

An Analysis of the Obstructive Factors that Impact the Empowerment of Women Entrepreneurs in Sri Lanka

Amarasooriya, D.N.P.¹, Premarathna, S.P.², Rajadurei, S.³

¹Faculty of Graduate Studies, University of Colombo,
Faculty of Education and Languages, KIU.

²Department of Economics, University of Colombo

³Department of English Language Teaching, University of Colombo
nimeshaprsd061@gmail.com, nimesha@kiu.ac.lk

Abstract

The sector of small and medium enterprises is considered an encouraging platform for women's economic empowerment through participating in economic development as entrepreneurs. The lower productivity exhibited by these SMEs in Sri Lanka was identified as a result of the high participation rate of female entrepreneurs in the informal economy. An unfavourable environment has been created obstructing the transition of women entrepreneurs towards the upper echelon of the business world through diverse impediments. Thus, the research focused on exploring the barriers that hinder the business growth of women entrepreneurs in small and medium-scale enterprises. Accordingly, the research was conducted as secondary research: a literature survey. In Sri Lanka, a minor percentage of female participation in small and medium enterprises occurs due to limited access to financial resources, lack of financial literacy, social prejudices, social and cultural restrictions, and limited opportunities for networking and communicating with external resources. Thus, closing the gender gap in education, giving access to capital through a concerted policy action and providing women entrepreneurs with opportunities to improve their financial literacy and educational level were highlighted as the major recommendations in the study to empower women entrepreneurs to climb the value chain. Women entrepreneurs in small and medium-scale enterprises need to be facilitated with greater access to the domestic, regional and international markets in order to enable them to expand their businesses with productivity and innovation. Thus, vital policy measures should be taken to mitigate the barriers involved in formalizing the business mechanisms while focusing on increasing the benefits that women entrepreneurs can gain through that standardizing process.

Keywords: *Empowerment, Obstacles, Small and medium enterprises (SMEs), Sri Lanka, Women entrepreneur*

Copyright: © 2024 Amarasooriya, D.N.P., Premarathna, S.P., Rajadurei, S. This is an open-access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

Correspondence: nimeshaprsd061@gmail.com

ORCID of authors: Amarasooriya, D.N.P.-  <https://orcid.org/0000-0002-1564-8526>

DOI: <https://doi.org/10.4038/kjm.v13i1.7789>



Introduction

Women empowerment has become a globally popularized and accepted concept since most countries in the world acknowledge that women empowerment and gender equality are required to achieve and maintain the sustainable development of a state (Lagar

de, 2019; OECD, 2008). Women within their journey of empowerment have to encounter diverse social barriers which prevent them from reaching their goals and in certain situations, they are deprived of opportunities to access education, employment and economic stability (Dabla-Norris & Kochhar, 2019; Jamali, 2009; OECD, 2008). More than 70% of the world's poor population is represented by women. In perceiving women participation in the labour force, it can be identified that they are encouraged to be involved in limited job categories which are considered to be underpaid and due to their engagement with family-oriented commitments, they are not motivated to reach higher positions in the career path. Thus, their hard work, talents and contribution to economic development are undervalued providing them with limited access to economic opportunities (Bayeh, 2016; Dabla-Norris & Kochhar, 2019; Jamali, 2009; OECD, 2008; USAID, 2005). Within this conflicting situation, women entrepreneurship can be brought forth as a motivating and encouraging factor for women to move into society with a solid foundation by creating their platform to become economically independent and empowered by exerting their skills and creativity (Attygalle et al., 2014; Dwivedi & Mishra, 2013; OECD, 2017).

In the Sri Lankan context, the rate of female labour force participation stagnates at a low level and during the previous two decades, it has remained in the range of thirty to thirty-five percent despite the educational level, literacy rate and other social indicators recorded to have higher percentages (ILO, 2016). According to the Quarterly Report: Sri Lanka Labour Force Survey

(2021) developed by the Department of Census and Statistics, from the 8.5 million of the economically active population, only 32.8 percent is represented by females and from 8.6 million economically inactive population, the female percentage remains to be higher with 72.9 percent. Encouraging this untapped reservoir of females to participate in the labour market can be ensured by promoting women entrepreneurship (Attygalle et al., 2014; Rajapaksha, 2018). Especially, the sector of small and medium enterprises is considered an encouraging platform for the economic empowerment of women through participating in economic development as entrepreneurs (Wijerathnam & Perera, 2013). In Sri Lanka, the contribution of small and medium enterprises to economic development is around 80% and of that, only 10% is represented by women-led enterprises. Further, in the Sri Lankan economy, the majority of female entrepreneurs are engaged in micro-enterprises which are categorized under the informal economy, for example, sectors such as food processing, textile, and handicraft (Aruna Shantha & Asan Ali, 2014; Attygalle et al., 2014). Though the SME sector facilitates around 70% of the employment opportunities in Sri Lanka, the contribution of female entrepreneurs in the SME sector to economic development appears to be low. The lower productivity exhibited by these SMEs was identified as a result of the high participation rate of female entrepreneurs in the informal economy (Wijerathnam & Perera, 2013). Small-scale self-employed activities are classified within the informal economy which is defined as enterprises with less recognition from the authorities, less organizational structure, limited training and skills acquired outside formal education and unregulated working behaviours (Dissanayake, Premaratna, & Kailasapathy, 2019). Further, a similar percentage of women who are self-employed in their own business pursuits have achieved their education up to GCE O/L and GCE A/L (ILO, 2016). Yet the low level of education is considered one of the socioeconomic issues that cause women to be in more vulnerable situations in the informal



economy. Moreover, due to their low education level, limited skills and less competency in marketing strategies, women become powerless in competing with men in the labour, product and capital markets and this in turn compels the majority of women to engage with the informal economy (Dissanayake, Premaratna, & Kailasapathy, 2019). Thus, through engaging with self-employment in micro-enterprises and small firms in the informal sector, women could allow themselves to participate in the labour market since these non-standard forms of work facilitate them with the flexibility to work while managing the work-family balance (ILO,2016). Yet this increase in participation in the informal sector tends to be negative in terms of quality because the informal forms of work create an insecure working environment for women providing limited training opportunities, career prospects and less recognition (ILO,2016).

An unfavourable environment has been created obstructing the transition of women entrepreneurs towards the upper echelon of the business world through diverse impediments. Thus, the research focused on exploring the barriers that hinder the growth of women entrepreneurs in small and medium-scale enterprises, in particular local industries in Sri Lanka and their entrepreneurial pursuits from the micro level to the macro level.

Literature Review

Women entrepreneurs are defined as women who have started or inherited a business and operate it individually or collaboratively while attending to the financial, and administrative responsibilities and managing social risks. They handle the management processes of the business. Depending on the status of the business and the context where it operates, they are identified as women business owners, women entrepreneurs, or self-employed women (Morshed & Haque, 2015). In the journey to gain women empowerment, the concept of women entrepreneurship is given significant consideration. According to OECD (2017),

facilitating women with the 'Three Es': education, employment and entrepreneurship is crucial in establishing sustainable and wide-ranging development.

Women strive to become entrepreneurs driven by diverse motivational factors. For example, due to their intention of putting their innovative ideas into practice (OECD, 2008), providing their families with financial support and avoiding gender discrimination and prejudices that lead to frustration in the employment sector, they have exerted their potential in building their identities as women entrepreneurs (Tyres, 2017). Entrepreneurship is pursued by women since it drives women to gain economic and political empowerment. Further, economic globalization has promoted women entrepreneurship and the expansion of female-owned enterprises. However, in operating business projects, women entrepreneurs are challenged by diverse social, cultural, and political factors. They encounter barriers such as gender stereotypes, unequal distribution of resources, limited access to business networks and opportunities, societal demands, gender-based violence, lack of training and skills etc. (Attygalle et al.,2014). As a result of those unfavourable circumstances, women-owned micro-enterprises have been limited to disadvantageous and informal sectors such as food processing, tailoring, catering and agriculture (Driemeier, 2013; ESCAP, 2018; OECD, 2017). Furthermore, while they are being cornered into the informal sector in the labour market, their entrepreneurial pursuits have stagnated within the local market. Owing to their lack of professional experience and lack of awareness of the business and marketing mechanisms, they encounter difficulties in utilizing the existing opportunities for growth and development.

In Sri Lanka, a large number of women entrepreneurs are engaged in micro-enterprises which operate in the informal economy, for example, food processing and textile (Attygalle et al., 2014) and their business ventures tend to struggle below the



level of male-owned businesses in relation to size, productivity, profitability, and the potential for expansion (OECD, 2017). Thus, their mobility has become limited to a lower level in the local sphere. Sri Lankan women entrepreneurs remain confined to their small and medium enterprises, especially in the rural sectors. The research aimed to explore barriers that hinder the empowerment of women entrepreneurs in small and medium-scale enterprises, in particular, local industries in Sri Lanka and their entrepreneurial pursuits from accessing the global market. Though diverse research studies discuss the barriers encountered by women entrepreneurs in Sri Lanka, they have not precisely addressed the social situation of women entrepreneurs who are in the informal sector and operate in local industries. Thus, there is a gap in the research to identify the specific barriers which impede the empowerment of women entrepreneurs who are in the informal sector and their endeavour to reach the global market and promote local industries.

Women entrepreneurs encounter challenges in comparison to male entrepreneurs due to the impact of lower educational achievements, limited access to information and communication technology, fewer opportunities to enhance effective business skills and constraints on their access to international market opportunities (ESCAP, 2018). According to the analysis of Cabrera and Mauricio (2017), several researchers including Robb and Watson have identified that business ventures of female entrepreneurs perform poorly and ineffectually in comparison to the performance exhibited by male entrepreneurs. Thus, factors such as characteristics of the institutional environment, gender stereotypes, resource access and cost have an influential impact on the business ventures of female entrepreneurs (Cabrera and Mauricio, 2017). According to recently conducted research, it has been observed that the factors which lie behind the low percentage of female entrepreneurs in developing countries and developed countries are different (Cardella, Hernández-

Sánchez, & Sánchez-García, 2020) and in developing countries women entrepreneurs encounter greater challenges and their business pursuits and activities are negatively judged and discouraged (Cardella, Hernández-Sánchez, & Sánchez-García, 2020). These influential impediments produce negative effects in the women-owned businesses and due to that, female entrepreneurs find it is challenging for them to establish and sustain their business pursuits. The higher intensity of the challenges that women entrepreneurs encounter in the adverse economic situations in developing countries discourages women from selecting entrepreneurship as a productive vocation.

In Sri Lanka, a minor percentage of female participation in small and medium enterprises occur due to limited access to financial resources, lack of financial literacy, social prejudices towards the role of women entrepreneur, social and cultural restrictions, limited opportunities for networking and communicating with external resources etc (Attygalle et al., 2014). The most impending social barrier that women encounter is gender disparity which widens the social gap which exists between the gender identities of men and women. As Amarasooriya (2014) asserts, according to Jacques Lacan's teachings, the female existence is allotted a nihilistic value and women are defined as the secondary sex or the subaltern other who is deprived of power and whose existence depends on male dominance. As Bayeh (2016) declares the issue of women empowerment and gender equality has become prevalent in the world due to the fact that gender inequality is predominantly apparent in the varied cultural spheres and communal groups in the world. Moreover, developing countries are more afflicted with this conflicting situation than developed countries. Thus, he has developed a correlation between the low empowerment of women and the high gender gap elucidating that the combination of those two factors impacts the development process of a country.



Financial discrimination acts as a great hindrance on the journey of women entrepreneurs. They encounter financial difficulties to a greater extent compared to males. Though they have the necessity of regular and frequent capital, they find it is challenging since most financial institutions show reluctance to facilitate women entrepreneurs with their financial needs on a long-term basis (Idris & Tan, 2017; Singh & Raghuvanshi, 2012; Anbugeetha, 2017). Thus, due to the limited possibility of meeting the restrictive collateral requirements, rigid terms in issuing loans and higher rates are identified as challenges that women entrepreneurs encounter in seeking financial assistance.

Women entrepreneurs have to be in a constant struggle in maintaining a balanced relationship between their family responsibilities and business pursuits. While attending to their family responsibilities, they find it is problematic and inconvenient to attend to their business-related activities such as networking, marketing and mentoring thus creating a negative impression on their performance (Panda, 2018). The responsibilities involved in motherhood make the women entrepreneurs' movement towards business ventures and their participation in the labour market limited (USAID, 2005). Restraints on finding opportunities for networking with resource people and limited access to consultancy make women entrepreneurs demotivated (Robb & Coleman, 2010). Gender stereotypes prevent women entrepreneurs from obtaining required services for their business projects and thus in negotiating with the suppliers, clients and other officials in the service sector, they have to endure discrimination and restraints (Panda, 2018).

Amidst the numerous barriers that women entrepreneurs encounter in their business ventures, lack of education, experience and training opportunities have been highlighted as a major restraint (Cardella, Hernández-Sánchez, & Sánchez-García, 2020; Raghuvanshi, Agrawal, & Ghosh, 2017). Most significantly, facilitating women

entrepreneurs with access to education and training is identified as an essential requirement in endowing them with empowerment (Khanum et al., 2020) and education is proven to have significant effects on women entrepreneurs since it strengthens their economic choices and performance while expanding their opportunities (Hallward-Driemeier, 2013). The inadequate training, less familiarity with technological advances, and limited knowledge and understanding of business practices, marketing and networking adversely affect the growth of female entrepreneurial pursuits (OECD, 2017; Panda, 2018; Rajapaksha, 2018; UNDP & UNICEF, 2021).

The examination of the diverse literature which has been discussed in the previous sections of the literature review explicates the vitality of promoting women entrepreneurship and examines the social situation and identity of women entrepreneurs, especially those who own small and medium-scale enterprises and the challenges they encounter when growing their businesses. Further, the literature provides a wide range of barriers that Sri Lankan women entrepreneurs encounter when initiating, sustaining and advancing their entrepreneurial pursuits. According to the significant areas highlighted in the literature review, it can be observed that an unfavourable environment has been created obstructing the transition of women entrepreneurs towards the upper echelon of the business world through diverse impediments. For example, limited access to marketing networks, communication and financial resources, lack of assets, reduced capability in handling risks and challenges, less competency in modern technology, highly competitive domestic and international markets, vulnerability and insecurity, socio-cultural barriers and insufficient acquisition of skills can be highlighted as the factors which impose restriction on the mobility of women entrepreneurs towards the success and productivity. Most importantly, from the analysis of the literature review, amidst the



barriers that women entrepreneurs encounter, lack of education and inadequate training opportunities have been highlighted as a major restraint that needs to be addressed immediately to empower them to climb the value chain. Hence this provides the direction for future research that needs to be conducted to address this major impediment and facilitate women entrepreneurs in the SME sector with a solid educational and training platform.

Methods

The study 'An analysis on the obstructive factors that impact the empowerment of women entrepreneurs in Sri Lanka', focuses on addressing the social issue which has emerged due to diverse obstructive factors that hinder Sri Lankan women entrepreneurs who are engaged with small and medium enterprises in reaching the global market.

Accordingly, the research methodology was designed and conducted as secondary research: a literature survey.

As the sources of secondary data collection, peer-reviewed journal articles, books, reports of the local government authorities, foreign governments and international bodies (UNO, OECD, ILO, Council of Europe, British Council, IMF) and business reports and periodicals were referred. Further, research databases such as JSTOR, Emerald, SSRN etc. that provide scholarly literature were referred to and utilized. Thus 34 secondary sources from 1999-2021 were referred.

The key words such as Sri Lankan women entrepreneurs in the SME sector, barriers for women entrepreneurs and the empowerment of women entrepreneurs were used in finding valid and relevant literature.

The lack of literature and research studies which were conducted in the fields of empowerment of women entrepreneurs in the Sri Lankan SME sector, the barriers they encounter in climbing the value chain and the social situation of women entrepreneurs who are engaged in the local industries and in the

informal sector can be highlighted as the main limitations which hinder the process of collecting sufficient reliable data, developing analysis and deriving conclusions.

Findings of the Study

Women Entrepreneurs in the SME Sector and their Social Situation

Women-led business ventures are limited only to certain minor sectors such as agriculture, catering, tailoring, food processing, beauty etc. Furthermore, female business ventures tend to struggle below the level of male-owned businesses in relation to size, productivity, profitability, and the potential for expansion (OECD, 2017). The majority of Sri Lankan women entrepreneurs are engaged in micro-enterprises which operate in the informal economy, for example, sectors like food processing and textile (Attygalle et al., 2014). Karaluvinne and Kodithuwakku (2005), based on women entrepreneurs in the Sri Lankan context, claimed that women engage in business pursuits that are confined to traditionally feminine categories such as food processing, beauty culture, and handicrafts. Only a few of them could transfer their micro-level businesses to the macro level. Thus, their mobility has become limited to a lower level in the local sphere. Sri Lankan women entrepreneurs remain confined to their small and medium enterprises, especially in the rural sectors.

Small and medium-scale enterprises contribute 80% to the Sri Lankan economy, and of that, only 10% is represented by female entrepreneurs. Thus, this factor implies the poor contribution of women entrepreneurs to accelerating the economic growth of the country (Attygalle et al., 2014; Wijeyeratnam & Perera, 2013). This has resulted from limited access to financial resources, lack of opportunities for networking, violence against women, risk aversion, lack of self-confidence and self-efficacy, legal barriers, family obligations and discriminatory gender norms which exist in the Sri Lankan context as impediments to the growth, economic survival, and success



of the women entrepreneurs (Attygalle et al., 2014; Ayadurai, 2006; Rajapaksha, 2018; Wijeyeratnam & Perera, 2013). In particular, limited access to education, training and awareness programs on entrepreneurship, financial skills, application of technology and communication skills can be highlighted as barriers that decrease the growth of women entrepreneurs (Attygalle et al., 2014; Ayadurai, 2006; Panda, 2018; Rajapaksha, 2018).

In Sri Lanka, a minor percentage of female participation in small and medium enterprises occur due to limited access to financial resources, lack of financial literacy, social prejudices towards the role of women entrepreneur, social and cultural restrictions, limited opportunities for networking and communicating with external resources etc (Attygalle et al., 2014). For women entrepreneurs who own small and medium-scale enterprises, gaining access to business networks and enhancing their ability to obtain a wide range of information is vital and necessary guidance needs to be provided to attain those essentials. In Sri Lanka, several local female entrepreneurs who could reach overseas markets through networking found seminars, workshops and training in customer relations development that are advantageous in entering local and foreign markets (Wijerathnam & Perera, 2013). Thus, providing training to enhance their communicative competence in English is identified as an essential requirement since that assists women entrepreneurs in addressing the current needs and trends of the market, seizing the existing market opportunities and utilising technological strategies for the development of their businesses (Nurchahyo, Harahap, & Gharnaditya, 2015).

Within the Sri Lankan culture, women are not treated equally, and their potential is not recognized within the business sphere (Rajapaksha, 2018). Since male domination is apparent in Sri Lankan society, the efforts and the decisions taken by women entrepreneurs are challenged by masculine authority within the domestic and business

circles (Rajapaksha, 2018). According to a study conducted by Karaluvinne and Kodithuwakku (2005), it was identified that male domination, social taboos, restrictions on freedom of movement, and unsatisfactory contribution by spouses affect the growth of female-owned businesses.

Financial Constraints Encountered by Women Entrepreneurs

Female entrepreneurs in Sri Lanka encounter financial challenges at the initial stage of their businesses as well as in progressing with their business operations. Further, in expanding their businesses from the initial stage to the next level, they need working capital. However, Sri Lankan female entrepreneurs gain access only to a lower initial capital which is obtained through informal sources, and they have to rely on their families, relatives, informal social networks, and their personal savings (Rajapaksha, 2018). According to a study conducted to examine constraints faced by women entrepreneurs in war-torn areas, in North East of Sri Lanka, limited access to funds is considered as the major barrier (Ayadurai, 2006).

Gender Inequality and Social Prejudices

The gender role perceptions of Sri Lankan men and women are identified as traditional and they hold similar perspectives on their social responsibilities. According to the study conducted by ILO (2016), the majority of men and women agreed that women's major responsibility is to maintain household matters and manage child affairs. The majority of women who belong to the category of homemakers hold the opinion that children would be neglected if mothers were to engage in work and this perception discourages them from becoming women entrepreneurs (ILO, 2016). According to Karaluvinne and Kodithuwakku (2005), 56% of women entrepreneurs encounter difficulties in developing their businesses from the micro level to the macro level due to negative social prejudices about the role of a businesswoman. The conventional motherhood activities assigned to women in



the Sri Lankan context demand maximum contribution of women for the wellbeing of family and children. With that social pressure, women entrepreneurs find it is challenging to attend to the growth of their businesses. Further, the social prejudices that exist toward businesswomen reflect that society values woman's role as a mother and wife while rejecting their identity as businesswomen (Karaluvinne and Kodithuwakku, 2005).

Limited Educational and Training Opportunities

Sri Lankan women entrepreneurs who haven't received formal education face numerous difficulties in developing their businesses and they need to attain a certain level of education for managing financial matters, developing networks, and maintaining regular business activities. Further, the level of competency and skills that female entrepreneurs possess in expanding their professional networks, obtaining business opportunities, and accessing information and other required resources are determined by their educational level (Rajapaksha, 2018). Panda (2018) identified Sri Lanka as a country where women entrepreneurs have limited access to gain training, educational opportunities, guidance and counselling in developing their managerial skills, communication competency and networking skills. Further, she observed that women entrepreneurs are incapable of surviving in the modern business context due to their lack of management skills which are greatly required in planning, organizing, controlling and leading a business. They are less competent in vital management skills such as problem-solving skills, decision-making, leadership and marketing skills whereas male entrepreneurs are more talented in practising those skills. Though women entrepreneurs have the need and the determination to develop these skills, there is no adequate number of training and consultancy programmes which focus on addressing the requirements of women entrepreneurs. The women entrepreneurs in rural areas are

unfortunately more affected by this limitation than the women entrepreneurs in urban areas (Rajapaksha, 2018).

Lack of Infrastructural Facilities

Limited infrastructural support exists as another impediment in the journey of women entrepreneurs (Jamali, 2008). The limited access to land and property and the inadequate technological facilities are identified as major constraints encountered by women entrepreneurs in Sri Lanka. The lack of government incentives and the support provided for the expansion of the businesses and promotion of the products create a negative impact on the growth of the businesses owned by women. Further, due to the lack of information and limited access to networking opportunities, women entrepreneurs remain ignorant of the need for business growth (Wijeyeratnam & Perera, 2013). Women entrepreneurs in the war-torn area of the Northeast lack the equipment and materials that are required for their industries. For example, though women entrepreneurs have the skills and the expertise to make several products from coconut husks and palmyra husks, due to the lack of materials and equipment, they are unable to progress in their industries (Ayadurai, 2005).

The limited facilities for technical and technological development restrict women entrepreneurs from improving the efficiency and productivity of their businesses and increasing the quality of their products and services. Panda (2018) stated that Sri Lanka is one of the Asian countries where the lack of infrastructural support impacts women entrepreneurs negatively. Lack of networking opportunities and business consultation services, difficulty in finding locations, lack of childcare facilities, less publicity and recognition, constrained mobility and limited business platforms that facilitate market feasibility studies were noted as the most restraining hindrances that prevent women entrepreneurs from achieving their business goals.

Limited Women-friendly Business Development Services



The unavailability of women-friendly 'Business Development Services' (BDS) discourages women from initiating business ventures. The majority of women entrepreneurs in Monaragala, Batticaloa, Matale, Kurunegala and Anuradhapura were not aware of the BDS available in the districts. They were not facilitated with the required information by the relevant institutions and due to the failures of those institutions to disseminate information on the BDS services through an effective mechanism, they were unable to obtain essential services promptly (Attygalle et al., 2014). The majority of women entrepreneurs in the aforementioned districts, particularly in Batticaloa could not gain the services due to the lack of transport facilities and less availability of BDS providers. There is an essential requirement for women entrepreneurs to obtain business development services that provide market opportunities, marketing services, marketing strategies, information on banking services, efficient equipment and machinery, taxation and updates on the modern trends and changes in the business world.

Psychological Constraints

Apart from the external constraints that women entrepreneurs encounter, their psychological conditions, mental disposition, and cognition obstruct them from achieving their goals (Panda, 2018; Rembulan, 2016). Amidst the numerous social, economic and cultural barriers that Sri Lankan women entrepreneurs encounter, they are confronted with their negative personal attitudes and psychological characteristics (Aruna Shantha & Asan Ali, 2014; Silva, Mihirangika, Minimuthu, & De Mel, 2021). Low levels of confidence and reduced risk-taking capacity were identified as the most notable negative characteristics of women entrepreneurs (Wijeyerathnam & Perera, 2013). In initiating a business, entrepreneurs intend to introduce a new product or service to the market and in the process, they have to deal with diverse risks. In making decisions at the initial stage of the business, the attitudes of the women entrepreneurs directly influence

their willingness and ability to take risks. If they do not have the motivation and confidence in their business pursuits and plans, their ability to handle risks can be critically affected (Silva, Mihirangika, Minimuthu, & De Mel, 2021). The attitudes and behaviours of women entrepreneurs create an impact on the success or failures of business performance (Aruna Shantha & Asan Ali, 2014).

Legal Constraints

The assistance provided by the legal background of a country is a crucial aspect in initiating new small and medium-scale enterprises. The economic activities of a country are facilitated by legal and lawful systems (Jayawardene, 2019). Women entrepreneurs in Sri Lanka tackle numerous obstacles which arise due to social, cultural, political and economic influences. Among them, legal constraints were identified as one of the most prominent challenges that hinder the business growth of women entrepreneurs. Though the legal and lawful systems in Sri Lanka facilitate women entrepreneurs with a favourable environment, still the same legal factors create challenges for women entrepreneurs. This conflicting milieu can be attributed to the fact that the Sri Lankan government economy is striving to get adapted to the free market economy (Jayawardene, 2019). The negative impact occasioned by the legal barriers not only created hindrances for the women entrepreneurs but also led to the failure of the economic growth and development of Sri Lanka.

Language Barriers and Lack of Communicative Competence in English

Women entrepreneurs encounter difficulties in moving into the international sphere due to the lack of communication competency in English since that deficiency diminishes the desirability of their business projects within the global market (British Council, 2020). As Gonzi, Coonan, & Bianchi (2018) mentioned, the lack of or limited proficiency in a highly required foreign language can obstruct an individual's business.



Furthermore, it can increase the vulnerabilities of women and on the other hand, gaining competency in a global language is an immeasurable advantage. A case study conducted in the North-East of Sri Lanka to identify the constraints encountered by women entrepreneurs in the war-torn area observed that small and medium-scale female entrepreneurs in that region need to be provided with structured training on entrepreneurship. Yet the training conducted by International non-governmental organizations and CWDR were not productive since women entrepreneurs in the Northeast area were found to be incompetent in the English Language (Ayadurai, 2005). This result has indicated the necessity of skill training that should be provided to the women entrepreneurs in the Northeast area to overcome this barrier.

Diverse barriers which adversely affect the active economic participation of female entrepreneurs cause them to receive unfavourable responses from society and this results in less economic contribution from the female entrepreneurs. If the necessary measures are not implemented, women will not find a conducive environment to promote their businesses in the Sri Lankan context and that will create a harmful impact on their business growth in reaching the global market.

Discussion

Women entrepreneurs encounter several difficulties in the business field due to lack of skills, less education and training in the relevant field and limited assistance from society (Jamali, 2009; OECD, 2008; OECD, 2017; Panda, 2018). The study on 'Strengthening Women's Entrepreneurship in ASEAN (OECD, 2017) proposed certain vital recommendations focusing on Southeast Asian countries. Accordingly, closing the gender gap in education, giving access to capital through a concerted policy action and providing women entrepreneurs with opportunities to improve their financial literacy and educational level were highlighted. Further, enhancing their

knowledge related to business through conducting entrepreneurial training and facilitating them with the necessary social assistance to manage their business career while contributing to their family life were also emphasized (OECD, 2017).

The gender inequality, gender gaps in rights and gender discriminatory patterns that exist in society should be eliminated through government interventions, policy reforms and implementation of new policies to ensure equal access to business-related services and opportunities (Hallward-Driemeier, 2013; Rajapaksha, 2018). The focus should be given to enabling women entrepreneurs to engage in formally registered businesses in fields which have high demand and value. Further, by extending government support to provide women entrepreneurs with export promotion, they will gain the ability to become successful large-scale entrepreneurs and improve the low growth of their small and medium-scale enterprises. Government assistance in opening new arenas for business expansion and facilitating women entrepreneurs with information on updated business strategies and modern technologies would enable women entrepreneurs in the SME sector to generate more foreign exchange for the country (Wijeyerathnam & Perera, 2013). In restructuring a business environment which is favourable to women entrepreneurs along with improving infrastructure, tax administration and regulations, the restraints that smaller firms encounter will be eliminated, and the formalization of the business will be enhanced. Since women entrepreneurs lack role models in their field and networking opportunities, a supportive business platform should be developed to create successful women entrepreneurs (Hallward-Driemeier, 2013). As more women become successful women entrepreneurs, a network of women entrepreneurs will be created and as a result, women entrepreneurs in all the preliminary stages will gain the opportunity to network with those who are more successful.

Institutional structures should be given an imperative role in promoting women



entrepreneurship and coordinating policy measures and mechanisms to develop women entrepreneurs and their enterprises. Therefore, it is essential for the institutional structures to focus on introducing a formal mechanism to provide consultancies for women entrepreneurs who are in need of obtaining guidance and expressing their concerns. Along with this endeavour, a platform should be developed to facilitate women entrepreneurs, especially the ones who are being marginalised in obtaining business development services (OECD, 2017).

Women entrepreneurs require assets when they initiate a business and in expanding the business they need to access productive resources. If their business and household finances are not stable, they have to encounter challenges in obtaining resources and maintaining the stability of the business. Therefore, facilitating them with financial services enables them to access productive resources for their business, maintain a smooth cash flow and manage their savings. Further, it was found that in securing access to finance and obtaining the maximum benefits from financial services, the education and experience of women entrepreneurs are highly imperative (Hallward-Driemeier, 2013). When financial services are provided along with training, consultation and skill development, that can create a positive impact on the business performance and growth of women-owned businesses (ILO, 2018).

The development of a gender-sensitive and responsive mechanism to provide training, advocacy and business development services is highly crucial for women entrepreneurs to grow their businesses while expanding their business operations (OECD, 2017). In Sri Lanka, the majority of the women entrepreneurs in the SME sector have not received a proper education in business management and finance and there is a lack of mentorship programmes. Therefore, government authorities should play an imperative role in designing proper mentorship programmes which include

business counselling services, training on financial literacy, advisory services and knowledge for initiating business and developing business plans (Rajapaksha, 2018). It is necessary to ensure that women entrepreneurs are provided with equal opportunities to participate in skill development programmes in the fields of business management and entrepreneurship (OECD, 2017). Introducing business accelerator and incubator programmes to assist and promote businesses which are at the initial level by providing training, mentorship and investment can be recommended as an effective strategy to guide women entrepreneurs to grow their businesses.

Especially in focusing on women entrepreneurs in developing countries, the most significant recommendations that can be brought forth are devising necessary strategies to improve their ICT skills and English language competency since those two disciplines are considered vital competencies in reaching the upper echelons of the industry. Therefore, this recommendation provides a future research direction to identify the impact of English Language competency and IT proficiency on the empowerment of women entrepreneurs.

Despite the difficulties that women entrepreneurs encounter on their journey to empowerment, they should be provided with the positive motivation to emerge as businesswomen without abstaining from their endeavours. The authoritative institutions and the personnel need to focus on creating a platform from where females are allowed to enter the business world from the preliminary level. Accordingly, amidst the impediments and incompetence in the relevant fields and limitations that exist within the social context, females will gain the ability to lay the foundation of their journey while identifying the issues, complications, and drawbacks. Within that process, they will be enabled to address and rectify those issues within the initial level of their entrepreneurial pursuit.



In discussing the significance of promoting a smooth transition from informal self-employment to higher value-added entrepreneurial activities, the aforementioned measures can be highlighted as vital areas that should be thoroughly researched in identifying the solutions. Since their business pursuits tend to be recognized as informal, they become marginalized thus excluding them from the economically advantageous sectors. Thus, vital policy measures should be taken to reduce the costs involved in formalizing the business mechanisms while

focusing on increasing the benefits that they can gain through that standardizing process. Furthermore, prioritizing the implementation of labour codes and reducing the impediments that approach women entrepreneurial pursuits in a discriminatory manner have to be taken into thorough consideration in curbing informal self-employment.

References

Akter, M., Radicic, D., & Rahman, M. (2019). Women Entrepreneurship in International Trade: Bridging the Gap by Bringing Feminist Theories into Entrepreneurship and Internationalization. *Sustainability*, 1-28.

Alexander, A. C. (2007). *Empowering Women: The Role of Economic Development, Political Culture and Institutional Design in the World's Societies*. UC Irvine: Center for the Study of Democracy, 1-27.

Amarasooriya, D. (2020). A Literary study on 'Sri Lankan native woman' based on Leonard Woolf's colonial text 'The Village in the Jungle' through foremost philosophical thoughts. *International Journal Of KIU*, 1(1), 5-11. doi: 10.37966/ijkiu20200122

Aruna Shantha, A., & Asan Ali, B. (2014). The Impact of Entrepreneurial Self Efficiency and Enabling Business Environment on Business Performance of Female-led Handicraft Manufacturing SMEs in Sri Lanka. *Australian Journal of Basic and Applied Sciences*, 523-528.

Attygalle, K., Hirimathugoda, D., Madurawala, S., Senarathna, A., Wijesinhe, A., & Edirisinghe, C. (2014). Female Entrepreneurship and the Role of Business Development Services in Promoting Small and Medium Women Entrepreneurs in Sri Lanka. The Institute of Policy Studies in Sri Lanka and Oxfam International.

Ayadurai, S. (2005). An Insight into The "Constraints" Faced by Women Entrepreneurs in a War-Torn Area: Case Study of The Northeast of Sri Lanka.

Bayeh, E. (2016). The role of empowering women and achieving gender equality to the. *Pacific Science Review B: Humanities and Social Sciences*, 37-42.

Cabrera, E., & Mauricio, D. (2017). Factors affecting the success of women's entrepreneurship: a review of literature. *International Journal of Gender and Entrepreneurship*, 31-65.

Cardella, G. M., Hernández-Sánchez, B. R., & Sánchez-García, J. C. (2020). Women Entrepreneurship: A Systematic Review to Outline the Boundaries of Scientific Literature. *Frontiers in Psychology*, 1-18

Dabla-Norris, E., & Kochhar, K. (2019, March). Closing The Gender Gap. *Women and Growth*, 56(1), pp. 6-11.

Dissanayake, L., Premaratna, S., & Kailasapathy, P. (2019). Women in Informal Sector in Sri Lanka: A Policy Framework. *IHRA Journal*, 129-163

Dwivedi, N. T., & Mishra, T. (2013). WOMEN-EMPOWERMENT THROUGH WOMEN ENTREPRENEURSHIP (A STUDY OF FAIZABAD ZONE OF UTTAR-PRADESH). *Voice of Research*, 2(2), 50-55.

ESCAP. (2018). *Women's Entrepreneurship: Lessons and Good Practice*. Thailand: United Nations.

Jamali, D. (2009). Constraints and Opportunities Facing Women Entrepreneurs in Developing Countries: A Relational Perspective. *Gender in Management: An International Journal*, 232-251.



- Amarasooriya, D.N.P., Premarathna, S.P. and Rajadurei, S., KJM, 2024, 13 (01)
- Jayawardane, T. (2019). SRI LANKAN FEMALE ENTREPRENEURS: THE LEGAL CHALLENGES FACED. *International Journal of Business, Economics and Law*, 1-8
- Kabeer, N. (1999). Resources, Agency, Achievements: Reflections on the Measurement of Women's Empowerment. *Development and Change* , 435-464.
- Karaluvinne, S., & Kodithuwakku, K. (2005). Factors Affecting the Growth of Women-Owned "Traditionally Feminine Businesses". *Tropical Agricultural Research*, 243 - 256.
- Hallward-Driemeier, M. (2013). *Enterprising Women; Expanding Economic Opportunities in Africa*. Washington: The World Bank
- ILO. (2018). Constraints and good practice in women's entrepreneurship in MENA, Case study: New evidence on gender attitudes towards women in business. Geneva: Printing and Distribution Branch (PRODOC) of the ILO.
- Idris, N., & Tan, J. (2017). REVIEW OF LITERATURE ON WOMEN ENTREPRENEURS. *Journal of Global Business and Social Entrepreneurship*, 1-11.
- International Labour Organization. (2016). Factors Affecting Women's Labour Force Participation in Sri Lanka. Colombo: International Labour Organization.
- Lagarde, C. (2019, March). A Gobar Imperative. *Women and Growth* , p. 5.
- Morshed, F., & Haque, M. E. (2015). Impact of Women Entrepreneurship on Women Empowerment in Bangladesh. *Journal of Economics and Sustainable Development*, 74-81.
- Nurcahyo, R., Harahap, R., & Gharnaditya, D. (2015). PREPARE SME IN FACING AEC 2015 THROUGH ENGLISH TRAINING PROGRAM TO OBTAIN THE EXPORT MARKET. *The WINNERS*, 96-107.
- OECD. (2008). *Gender and Sustainable Development; Maximizing the Social, Economic, and Environmental role of women*.
- OECD. (2017). *Strengthening Women's Entrepreneurship in ASEAN*.
- Panda, S. (2018). Constraints faced by women entrepreneurs in developing countries: review and ranking. *Gender in Management :An International Journal*, , 315-331.
- Rajapaksha, R. (2018). Challenges for Female Entrepreneurship in Sri Lanka. *International Journal of Science and Research*, 1235-1239.
- Silva, S., Mihirangika, S., Minimuthu, K., & De Mel, W. (2021). WOMEN'S ENTREPRENEURIAL BARRIERS DURING BUSINESS START-UP STAGE: EVIDENCE FROM WESTERN PROVINCE, SRI LANKA. *International Journal of Advanced Research*, 43-50.
- Tandon, T. (2016). Women Empowerment: Perspectives and Views. *The International Journal of Indian Psychology* , 6-12.
- Tyers, D. (2017). *The Experiences of Women Entrepreneurs in the English Language Education Sector: Understanding Cross-Cultural and Cross-Linguistic Implications Through a Multiple Narrative Case Study*. University of Toronto.
- Singh, R., & Raghuvanshi, N. (2012). WOMEN ENTREPRENEURSHIP ISSUES, CHALLENGES AND EMPOWERMENT THROUGH SELF HELP GROUPS: AN



Amarasooriya, D.N.P., Premarathna, S.P. and Rajadurei, S., KJM, 2024, 13 (01)

OVERVIEW OF HIMACHAL PRADESH. *INTERNATIONAL JOURNAL OF MANAGEMENT RESEARCH AND REVIEW*, 77-90

Wijeyerathnam, I., & Perera, T. (2013). Barriers to Wome's Enterprenuership; SME Sector in Sri Lanka. *Sri Lankan Journal of Management*, 51-81.

USAID. (2005). *Enhancing Women's Access to Markets: An Overview of Donor Programs and Best Practices*.

