



## **The Relationship between Gender and Micro-enterprise performance: based on a Field Study in Nuwaragampalatha Divisional Secretariat**

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**සාරාංශය**

මහා පරිමාණ හා මධ්‍ය පරිමාණ ව්‍යාපාරයන්ට අමතරව කුඩා හා සුක්ෂම පරිමාණ ව්‍යාපාරයන් ද ආර්ථික සංවර්ධනයට වැදගත් දායකත්වයක් සපයයි (දයානන්ද, 1995). මන්ද රැකියා ජනනය කිරීමේ හැකියාව, ප්‍රාදේශීය සංවර්ධන ක්‍රියාවලියට කරනු ලබන දායකත්වය, මානව ප්‍රාග්ධන සම්පාදන ක්‍රියාවලියට කරනු ලබන දායකත්වය හා දිළිඳුකම තුරන් කිරීම යන ක්ෂේත්‍ර ඔස්සේ සුක්ෂම පරිමාණ කර්මාන්ත ආර්ථික වර්ධනයට දායක වේ. සුක්ෂම පරිමාණ කර්මාන්ත සම්බන්ධයෙන් කර ඇති පර්යේෂණයන්හි ප්‍රධාන ප්‍රතිඵලයක් වශයෙන් දක්වනුයේ කාන්තාවන් විසින් පවත්වා ගෙන යන්නාවූ ව්‍යාපාරයන්හි ඉපයීම් අඩු බවයි. මෙම අධ්‍යයනයේ ප්‍රධාන අරමුණ ස්ත්‍රී පුරුෂ සමාජභාවය මත සුක්ෂම පරිමාණ ව්‍යාපාරයන්හි ලාභයෙහි විෂමතාවයක් පවතීද යන්න අධ්‍යයනය කිරීම වූ අතර අනෙකුත් අරමුණු වශයෙන් සුක්ෂම පරිමාණ ව්‍යාපාරයන් පවත්වා ගෙන යන්නා වූ කාන්තා ව්‍යවසායකයින් මුහුණ දෙන ගැටළු අධ්‍යයනය කිරීම සහ සුක්ෂම පරිමාණ ව්‍යාපාරයන්හි ව්‍යවසායකයින්ගේ ක්‍රියාකාරීත්වය ස්ත්‍රී පුරුෂ සමාජභාවය අනුව විෂමවේද යන්න අධ්‍යයනය විය. සිල්ලර වෙළඳාමෙහි යෙදෙන සුක්ෂම පරිමාණ ව්‍යවසායකයින් සම්බන්ධයෙන් අධ්‍යයනයේදී අනාවරණය වූයේ ස්ත්‍රී පුරුෂ සමාජභාවය මත එකී ව්‍යාපාරයන්හි ලාභයෙහි විෂමතාවයක් පවත්නා බවයි. කාන්තා ව්‍යවසායකයින් මුහුණ දෙන ප්‍රධාන ගැටළු වශයෙන් ව්‍යාපාරික කටයුතු වෙනුවෙන් වැය කළ හැකි කාලය අඩුවීම, පිරිමි සේවකයින් සමඟ කටයුතු

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කිරීමේ අපහසුතාවය, ප්‍රාග්ධන හිඟය, පුහුණු වැඩසටහන් වලට සහභාගිවීමේ පවත්නා දුෂ්කරතාවයන් යනාදිය දැක්විය හැකිය.

**මුඛ්‍ය පද** - සුක්ෂම පරිමාණ ව්‍යාපාර, ස්ත්‍රී පුරුෂ සමාජභාවය, ලාභය

## **Introduction**

In addition to large scale and medium scale enterprises, small and micro-scale enterprises also play an important role in economic development (Dayananda, 1995). Small and micro-scale industries contribute to economic development through the creation of employment opportunities, contributing to regional development, human capital formation and poverty alleviation. Prabha Singh (2009) stated that "Entrepreneurship on small scale or micro-scale is the only solution to the problems of unemployment and proper utilization of both human and non-human resources and improving the living condition of the poor masses".

In contemporary society not only men but also women engage in economic activities to earn a living. The majority (67.9%) of the Sri Lankan labour force is female (Central Bank Report, 2012). Among them majority are unemployed. Therefore, the contribution of women and their role in the family as well as in the economic development and social transformation are pivotal. In recent years, Sri Lanka as well as other developing countries use the micro enterprise sector as a strategy to empower women in their poverty alleviation strategies.

Research has shown that the returns of micro enterprises conducted by females are lower than those of males (De Mel et.al. 2009b). If gender has an influence upon industrial performance, it poses a challenge to economic development. If these micro enterprises are unsuccessful, the factors that influence this failure should be studied, because empowerment of women by micro entrepreneurship lead to many considerations such as poverty reduction, employment generation, income generation, rural development, eradicating income inequality, family development, market development, community development and at last of all the national development.

## Literature Review

Until recently, entrepreneurship research has been largely gender blind. Major studies of the small firm sector carried out in the 1970s and early 1980s (Bolton 1971, Storey 1982) did not consider gender as a variable which might influence the process of business formation or the experience of enterprise ownership. Holmquist and Sundin (1989:1) state, "Entrepreneurial theories are created by men, for men and are applied to men." The implication is that either women do not own small firms or that those that do act no differently from men. For developing countries, the topic of promoting women entrepreneurs is virtually untouched (Moonesinghe, 2000). In fact, most research on entrepreneurship has a tendency to centre on men, mainly due to their numerical strength and visibility (Kaur and Bawa, 1999).

Towards the end of the 1980s however, there was the start of new research interest into female owned enterprise, reflecting both the rise in the number of women starting in business and increasing academic interest in small business and also the nature of entrepreneurship (Johnson and Storey, 1998).

Self-employment and household enterprises are major sources of employment in developing countries (De Mel, 2008). In Developing countries like Sri Lanka high population growth rate and limited employment opportunities leave a vast majority of the labour force without productive employment. So micro- enterprises can play a significant role in employing the surplus labour force in a productive manner. World Bank (1998) also points out the advantages of micro-enterprises as increasing the aggregate output enabling the efficient use of capital and labor, initiating indigenous enterprises and management skills bringing a regional balance and improving the distribution of income.

Although there are many similarities between male and female entrepreneurs a number of differences exist, for example in connection with the motives behind the start of their own enterprises (Holmquist and Sundin, 1989). Research also reveals that the returns of micro-enterprises conducted by males are higher than those of the females (Zvelglick and Rodgers, 1999). It is further indicated that the profitability of the female owned micro-enterprises is low and slow (De Mel et.al. 2009a, De Mel et.al. 2009b).

Difference between males and females, which is genetic, has become a part of society from time immemorial. But based on the above biological difference, if there exists a historical differentiation of sexes in the job market becomes a problem of economic development. Researchers have investigated several factors contributing to women's low performance at micro enterprise. Women's lack of self - confidence was a significant reason, but reluctance by lending institutions to grant loans to women who did not have a credit saving record also contributed to women's low participation in micro enterprise (de Alwis, 2000). Further familial responsibilities (lack of child minding facilities and domestic help) , storage of capital, lack of unsecured credit, lower level of education and technological knowhow have emerged as major constraints affecting the development of women entrepreneurship (Dias,1990).

### **Objective of the Study**

The main objective of this study is to study the difference of the profits in the micro-scale enterprises based on gender. The specific objectives are to study the problems faced by female entrepreneurs, the differences of entrepreneurs' performances in micro-scale industries based on gender and the social and economic background of the female micro-entrepreneurs

### **Methodology**

The study is based on both primary data and secondary data. 10 Grama Niladari Divisions of the Nuwaragampalatha Secretariat Division in the Anuradhapura District was selected as the study area. After conducting a listing exercise of all enterprises in the study area 201 retail small scale businesses were selected into the sample. Quantitative and qualitative data were gathered using a questionnaire. Tables, graphs, "t" test and multiple regression test were used in the analysis of data.

### **Findings and Discussion**

Table 01 provides summary statistics for both male and female entrepreneurs. The firm owned by male and females are quite similar in many aspects such as age, marital status, nationality, religion, book keeping and maintenance of stock. However, the education level, time allocation for non-business activities, total hours of the owner employed at the business, reported profit and calculated profit are different with gender considerations.

In this research, business profits were gathered by two measures (De Mel et.al. 2009b). The first measure of business profits was obtained by requesting the firm owner for the revenue and expenses of the firm, and then calculating profits as the difference between reported revenue and reported expenses (calculated profit). The researcher asked the owners for the total revenues of the firm in the previous month, and then for the total expenses in each of the categories (purchases of inventories, electricity, water, gas and fuel, interest paid, wages and salaries for employee, rent for machinery and equipment, rent for land and buildings, telephone or telephone charges, taxes, maintenance and general repairs, traveling expenses ....etc). The second measure asked owners directly for their profits (reported profit).

**Table 01: Summary Statistics**

Variable	Mean (Male)	Mean (Female)	t value & significance
Age of entrepreneurs	39	40'24	0'407
Marital status	0'84	0'87	0'620
Nationality	0'97	1'00	0'094
Religion	0'96	0'98	0'505
Education	11'34	10'41	0'002)))
Time allocation for non-business activities	31'735	55'579	0'000)))
Assets excluding land & buildings	122000	79500	0'147
Book keeping	0'80	0'88	0'140
Total hours of owner employed at the business	76'06	63'59	0'315))
Reported profit	8029'13	6150'68	0'057)
Calculated profit	11100	8024'39	0'056)
stock	0'9	0'89	0'840

**source: computed by researcher**

\* significant at the level 0.1

\*\* significant at the level 0.05

\*\*\* significant at the level 0.001

Regression test was also used to find whether there are differences of profits based on gender. Micro-enterprise profits(Y) were used as a dependent variable and assets (K), values of land and buildings (A), total hours of laboures employed at the business ( $L_1$ ), total hours of owner employed at the business ( $L_2$ ) and gender (G) were used as the independent variables. The regression model based on the Ordinary Least Squares (OLS) method is specified as follows.

$$Y = \beta_0 + \beta_1 K + \beta_2 A + \beta_3 L_1 + \beta_4 L_2 + \beta_G G + e_i \longrightarrow \text{Regression Equation}$$

**Table 02: Regression Output**

Dependent variables →	computed profit	reported profit
Independent variables ↓		
constant	-441.378	2690.47
	-2791.711	-1718.287
Assets (except land and buildings)	0.019***	0.010***
	-0.003	-0.002
Values of land and buildings	0	6.03E-05
	0	0
Total hours of laboures employed at the business	-3.157	2.919
	-0.679	-4.671
Total hours of owner employed at the business	64.187	12..262
	-0.113	-25.345
gender	3604.671**	2429.588***
	-1424.671	-886.925

**source: computed by researcher**

\* significant at the level 0.1

\*\* significant at the level 0.05

\*\*\* significant at the level 0.001

Table 2 presents ordinary least squares estimates of factors that influence profit in micro-enterprises in the sample. With respect to profitability, the gender of ownership is statistically significant and female-owned enterprises tend to perform better than male-owned enterprises. The assets statistically significant at the 1 percent level that affects reported profit and calculated profit. Among the variables assets and gender have a significant influence on profitability.

## Conclusions

The findings indicate that there is a difference between profits in retail small scale businesses on the basis of gender. Profit is higher in retail small scale businesses headed by males compared with females. Although, male-owned micro-enterprises achieve higher rates of profits than female-owned micro-enterprises, there are some significant differences in the extent to which business problems affect the gender-based performance of micro enterprises. All the business problems retard the revealed growth in sales, although these problems are more pronounced in the case of female-owned enterprises. The most important problem that affects the probability of revealed decrease in sales for both female-owned and male-owned enterprises relate to financing. The difficulties in devoting time to business activities, the lack of capital for the business, the difficulties of working with male employees, the difficulty of taking part in training programmes are identified as being the main limitations in addition to financial problems faced by female entrepreneurs.

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