respondents either strongly agree or agree with the statement 'General acceptance towards women entrepreneur has improved over time' (Figure 19).

<sup>49</sup> Siddiqui, A.B. (2012).

<sup>50</sup> Global Entrepreneurship and Development Institute (2013).

**Figure 19**  
**General Acceptance towards Women Entrepreneurs has Improved Overtime**



Source: Survey on Consultancy on Business Development Services Available for Women SMEs, IPS (2014).

The findings of the FGDs also affirm that participants are mostly satisfied with the social acceptance and recognition they get as 'women entrepreneurs'.

*"I'm famous in every office. If I want to get some work done, they help me. I notice, sometimes others are wondering who I am and why I get such help". FGD Participant, Moneragala.*

*"Not only us but our husbands also get a good recognition". FGD Participant, Moneragala.*

*"We have a good recognition everywhere. When we are doing a business we get connected to so many people, sometimes even Ministers. So we can gain opportunities to expand our businesses easily". FGD Participant, Moneragala.*

*"I gain a good recognition. Students who learned from me come and worship wherever they meet me. At that time I feel really happy". FGD Participant, Moneragala.*

However, some FGD participants highlighted that the process of establishing the recognition and acceptance was not an easy thing.

*"At first my siblings and in-laws thought I would stay at home, looking after my children and 'do nothing' as I'm not that much educated. I had to give up my education because of financial difficulties faced by my parents. Before starting the business I was shirked when I was in the middle of my relatives. But now I have developed myself and I don't shirk to be with them. Now there is a good recognition for me. I was chosen as the President of the 'KANTHA BALA MANDALAYA' as well as a member of the 'SAMATHA MANDALAYA', mainly because of my success as a business woman". FGD Participant, Anuradhapura.*

*"I think there is a less recognition to the people who are always moving with the customers. I did Bio Science for my A/L Examination and attended well-reputed school in the district. Once I started the business, some people known to me sometimes are asking what has happened to me and what went wrong to start a business. I explained about my success to them. Now some friends of mine have become doctors. While some of them visit my shop and appraise my success, some don't even tell that I studied with them". FGD Participant, Kurunegala.*

## **8. Women's Access to Business Development Services**

Business Development Services (BDS) are being considered as non-financial services offered to entrepreneurs at various stages of their business needs. There are two types of BDS classified as functional and strategic level BDS according to their use by entrepreneurs. Normally, the functional level BDS are day to day services required by the businesses to operate whereas the strategic level BDS are the services needed by the business to improve their efficiency and effectiveness in a management perspective. While micro finance tries to reach as many people as possible, BDS targets enterprises that can serve as many people as possible. The objectives of this study were to evaluate how far women could access BDS and assess the quality of BDS they have received.

As per the SME management viewpoint, BDS plays a vital role helping the entrepreneurs to manage their businesses effectively. There are a number of BDS available in the market catering to the needs of SME strategic level development, such as Business Development Training, technology transfer, creating markets and market linkages, sharing of business information, facilitating access to credit for the business, etc. These are the main strategic level BDS offered in the BDS market. There are three major actors in the BDS sector, namely:

- BDS providers
- BDS facilitators
- Donors for BDS

BDS providers are the main actors in the BDS market. They offer various BDS products to the market either on full cost recovery basis or subsidized rates using other donor funds. In developed markets it is expected that the BDS providers provide their services at full cost recovery mode. However, in under-developed BDS markets, most of the BDS products are provided at subsidized rates. In Sri Lanka, willingness to purchase strategic level BDS by the SME sector is still questionable.

BDS facilitators are a group not involved in providing BDS directly to the customers but are engaged in only doing facilitation for the process. They are mainly functioning with donor funding and/or with government funding. They need to facilitate the BDS market development in various intensities such as improving the quality of services offered by the BDS providers which could be through capacity development, certification and accreditation etc., for BDS providers, introducing systems to improve the purchasing power of the customers which may be through vouchers, coupons, etc., to the BDS market or through advocacy and lobbying for BDS market development.

Donors for the BDS market are those who make their funds available and are the super powers of the system where they can either develop or distort the BDS market using their money. Normally, the donors operate at various levels where they provide funds either to improve the whole market system or may be only to improve the market facilitation process.



Women access to BDS is a separate issue which needs our attention due to many reasons. As per the comments made by the participants of focus group discussions and key informants, there are a large number of women-headed micro enterprises available in Sri Lanka but considering the SME sector the numbers are not so high. The group strongly believes this was due to the reason of non-availability of a women friendly BDS system to assist them to transit from micro level to the SME level.

The subject on 'Women access to Business Development Services' has been considered one of the major areas of research focusing on getting information related to awareness of BDS in women, availability of BDS for women entrepreneurs, accessibility to BDS by women entrepreneurs and last but not least, the quality of services offered by BDS providers.

### **8.1 Awareness of BDS**

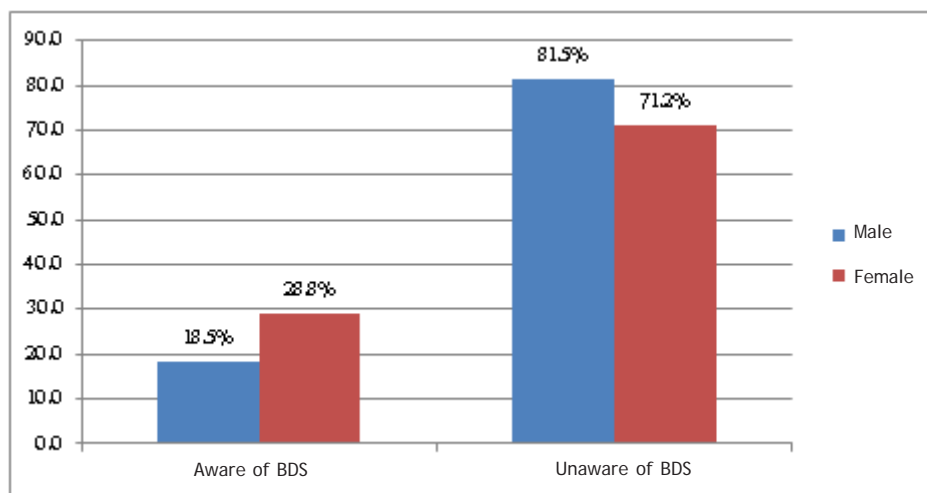
The FGDs revealed that the responses from women entrepreneurs in all districts were quite similar. Majority of them except a few, were aware of BDS as business development training and consultancies but nothing further than that. It was indicated that they had got the opportunity of participating in trade fairs through a facilitation process of the Ministry of Economic Development and the Chamber of Commerce. For instance, the Chamber of Commerce of Moneragala had organized an exposure visit to Colombo for the group of women entrepreneurs involved in Beauty Culture as a business. They had visited a large scale beauty salon and had received valuable information on the beauty culture industry in Colombo. This was highlighted by many participants as a very important BDS they have received. The women entrepreneurs recalled the names of the Chamber of Commerce, Vidatha centres, Grama Niladhari, Janakala Kendraya, Divisional Secretary's (DS) office, Small Enterprise Development Department, Central Bank and the Industrial Development Board (IDB) as BDS providers where most are mainly BDS facilitators. No commercial provider's name was mentioned here as a BDS provider other than the Chamber of Commerce in respective areas. In Anuradhapura there were some mixed interpretations where one respondent indicated that they never came across BDS in their district, while there was another opinion expressed that the IDB had introduced the stock market to them as a training program. However, one positive remark expressed by the Anuradhapura group was that the women entrepreneurs got training opportunities based on their performances at trade exhibitions. Understanding of BDS was different in different districts. Some identified providing financial assistance, and training in women's health too as BDS provision, which is arguable.

In addition to this, some respondents alluded to some of the institutional failures in making entrepreneurs aware of the BDS available to them.

*"There are lots of services provided by the government. But we are not aware about that. There should be a process to find out what the government is providing and how we can get those services. Otherwise, those services are acquired by some other persons who really does not want that service. Finally, that service becomes a promotion tool for the government politicians". FGD Participant, Moneragala.*

*"Since there are failures within the institutions we don't get informed about BDS". FGD Participant, Batticaloa.*

Figure 20  
Awareness of BDS



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

The results of the sample survey revealed awareness of available BDS in the district among the women entrepreneurs in a quantifiable manner. Sample survey showed a notable lack of awareness of available BDS within the five district, where 74 per cent respondents out of 300 in the samples (both male and female) indicated that they were not aware of BDS available in the district.

## 8.2 Availability and Accessibility of BDS

The participants from Kurunegala indicated that they did not have any issue pertaining to the access of BDS. In Anuradhapura district, the FDG participants mentioned that the trainers come to their villages to train them which was more convenient. This was mainly done by the Vidatha Centres as well as the Women Associations in their villages. The respondents in Matale also stated that in the last few years, the Officers in the Vidatha Centre have been actively working with entrepreneurs. They also stated that Vidatha Officers visit their homes or contact them regularly to keep them informed of the BDS offered.

However, there were some respondents from the five districts, particularly in Batticaloa, who felt that BDS was not easily accessible to them. In Batticaloa it was revealed that

the women entrepreneurs were encountering various difficulties to access BDS, where many of them indicated they could not reach BDS due to transport problems. Respondents in Batticaloa also stated that they do not receive information regarding formal training sessions on time.

*"Sometimes we have to go on foot or wait for the public transport. Out of all the time spent for getting the service, that time is a waste". FGD Participant, Anuradhapura.*

*"Since we are far away from the center, we are not able to get any information about the trainings". FGD Participant, Batticaloa.*

*"It is good if they can inform us prior to the closing date of the program service". FGD Participant, Batticaloa.*

According to the results of the sample survey, lack of awareness, absence of BDS providers and lack of transport facilities to access BDS in the area were listed as the top three barriers to respondents' usage of BDS.

### **8.3 Quality of the BDS**

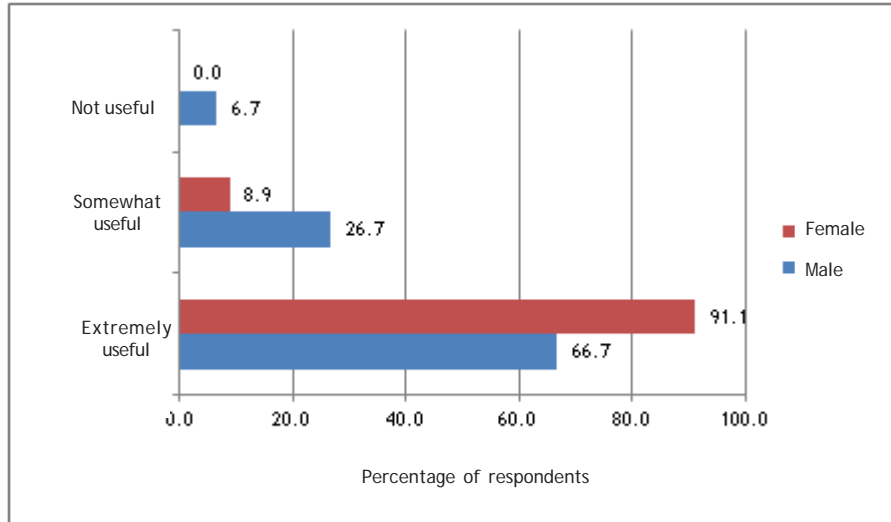
Many of the FGD participants stated that they were satisfied with the service they had received from the BDS providers. However, a majority of them are not aware about the BDS and their responses may not account for the quality of the BDS offered as they are not aware about it.

Even though the majority of FGD participants indicated the quality of services in a positive manner, there were some statements of the FGD participants that indicated the frustration of participants such as "repetition of same learnings", "need to learn new technologies", etc. For instance, in the Anuradhapura district FGD, they spoke of the necessity of updating and learning of current business matters.

*"Same things are repeated in the training programs. We like to learn about the things which are suitable for the present. Getting training about already learned stuff is a waste of time". FGD Participant, Anuradhapura.*

This statement is an eye opener for the BDS providers. However, since most of the BDS providers were from the government sector where they offered BDS as a free service it made people appreciate the offer, regardless of its quality.

**Figure 21**  
Usefulness of BDS in Improving the Business



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

In the sample survey out of the respondents aware of the BDS available in their district, 91 per cent of the female respondents and 67 per cent of the male respondents stated that the BDS they had received thus far had been extremely useful in improving their business.

Appropriateness of available BDS is also a key issue that was identified during the KIIs. Since it was revealed that most of the BDS providers are from the government sector, it is evident that these programs are being held using pre-set manuals especially with respect to training, hardly focusing on individual needs such as business counselling for overcoming existing issues of individual women entrepreneurs. As a result, the opportunities for counselling on further development of existing enterprises are rare or non-existent. The private sector and NGO BDS providers on the other hand, would attend to these important aspects of BDS focusing on individual interests and tailoring their services to suit the needs of individual entrepreneurs.

#### 8.4 Improving BDS Offered to Entrepreneurs

Among the many suggestions that came from the FGD participants, offering a quality certification for BDS providers based on their level of operation is one significant suggestion. This would be useful for entrepreneurs to select the best BDS providers that address their needs.

The FGD participants indicated that BDS offering marketing services, direct marketing methodologies, new technologies, information on banking services, efficient machineries and market opportunities, taxation, and updates on changes in the business environment would be useful to entrepreneurs.

The women entrepreneurs in Anuradhapura described the feasibility of having BDS that can facilitate routine exhibitions for them as this district is a main tourist attraction. Technical advancements, marketing strategies, and market information were the other BDS requested for Anuradhapura district.

Exposure visits were also acknowledged as a very effective BDS for entrepreneurs seeking to improve their enterprises. It seems the women entrepreneurs from these remote areas are able to learn more through exposure visit programs to developed businesses in Colombo and other areas and BDS providers need to focus on practical and effective methods such as these exposure visits for women entrepreneurs to benefit from on-site learning.

In Batticaloa, their main concern was that they are not aware of ongoing activities of the BDS sector as a whole. They requested that they be informed about the current activities. This reveals the need for a timely and efficient information system for creating awareness about available BDS types and when these are available for people to access them.

The women entrepreneurs in Moneragala disclosed they need to know the technological advancements in their respective sectors continuously. Similarly, they indicated the necessity of becoming aware about the government sector service providers in their districts.

*There are lots of services provided by the government. But we are not aware of these. There should be a process to inform us about what the government is providing, and how we can get these services. Otherwise these services are acquired by some other persons who really don't want that service". FGD Participant, Moneragala.*

*"Finally, that service becomes a promotion tool for the government political party politicians. Though there are many women's associations in our villages they do not tend to speak for the right things. They are acting without thinking about the future. They are satisfied with little things".*

This indicates the necessity of having a proper communication system about BDS offers regularly as most of them are living in very remote areas in the district. Similarly, the participants had some feeling about politicizing BDS offered by the government service providers.

The results of the sample survey provided similar results as that of the FGD. In general, a majority of respondents in the sample survey indicated that awareness of BDS needs to be improved and they also emphasized the need to have more BDS providers in their respective districts.

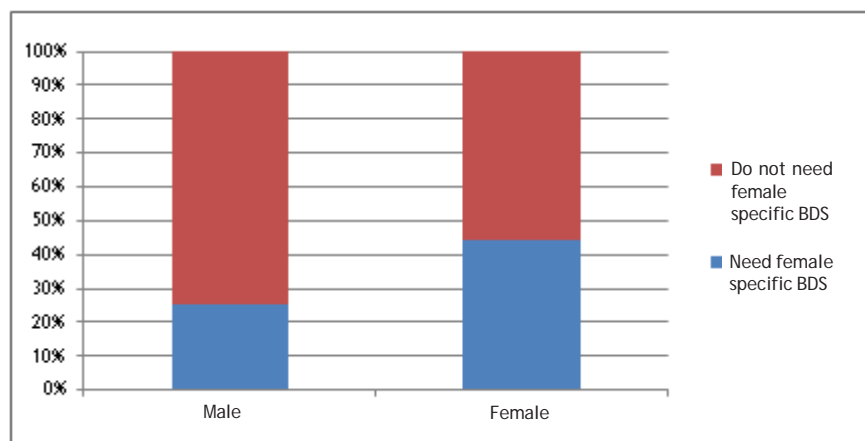
The sample survey also indicated that among the various BDS, assistance with obtaining access to finance was the area that the respondents felt BDS would be most useful.

Other BDS suggested by the sample survey include services that assist entrepreneurs in the areas of; transport and distribution, entrepreneurship training, advertising, telecommunications, creating market linkages, technology development, marketing and sales, and availability of inputs. While the aforementioned areas were chosen by both male and female entrepreneurs, trade fairs were a BDS requested by many of the female respondents.

### Need for Female-Specific BDS

61 per cent of the total sample (75 per cent of male respondents and 56 per cent of female respondents) felt that it was not necessary to have BDS that cater specifically to female entrepreneurs (Figure 22). 25 per cent of the male respondents and 44 per cent of the female respondents felt it was necessary to have BDS that specifically caters to female entrepreneurs.

Figure 22  
Need for Female-Specific BDS



Source: Survey on Small and Medium Entrepreneurs, IPS (2014).

However, there is a significant difference between male respondents who do and do not see a need for female specific BDS while there is only a marginal difference between female respondents.

In conclusion, much of the sample survey results indicate that the areas in which BDS is mostly required for an entrepreneur are similar for male and female entrepreneurs. However, there is an overall need to improve awareness and access to BDS irrespective of gender.

## 9. Case Studies

### 9.1 Anuradhapura

**'Stitching the Future':**

**The Story of N. Karunawathi**

**Proprietor Sudarshi Textile and Tailors Thambuththegama, Anuradhapura**

Karunawathi is 55 years old and lives in Thambuththegama, Anuradhapura. She is married with three children. It was 1981, when she got an appointment as a Post Mistress. Her first child was 10 months old then and her husband was working at the Ceylon Mineral Sands Corporation. He didn't want her to accept that appointment although it was a government job. Instead, he bought her a sewing machine as she has a born talent in sewing. On the other hand, Karunawathi was also a bit hesitant in accepting the appointment as she had to leave her little child at home and she felt uncomfortable in mixing and working with men.

Karunawathi started sewing dresses for her neighbours and villagers for rent at a very small scale. At the same time, she started making confectioneries on a small scale. She attended a training program organized by the Women's Society in her village in 2010. At that program she was trained to sew mosquito nets. She was also able to get 10 days training on entrepreneurship organized by the 'Small Business Association, Anuradhapura'. The training included book keeping, preparing business reports and business management. Then she decided to start her own business on sewing mosquito nets. She started her business of sewing mosquito nets with Rs. 2,000 only. When she was doing the business of mosquito nets successfully, her customers requested her to start sewing pillow cases, bed sheets and curtains. Recently, she has started doing "Batik" designing. Now she has 3 sewing machines and 4 permanent employees (all females). When she has large orders, she temporarily hires people. She has found no difficulties in finding raw materials and transporting the raw materials. Karunawathi says that networking and social connections play a major role in developing a business. She always tries to associate with other entrepreneurs, officers and customers. "*Respect and catering to the customers' needs is one of the key factors behind my success*", says Karunawathi. Further, she comments "*when it comes to business, it does not matter whether you are a man or a woman; but all you need is talent, determination and dedication*". Because of her success, she was honoured and recognized by receiving many awards (2011- Best Entrepreneur of the Anuradhapura District by District Chamber of Commerce, Anuradhapura, 2012- Best Courageous Woman -'Hondama Diriya Kanthawa'- by Provincial Agriculture Department and in 2013- Selected as the Excellent Entrepreneur by District Chamber of Commerce, Anuradhapura).

From the start, competition from large firms and unethical practices by large entrepreneurs were the biggest challenges faced by Karunawathi.

Karunawathi got a good support from all her family members from the very beginning of her business and also to balance her household matters. She particularly stresses

and values the support and freedom given by her husband in doing her business. Her husband's support and understanding helped her immensely in doing her business successfully. Her neighbours have also helped her in difficult times. However, she remarks that a very few people are commenting negatively on her business and on those who are employed by her.

Karunawathi has well educated siblings and in-laws. *"At first they thought I would stay at home, looking after my children and 'do nothing' as I'm not that much educated and jobless. I had to give up my own education because of financial difficulties faced by my parents. Before starting the business I was shirked when I was in the middle of my relatives. But now I have developed myself and I don't shirk to being with them"*. She notices that unlike in the past, now she gets a good recognition at any place and respect from everybody. She believes that all that is because of her success in business. Earlier she was shy, backward and had very limited social connections. But now she is well confident in herself, very progressive with a strong social network. Because of her success in her life, she was elected as the President of the "Kantha Bala Mandalaya" as well as a member of the "Samatha Mandalaya".

Women's Society at the Village, Anuradhapura Small Business Association, Development Division of the Mahaweli Development Authority and District Chamber of Commerce are some of the BDS providers Karunawathi has accessed so far. Technical trainings, entrepreneurship trainings and exposure visits are some of the services she has received so far from these BDS providers. She is happy with the services provided by those BDS providers. Karunawathi's next aim is to export her 'Batik' dresses to the foreign market, but she says that she does not have the knowledge on export procedure and does not know whom to contact on this regard.

Karunawathi says that she has invested every cent that she earned from the business on her children's education and well-being. Today, her daughter is holding a high position at a private finance company and her elder son is an assistant manager of a leading private leasing company. Her younger son got selected to enter the Medical College. In her opinion, being an entrepreneur has made her economically independent and increased her self-importance. Otherwise, she would have had to depend on her husband for every single thing.

Karunawathi says that now there is no need for her to continue the business as she is content with her achievements so far but she continues her business as it generates employment for another four women (four other families). In her opinion, being a woman she is more capable in bearing all the physical difficulties and mental stresses and be more tolerant. Karunawathi says the secrets behind her success are hard work and effective use of time.



## 9.2 Batticaloa

### 'Rising from the Ashes':

#### The Story of Sujatha Porathive, Batticaloa

Porathive is a very remote village in Batticaloa district. This village was severely affected due to the conflict for over 30 years. Sujatha was a poor widow living in this village. One day she got the opportunity to attend a workshop conducted by the DS office with an NGO working in the area at which she was able to learn how to make sweets using locally available raw materials.

Sujatha says, "I have four children. My husband is separated from me. After my husband separated, I used to do some small businesses. I got a chance to participate in a training program conducted by the AGA office and by an NGO. Following up on what I learnt at this training, I started a small business of making sweets at my home. My father is a carpenter and my mother is a housewife. I am preparing sweets, grams and Palmyra treacle to sell".

Sujatha got some financial assistance from ACTED and also from the DS office to start her business.

"During the time I started this business I was very poor financially. I bought some raw materials by myself. Later ACTED and our DS Office provided some milling machines and packing machines. At the beginning, our products were produced manually using mortar and pestle. But later we started using a machine. Step by step, I started selling my sweets products to nearby shops in our village. At the same time, I registered my business under the name of 'Laxmi Sweet Centre' in 2010. After some improvements, I engaged 5 other girls from poor families from our village to work in my enterprise. We do all the work by machine. Presently I have seven helpers and ACTED NGO is helping me to do my work well. I am happy I was able to provide employment to poor girls in my village. In the near future I hope to engage 20 girls in my work team."

She explained the main challenges she faced during her journey saying, "Marketing was the main problem we faced as we are living in a remote village. I faced a lot of inconveniences, when I started this business. I couldn't get the permission from the PHI and therefore, I couldn't find a proper place to do the business. I didn't get positive information and motivation from any institutions. Later, I got some help from the DS Office to continue my job. After that my business started growing."

She mentioned that her children are also helping her to run the business. She is directly linked with the IDB and the Chamber of Commerce and she explained she is getting BDS services through them. She appreciates the services she is receiving from them saying, "I got some experience and technical help through BDS. They are providing good services to us." Finally, she expressed her future expectations saying "I need to get more knowledge on business, technical advancements (machine operation), market strategies and market information. I also need help in transportation."

### 9.3 Kurunegala

#### 'Seeing Something with Her Own Eyes': The Story of Inoka Janani Jayasundara

Mrs. Inoka Janani Jayasundara is 37 years old and lives at Pothuhera in the Kurunegala District. She is married with two children and comes from an affluent family where both her parents are teachers. She passed her G.C.E. A/L with good results. Thereafter, all turned around after she got married during her tender age to a Samurdhi recipient without her parents' permission.

After the marriage, Inoka got selected to the Science Teacher Training College where only a very few of A/L qualified students were selected. However, her husband did not want her to follow the said course and her dream of becoming a teacher was shattered due to her husband's decision. She further said that *"My husband didn't want me to step out of the house. At that time all of us were Samurdhi beneficiaries, when there were financial difficulties, I cursed my husband's decision of not letting me follow teacher's training."*

Inoka's financial problems became severe day by day after she gave birth to her two children. At this point, Inoka realized the importance of earning money to support her family's economy and well-being of her children without cursing her husband's past decisions. During this period, she had to look after both her in-laws with the husband's meagre salary and the Samurdhi funds.

The Samurdhi Development officer in the area is the main person who changed Inoka's life as he introduced a Samurdhi loan facility whereby Inoka initially obtained a loan of Rs. 10, 000.00 from the Samurdhi Bank. *"As I had a good experience in cookery (I got a B pass for Home Science subject in my A/Ls), I thought of preparing sweets and selling them to the villagers. I learnt cooking from several T.V programmes and from my mother"*. However, preparing sweets and selling did not provide her any recognition amongst villagers. She did not stop at that point.

She started taking on challenges in life and went on to obtaining a further Samurdhi loan of Rs. 100, 000 which she used to develop her business to a very good level. Day by day she started introducing new food items to the market. Presently, her main products are made out of rice flour, which creates a high demand for her food items. Her main customers are from the village and from the Kurunegala town area. She has been able to provide one direct and five indirect employment opportunities to village women.

Day by day, her business became very popular amongst people and she got opportunities to operate a canteen at the Kurunegala Divisional Secretariat Office, Kurunegala Florist Association etc. Inoka started earning a fairly good income from the business. She also received her husband's support to improve her business. *"Then I realized that I need some training to develop this further. I wanted to develop it and earn good money for my family, especially for my kids"*.

Inoka got trained from several places. She especially emphasized the training she received from the "Vidatha Training Centre" and Small Enterprise Development Division at the Export Development Board (EDB), Kurunegala. She also got selected to EDB's residential training at Chilaw. *"During my training period my husband provided me with enormous support by looking after my kids and the business. Actually, he also wanted to join me in the training and then we got to know that only one person can join from a family"*. She has received training in management, accounting, technological know-how and positive thinking from the above mentioned institutes.

When talking about social perception on business women, she said *"I go everywhere with my husband. He has even given up his job and is full time supporting me now. There will be several rumours and tales if I step out of my house alone. At times we have to go out, even in the night for exhibitions, trainings, etc. But if I'm not doing anything wrong to my family, I don't mind what the society says. I only think of my family and my business now"*.

She also emphasized the negative perception of the society when women are involved in business, especially at the village level. Further, talking about current challenges in expanding her business, she mentioned about the ownership of the property, which is the main barrier for her to register the business. As there is a court case pending for the said land, she is unable to register her business at her own residence and now she is looking for some other place to establish her business. As she does not have a registration number for her business, she has lost several chances of exporting her products to Maldives. Once she had received an export order valued at Rs 25,000/= to Maldives on rice flour cake and Kurakkan flour cake through an intermediary. However, that person had not paid her as promised. Inoka said *"I really want to expand my business to export quality, but, I can't do it presently as I do not have a company registration number"*.

The vision of Inoka's business is "Traditional Food for a Healthy Life". She honestly wants to promote nutritional food amongst the society. She also said *"I gained a lot by attending those trainings, now I want to pay back the government and be thankful to the services they provided me. That's why I want to pay taxes. I know now I'm earning a good income"*.

Now she is a happy entrepreneur. Finally, she told *"Being a woman we have several roles to play. I have to be a good mother to my kids, a wife to my husband, a daughter-in-law to my in-laws, and now especially a good business woman to the society"*. *I'm happy with where I am today. I gained all this recognition because I started this business and I am carrying it out successfully"*.

And finally, her message to the entire womanhood is *"every woman can rise after any devastation in life. Despite how big the devastation is, women are strong enough to overcome it"*.

## 9.4 Matale

### 'An Independent Spirit':

#### The Story of Kumari Ekanayake

#### Proprietor, Freshna Products, Kubiyangoda, Matale

"This is a time when women have to contribute to their family income", says Kumari, a 53 year old wife and mother of two, living in Kubiyangoda, Matale. Before her marriage and during the first few years of her marriage, Kumari worked as a typist at the Ceylon Cement Corporation. But her husband's work at the Department of Excise required frequent travel. As he was away from home and her twin children were still very small, she left her job and decided to become a stay at home mother. Even then, Kumari refused to spend her time idly. After she was done with her household chores, she would always do something to keep herself occupied. She would buy material, sew and sell the products at sales organized by various organizations and even to stores to earn an income.

Kumari's drive to engage in her own business stems from her desire to be self-reliant. She did not like the idea of always asking her husband or her son for money, especially when funds were low. This made her decide to engage in a business where she could earn her own money. She does not want to be a burden to her family but instead wants to contribute to her family's income.

Her present business involves manufacturing detergent products such as hand wash and toilet cleaner. She gained the technical knowledge needed for her business through the Vidatha Centre. She first came across the program that taught potential entrepreneurs like her how to make detergent while she was engaged in another program at the Vidatha Centre learning to make sweetmeats. She was drawn to the program on detergent because it was not an area that many women ventured into. She had a feeling this was something she could do successfully and she pursued it.

Her most challenging experience after that, came when the officers at the Vidatha Centre had encouraged her to enter an exhibition where she could present her products. She knew that she needed bottles to display her product and she knew she would have to travel to Colombo to buy the required bottles. But she was reluctant at first as she did not have anyone to accompany her. Her husband was away on work, her daughter had recently entered University, and her son had joined the Air Force. In addition to this, she had no money to purchase the bottles. She was finally able to obtain the required money through a Rotating Savings and Credit Association (ROSCAs, locally known as 'seettu') and travel to Colombo by herself. She managed to carry the large bundles containing more than a hundred bottles by herself in the bus and return safely to Matale. While she stood at the bus stand, carrying the large bundles of bottles, waiting for the bus that would take her back home, she said she felt a moment of sadness but she plucked up her courage and continued her journey. She said that in that moment, she thought "why should I be ashamed or shy to do my work?" and that helped her let go of her sadness and get into the bus.

Since then she has taken her samples to various places where she thought she could find potential customers. She now provides her products to cleaning services in and around Matale. She says that if she had a vehicle she could deliver more products and earn a better income. She also sells her products to people in her village at a lower price.

Kumari has not received any financial support for her work except for a loan of Rs. 50,000 which she took while building her house. All of the equipment used for her business was purchased without any financial assistance - not even from her family members. She now has equipment worth over Rs. 100,000. She employs one other person to assist her, and products are made in a separate room in her house. She employed two workers for delivery purposes earlier on, but once the business picked up and she was earning more money, she realized that these two employees were dishonest and therefore, she had to dismiss them.

She feels that she could improve her business further if she could have access to cheaper resources. Currently, she spends around Rs. 40-50 per bottle to purchase the required bottles to store her detergent. Adding transport cost to that would bring the total cost of a plastic bottle to around Rs. 60. As her cost is very high, she finds it difficult to keep her pricing competitive with similar products available in the market. Initially, her husband and children did not support her business. Her son had even told her that he will give her money for her to stay at home. But Kumari's perseverance to be financially independent has made her carry on her business. Now, she says "they let me do what I want". Her husband recently retired and assists her with labelling her final products.

Over the years, Kumari has managed to transform her two room living quarters into a home that has enough space for a house guest. She says "it is small but there is enough space. I am happy that I was able to do this with my own effort".

She says that she has received a lot of help from the Vidatha officers in her district to develop her business. Not only was she able to gain technical knowledge from Vidatha but they also assisted her with labelling her products. The officers had personally visited her house to teach her about book keeping and managing her accounts. They also push her to enter exhibitions and sales. She feels that entering exhibitions has been the most lucrative method to sell her products. She says "I am able to earn more at a single exhibition than I would ordinarily earn in a month".

While Kumari feels that social acceptance of her as a female entrepreneur has largely been positive, she remembers occasions when she was subject to societal criticism from time to time. She recalls an incident once when she was in Colombo loading her bottles on to the bus with difficulty, a passenger remarking loudly, "This is what happens when women try to be men. Women should stay as women". She tried to remain calm and not let it affect her. Later, she had gently told the passenger "I do not want to be in debt - not even for the food I eat".

Despite some difficulties, Kumari has managed to successfully continue her business. She has a steady income from her business and she uses a portion of her income to promote religious activities. She donates money to publish Dhamma books and she provides her products free of charge to meditation centres and the surrounding temples. She also tries to help the less fortunate in her village in any way she can. She says, "I still remember where I started, so I like to help those in need whenever I can". Kumari is happy with her achievements thus far and feels that she has gained positive social recognition in her village for her work. She is clearly an independent spirit with a clear goal to be self-reliant, a goal she has managed to achieve. She says that if there is one message she would like to give others like herself, it is that, "women should not restrict themselves to household chores. We have plenty of time to do so much more".

## 9.5 Moneragala

### 'Towards a Better World':

#### The Story of U. A. Nirupa Ranjani

Nirupa is a small scale sweets and small snacks producer who lives in Monaragala district of Sri Lanka with her two children and husband. She has started this business 05 years ago when she realized that they were no more able to manage the family expenses including children's expenses with the small income of her husband who works as a driver in a sugar factory situated a little far away from their village. Her initial intention of starting food production was to support her two children's education which cost a lot. At the beginning, she had to manage household work, children's work as well as making sesame sweets and snacks. After some time, her husband also joined the business. With their efforts, through the last 5 years they have been able to manage the household expenses and to have some savings as well. They have a few market links with a few numbers of shops and a cooperative shop in the area. Her average income is around Rs. 8,000 a month. Nirupa was selected to be a part of "Deyata Kirula" national exhibition which was supported by SABAH project. It was a great opportunity for her to promote her business and to meet other producers in the area. Later, she was selected to visit India for a food processing technology training at CFTRI in Mysoor India by the SABAH project which was the turning point of her life. With the knowledge and experience she gained through that training, she was able to expand her business further. Similarly, that training helped her very much to increase the confidence of her customers on her business as well.

As Nirupa says, "We had undergone a training organized by SDA and SABAH prior to the exhibition. There, we learnt about quality and packaging of the product that were helpful to attract the customers. Therefore, there was a good demand for my products as well as for the products of our group members. All the products of our group members were in a high quality compared with the others. I earned about Rs. 25,000 from the exhibition and I really value the experience I gained through it. I also could build more market linkages and received orders for sesame sweets".

We face many difficulties throughout the process of this business. It is so hard to manually process sesame, but I do not have a machine to process them. I want to find a machine for that and if I can find it, I have to go for a loan to buy it. I have to compete with large scale producers who dictate the market with bulk supplies, proper packaging and links. We are marginalized as we are small producers. I also want to improve the quality of packaging and shift to new products as well. With the capacity development programs offered by SABA Sri Lanka here in Sri Lanka as well as in CFTRI India, I got confidence to improve my business. I used the opportunity of the India visit to gain knowledge about machineries and new products. I want to be innovative and see a progress in my own business. With that knowledge and experience I was able to improve my business and able to win the price of 'best women entrepreneur' in Moneragala District".



## **10. Conclusions and Recommendations**

### **Women's Access to BDS**

The research revealed that most of the BDS providers in the relevant districts were from the government sector. It was also found that there were either very few or no private sector BDS providers available in the districts working especially with women entrepreneurs with a focus on SME sector development. The role of these government sector institutions, as providers of BDS, is again questionable. While it was evident that the entrepreneurs in these districts value the service provided by these public institutions, these public institutions may also find it difficult to provide all the necessary services under their limited budget. But to promote a culture of entrepreneurship, such services are essential. At the same time, entrepreneurs will not be willing to pay for a business development service if they feel it will be or should be provided to them by the government. It would be more sustainable in the long-term if both the private sector and public sector form partnerships in which more business development services can be offered to entrepreneurs at a subsidized fee. As the government sector has a wider reach, such a partnership will also be beneficial to the private BDS providers.

There is a severe lack of awareness of available business development services. Both the public sector and the private sector will have to make a significant effort to make entrepreneurs more aware of the services available. BDS providers can learn from financial institutions that often visit villages and meet with entrepreneurs personally to sell loan schemes to them. It was suggested at the FGDs that a similar technique be adopted by BDS providers, where they personally visit entrepreneurs and inform them of the services available to them. Government institutions and Chambers of Commerce also need to fulfill their role as BDS facilitators and fulfill activities such as information dissemination on available BDS.

Findings of the sample survey as well as the FGDs affirm that there is an asymmetry of information that is affecting the performance of the women entrepreneurs. This could be observed at various stages of their business. For example, when women entrepreneurs want to expand their markets (i.e., finding new local markets as well as export markets), most of them find it difficult to get the required information (e.g. on export procedures, key contact persons, etc).

Further, a majority of BDS provided by the service providers in the government sector are not known to women entrepreneurs. To address this issue, making necessary information available at the grass root level is important. BDS providers have a vital role to play in filling this supply and demand gap for information, especially for the women entrepreneurs. It is necessary to develop a system for organized information flow. For this purpose, available resources such as Vidatha Centres and DS offices in the respective areas should be utilized so that women entrepreneurs can access information easily.



Technology transfer and adopting new and appropriate technologies were recognized as key requisites that emerged from the study. This is an important area for BDS providers and facilitators to focus on, to improve existing enterprises and making them more profitable. Again, there should be better information regarding new technologies and how it can be accessed, and this information should be readily available to the entrepreneur.

There was no evidence show that these BDS providers are providing gender sensitive BDS interventions to the customers. FGDs and sample survey revealed the BDS organizations are providing their service packages in generic form but not in specific focused programs. There are some organizations that provide women specific training programs such as beauty culture programs but again there is no evidence to say these programs are conducted in a gender sensitive manner.

The women entrepreneurs from remote districts like Batticaloa and Moneragala appear to have greater difficulties in accessing BDS. Travelling from remote locations to the cities is one of the major issues faced by the women in rural areas. Due to transport difficulties in these remote areas, the women as well as their family members are highly concerned about these women's safety when travelling.

In addressing the issue of appropriateness of available BDS, it is recommended here that BDS providers offer more focused services to the needs of entrepreneurs, rather than offering generic BDS that tend to be available everywhere. BDS providers also need to fine-tune their agendas and move more towards tailor made and innovative solutions to suit the needs of women entrepreneurs and focus on a time frame convenient and comfortable to women entrepreneurs. An important aspect for consideration is to encourage 'micro credit-plus' BDS where the credit provider himself organizes and/or provides BDS suitable for entrepreneurs as a credit recovery ensuring method and the entrepreneur herself benefits tremendously through this system as it focuses on individual needs. Such a method would include support with technology, input linkages, business counselling, market links, and all other BDS especially individual mentoring, that go to build up a successful enterprise. Individual mentoring is a must for stimulating entrepreneurial thinking which was not observed at all during the research.

The study revealed that marketing services, direct marketing methodologies, new technologies, information on banking services, efficient machineries and market opportunities, taxation, and market information were the main BDS required by both male and female entrepreneurs. Further, female entrepreneurs were keen on having more opportunities to participate in trade fairs and exhibitions both at a regional level and national level (e.g. Dayata Kirula Exhibition).

A useful recommendation for BDS providers working in remote districts is to encourage more exposure visits. Such BDS would encourage strategic thinking, leading them

towards innovation as they see and learn from other successful entrepreneurs. This gives them the opportunity to question and clarify issues, leading them towards determination to further developing their enterprise.

### **Economic and Social Opportunities and Barriers to Women in the SME Sector**

As the study highlights, the support received by family to female entrepreneurs is positive. Female entrepreneurs also tend to receive family support in finding physical and human resources. Furthermore, female entrepreneurs do not seem to find their familial responsibilities to be a barrier to carrying out their businesses. This denotes that the initial foundations required to encourage female entrepreneurship are in place, and this should be taken as an opportunity to further promote female entrepreneurship in Sri Lanka.

As such, increasing social acceptance and recognition is a key element of improving female entrepreneurship. Effective methods should be used to mobilize more women who are not economically active. In addition to the efforts taken by BDS providers, a more collective effort involving large scale campaigns (with the involvement of media, Community Based Organizations and successful female entrepreneurs) that encourage and promote female entrepreneurship should be made.

Developing entrepreneurship as a career path is another important recommendation coming out of the study. The probability of failure could be high and as a result, 'entrepreneurship' is perceived negatively. Under these circumstances, it is important to develop 'entrepreneurship' as a career option from a very early stage. Hence, including 'entrepreneurship' into the school curriculum would be an effective way of addressing this issue.

To effectively implement many of these recommendations, it is crucial to have a national definition for 'Small and Medium Enterprises'. This would undoubtedly benefit BDS providers to better target their services and also help entrepreneurs to further develop their businesses.

In conclusion, it is evident that there is an opportunity for BDS providers to expand their services and looking for more innovative approaches in providing their services. Easing the obstacles faced by female entrepreneurs and investing on existing opportunities to further encourage female entrepreneurship is of utmost importance, considering the high contribution by the SME sector to the country's economy and the potential the sector has in increasing gender equality through employment generation for women.

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## Appendix

### List of Participants - Brainstorming Session 7<sup>th</sup> January 2014 at the Institute of Policy Studies of Sri Lanka.

Name	Organization
1. Mr. Laxman Wijewardene	National Enterprise Development Authority (NEDA)
2. Mr. Asitha K. Seneviratne	Ministry of Industry and Commerce
3. Mr. Mohan Thilaksiri	Start and Improve Your Business (SIYB)
4. Mr. Gamunu Wijesinghe	Start and Improve Your Business (SIYB)
5. Ms. G. S. Sunamaweera	Ministry of Economic Development
6. Mr. Gamini Herath	CEFE Net Sri Lanka
7. Mr. Asoka Hewarathna	Sanasa Development Bank- Sanasa Uththamavi
8. Mr. Bandula Dissanayake	National Chamber of Commerce
9. Ms. Badra Dissanayake	Peoples Bank
10. Mr. Chopadithya Edirisinghe	SAARC Business Association of Home Based Industries/workers (SABAH)
11. Dr. Athula Senaratne	Institute of Policy Studies of Sri Lanka
12. Mr. Anushka Wijesinha	Institute of Policy Studies of Sri Lanka
13. Ms. Sunimalee Madurawala	Institute of Policy Studies of Sri Lanka
14. Ms. Dilani Hirimuthugodage	Institute of Policy Studies of Sri Lanka
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