

FACTORS INFLUENCING ON ENTREPRENEURIAL SUCCESS: AN EMPIRICAL STUDY ON WOMEN HEADED FAMILIES IN AMPARA AND BATTICALOA DISTRICTS IN SRI LANKA

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ABSTRACT

Ampara and Batticaloa districts in Sri Lanka are situated in the Eastern part of the island which were affected by thirty years domestic war and tsunami hit in 2004. Multi religious people such as Tamils, Muslims, Sinhalees, and Burgars live together in this area. Batticaloa district was more affected by so called war where as less affected by tsunami hit as compared with Ampara. Due to this Most of the women in both districts have become bread winners of their families and engaged in entrepreneurial activities to save their families. Accordingly 14.1 % of the families in Ampara and 16.8 % of the families in Batticaloa have become women headed families such as loss of husband, divorced/ abandoned by the husband, disappearance of elderly male member of the family, differentially able elderly male member, heading the family due to other reason. Women entrepreneurs especially in micro businesses play a crucial role in rural economic development. Starting a business is simply a rational choice faced by an individual who chooses between uncertain self-employment, having certainty as an employee and possibly unemployment, based on the expected utility in each state. The factors influencing that choice are entrepreneurial talent, attitude to risk and switching costs and personal factors are the most important thing in order to assure their survival in the industry. Hence, the research question is "To what extent the entrepreneurial factors influence to entrepreneurial success?" Accordingly, the research aims to study the women entrepreneurs' personal factors and the association of entrepreneurial success in micro businesses among women headed families in Sri Lanka. For the purpose of study, data collected from 270 respondents from micro businesses among women headed families in Ampara and Batticaloa district using simple random sampling method, mainly with the use of structured questionnaire and interview. Factor analysis was done. Correlation and regression was mainly used to see the association between influencing factors and entrepreneurial success. Influencing factors have been measured by the dimensions of family background, personality factors, and institutional support and entrepreneurial success was measured by sales growth, profit growth and perceived survival of the business. Self administered questionnaire was issued for this purpose. Pilot study and reliability analysis was done to see the inter item consistency of the questionnaire and for content validity. The significance of the study especially to women entrepreneurs in micro business sector which are contributing a lot for the development of national economies. Many women entrepreneurs in developing countries such as Sri Lanka face many challenges while they are operating their businesses such as existence and survival, innovation etc. with the available information and training and institutional support they may be unable to survive in the industry. Need for achievement, autonomy, self confident are the most important personality factors for business success of women entrepreneurs and background factors such as education and family background also contribute for the business success of women entrepreneurs in micro businesses. Institutional support also has been a motivating factor for entrepreneurship success. It was found that personality factors such as need to achieve and self-reliant, and independence were influencing more than the other factors. Accordingly, the findings might be immense value to enhance women entrepreneurship in developing countries, such as Sri Lanka, as much research has not been conducted in this regard.

Keywords: Entrepreneurial success, women entrepreneurs, women headed families, micro businesses

INTRODUCTION

Since Ampara and Batticaloa districts were affected by Tsunami hit and ethnic war most of the women in both districts have become bread winners of their families and engaged in entrepreneurial activities to save their families' livelihood. Accordingly 14.1 % of the families in Ampara district (Statistical Information Women Headed Households in Ampara district, Care International Sri Lanka, 2010) and 16.8 % of the families in Batticaloa district (Statistical Information Women Headed Households in Batticaloa district, Care International Sri Lanka, 2008) have become women headed families such as loss of husband, divorced/ abandoned by the husband, disappearance of elderly male member of the family, differentially able elderly male member, heading the family due to other reason. Women entrepreneurs especially in micro businesses play a crucial role in rural economic development.

Resurgence of entrepreneurship is the need of an hour. Women entrepreneurs especially in micro businesses play a crucial role in rural economic development. Entrepreneurship is an attitude that reflects an individual's motivation and capacity to identify an opportunity and to pursue it in order to produce new value or economic success. This attitude is crucial for competitiveness, because new entrepreneurial initiatives raise the territory's productivity, increasing competitive pressure and encourage innovation. Entrepreneurship plays an important role in the economy of a country (Stokes, D, 1998) & (Zhao, F. (2005). Entrepreneurial intention refers as the intention to start a new business (Pillis and Reardon, 2007). According to Kuratko and Hodgetts (1998), three factors influence in the decision for entrepreneurial intention. Those are personal characteristics, life path circumstance, and environmental factors.

The role of women entrepreneurship is inevitable in any country. Nowadays women enter in almost all professions such as trade, industry, engineering, technology. They are willing to take up business and contribute to the national development. Thus, their role is being recognized and steps are being taken to empower and promote female entrepreneurship. Women entrepreneurship must be moulded properly with entrepreneurial qualities and traits, and skills to meet the global changes in trends and be competent enough to survive for excellence in entrepreneurial arena.

Women entrepreneurs envisage many problems while operating their businesses. Dual role to play at workplace and at home, non awareness of facilities provided by the institutions, competition with large scale units, and problems related to marketing are some of them. Segal et al. (2005) stated, "Being an entrepreneur, one who is self-employed and who starts, organizes, manages, and assumes responsibility for a business, offers a personal challenge that many individuals prefer over being an employee working for someone else. Entrepreneurs accept the personal financial risks that go with owning a business but also benefit directly from the potential success of business". Very limited attention is given to the issues of whether entrepreneurs ever achieve their personal goals, which can often be their initial motivation for starting a business.

Measuring the success of the entrepreneurship is likely to reflect a combination of the personal characteristics and attributes of the entrepreneur together with their reasons for surviving in the business. Whenever efforts are made to induct people to entrepreneurial career, the entrepreneurial qualities such as innovation, creativity, risk taking, perseverance are generally found lacking in women entrepreneurs. These are required to be aroused to an extent that people may opt for entrepreneurial career. This basic requirement and much needed force to drive people to their new ventures. Left to themselves such qualities and motivation will be developed in only very few. Kumar and Kamalanabhan (2005) found that, the personality factors- perceived control, optimism and change self-efficacy indicated a significant relationship with businesses' survival. Entrepreneurs with high internal locus of control, relative to those low on this trait, will be more likely to try new approaches, pursue new opportunities, initiate change instead of reacting to events, and take risks (Poon et al., 2006).

Robert B. Jet al (2004) "*The relationship of entrepreneurial traits, skills and motivation to subsequent venture growth*" in their paper found Goals, self-efficacy, and communicated vision had direct effects on venture growth and new resource skills on subsequent growth. Furthermore, communicated vision and self-efficacy were related to goals, tenacity was related to new resource skills.

The intention to become an entrepreneur has been described as the single best predictor of actual behavior (L.Framncisco et al., 2005). Starting up a new firm is very much an individual decision, which is why the individual's qualities as an entrepreneur are central in the investigation of entrepreneurship (Littunen, 2000). Starting a business is simply a rational choice faced by an individual who chooses between uncertain self-employment, having certainty as an employee and possibly unemployment, based on the expected utility in each state. The factors influencing that choice are entrepreneurial talent, attitude to risk and switching costs and personal factors are the most important thing in order to assure their survival in the industry. (Storey, 2006). Hence, the research question is "What factors influence on entrepreneurial success?" accordingly, the research aims to study the influencing women entrepreneurship and the association of entrepreneurship success in micro businesses among women headed families in Sri Lanka. This research was attempted to examine to what extent influencing factors impact on the women entrepreneurial success. Findings of this research effort could enable policy makers and business development supporting institutions to re think or promote women entrepreneurship.

OBJECTIVES OF THE STUDY

- To identify major determinants of the women entrepreneurial success.
- To find out how personality factors, family background, and institutional support impact on the entrepreneurial success of women entrepreneurs.

RESEARCH METHODOLOGY

This research was an explanatory study. The investigation of the study was the cross sectional correlation examination. The study design was the survey method using a structured questionnaire and interview as the research tool and unit of analysis was done with the individuals. The likert scale was used for the statements attained for the variables ranging from strongly disagree to strongly agree.

The research was conducted among a sample of 270 respondents from micro businesses among women headed families in Ampara and Batticaloa district using simple random sampling method. The SPSS 16.0 student version statistical software has been used to analyze the data. And the mean, correlation and regression analysis were done mainly to test the hypothesis. Self administered questionnaire was issued for this purpose and the research period was around six months. Pilot study and reliability

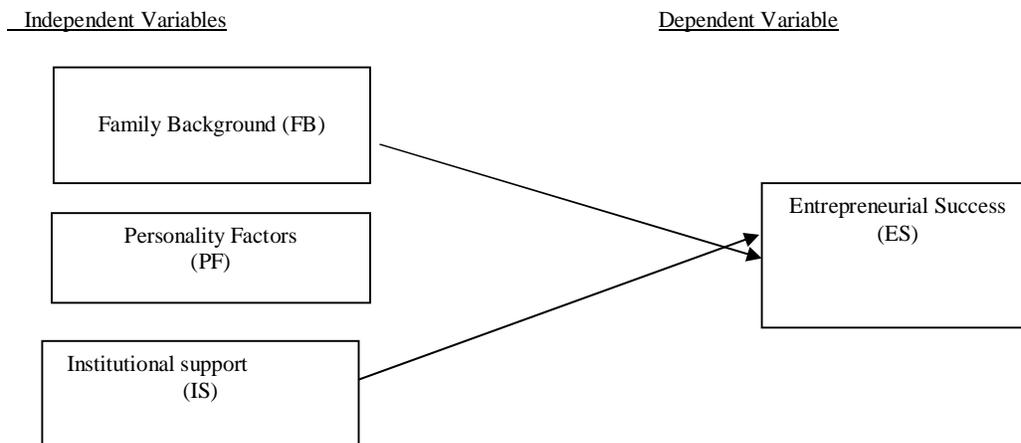
analysis was done. Correlation and regression was mainly used to see the association between influencing factors and entrepreneurial success.

RESEARCH FRAMEWORK

Entrepreneurship and entrepreneurial success has been a developing concept nowadays. It has been characterized by many factors. Models are valuable when used as planning instruments to promote entrepreneurship in common.

The model developed for the present study includes the constructs related to influencing factors and entrepreneurial success.

Thus, the conceptual model for this research is as follows;



Hence, the following hypothesis were developed.

H1: Family background is positively related to women entrepreneurial success

H2: Personality Factor is positively related to women entrepreneurial success

H3: Institutional support is positively related to women entrepreneurial success

MEASURING INFLUENCING FACTORS AND ENTREPRENEURIAL SUCCESS

This study is intended to examine the hypothesized relationship between influencing factors as independent variable and entrepreneurial success as dependent variable.

Influencing factors has been operational zed as the degree to which a women entrepreneur is capable of potentiality to motivate for entrepreneurship. This construct was measured by three dimensions such as personality, family background, and institutional support and entrepreneurial success was measured by sales growth, profit growth and perceived survival of the business. Hence, the variables are highly qualitative aspects, which have been taken in to a scale to analyze quantitatively.

These four main variables were measured with the following dimensions;

1. Family Background: The level of availability of family support in operations, finance, and advice
2. Personality Factors: the level of capability of need for achievement, self reliant, and being independent.
3. Institutional Support: The amount of availability of support in Finance, training, information giving and advice.
4. Entrepreneurial Success: The level of potential in sales growth, profit growth, and perceived survival of the business.

RELIABILITY ANALYSIS OF THE QUESTIONNAIRE

A reliability analysis was done to check the inter item consistency. The Cronbach's Alpha was measured. Accordingly, the Cronbach's alpha reliability coefficients of the independent and dependent variables were obtained. . Accordingly alpha values for personality factors was 0.685, family background was 0.745, institutional support was 0.710 and for entrepreneurial success was 0.708 all showed a good inter item consistency of the instrument.

DISCUSSIONS AND FINDINGS

46.3% of respondents were derived from Ampara district and 53.7 % from Batticaloa district for this survey.

Table 1: District Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Ampara	125	46.3	46.3	46.3
	Batticaloa	145	53.7	53.7	100.0
	Total	270	100.0	100.0	

(Source: Survey Data)

PERSONAL INFORMATION

1. Age Distribution

8.1 % of the respondents were from ages 18-25, 41.9% were 25-40, and 50% over age 40.

Table 2: Age Distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	22	8.1	8.1	8.1
	25-40	113	41.9	41.9	50.0
	over 40	135	50.0	50.0	100.0
	Total	270	100.0	100.0	

(Source: Survey Data)

2. Education Level

38.9 % of the women entrepreneurs among women headed families are having educational qualification below ordinary level. 43.3% are found with ordinary level qualifications and 13.7% are with advanced level qualification. Only 4.1% of women entrepreneurs have higher level qualifications.

Table 3: Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below O/L	105	38.9	38.9	38.9
	O/L	117	43.3	43.3	82.2
	A/L	37	13.7	13.7	95.9
	Degree and above	11	4.1	4.1	100.0
	Total	270	100.0	100.0	

(Source: Survey Data)

DESCRIPTIVE MEASURES

Mean value were obtained from the five point likert scale ranging from strongly disagree to strongly agree. Accordingly the mean value for family background was found as 3.08 with the standard deviation of 1.16 which shows the average family support has been sought by the women entrepreneurs among women headed families. Meanwhile, the mean value for personality factors is 3.26 with the standard deviation of 0.84 which is also found with the average level of personality. Women entrepreneurs in the above districts have average personality characteristics such as need to achieve, self reliant, and independent. The mean value for institutional support is 2.5 with the standard deviation of 1.07 which is available somewhat lower to the women entrepreneurs in the above two districts. Entrepreneurial success has the mean value of 3.2 and the standard deviation is 1.12 which shows us the average level of business success of women entrepreneurs among women headed families.

Table 4: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Family_Backg	270	1.00	5.00	3.0778	1.15904
Personality_factors	270	1.67	4.33	3.2617	.84424
Instituional_support	270	1.00	4.00	2.5000	1.07264
Entrepren_success	270	1.00	5.00	3.2111	1.11922
Valid N (listwise)	270				

(Source: Survey Data)

CORRELATION OF INFLUENCING FACTORS WITH ENTREPRENEURIAL SUCCESS

Observing the correlations of independent variables-background factors, personality factors, and institutional support with the dependent variable- entrepreneurial success, there is a positive correlation of the three independent variables and dependent variable. The correlation between family background is 0.397 , personality factors is 0.844, and institutional support is 0.451 where p= 0.000 and significant at 0.01 level with entrepreneurial success. Personality factors have the strong positive correlation with entrepreneurial success than the other influencing variables.

Table 5 : Correlations

		Family_Backg	Personality_factor	Instituional_support	Entrepren_success
Family_Backg	Pearson Correlation	1	.382**	.414**	.397**
	Sig. (2-tailed)		.000	.000	.000
	N	270	270	270	270
Personality_factors	Pearson Correlation	.382**	1	.577**	.844**
	Sig. (2-tailed)	.000		.000	.000
	N	270	270	270	270
Instituional_support	Pearson Correlation	.414**	.577**	1	.451**
	Sig. (2-tailed)	.000	.000		.000
	N	270	270	270	270
Entrepren_success	Pearson Correlation	.397**	.844**	.451**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	270	270	270	270

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: Survey data)

Personality factor has strong correlation with entrepreneurial success. Dimensional correlation of personality factor was also derived. Accordingly, the correlation of self reliant ($r=0.825$, $p=0.000$) and need for achievement ($r=0.801$, $p=0.000$) have strong positive correlation than independent factor ($r=0.661$, $p=0.000$). Personality factors are the strongest indicator for entrepreneurial success among other variables studied in this survey.

REGRESSION

The overall model explains the fit for the research. R^2 in the table given below shows this aspect. This coefficient is a measure of how well the regression equation fits the data. Here, we have the R^2 is 0.143, hence, the regression equation apparently have a perfect fit with the data. So, we can predict our dependent variable with the independent variable. Here, $P = 0.000 < 0.05$. So the model is significant and model exists.

Table 6: ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	243.560	3	81.187	231.200	.000 ^a
	Residual	93.407	266	.351		
	Total	336.967	269			

a. Predictors: (Constant), Instituional_support, Family_Backg, Personality_factors

b. Dependent Variable: Entrepren_success

Table 7: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.569	.152		-3.752	.000
	Family_Backg	.104	.035	.107	2.969	.003
	Personality_factors	1.130	.053	.852	21.154	.000
	Instituional_support	-.090	.043	-.086	-2.103	.036

a. Dependent Variable: Entrepren_success

(Source: Survey data)

At first, if we consider the constant variable in the equation. Its values; $P = 0.000 < 0.05$, hence, significant to model. Job satisfaction is considered; $P = 0.000 < 0.05$, hence, it is significant to the model and explain the dependent variable.

HYPOTHESIS TESTING

The most common policy in statistical hypothesis testing is to establish a significance level, denoted by α , and to reject H_0 when the p – value falls below it. When this policy is followed, one can be sure that the maximum probability of the type I error is α (Policy: when P -value is less than α , reject H_0) Here, the hypotheses are tested at 5% confidence level ($\alpha = 0.05$). P values are denoted 'Sig.' in the above Table.

The following table shows the rejection and acceptance of the hypothesis.

Table 8: Hypothesis Testing

Variable	Hypothesis	P – Value	$\alpha = 5\%$	H ₀	H _A
FB with ES	H ₀ , H ₁	0.003	0.05	Reject	Accept
PF with ES	H ₀ , H ₂	0.000	0.05	Reject	Accept
IS with ES	H ₀ , H ₃	0.036	0.05	Reject	Accept

(Source: Survey Data)

H₀ = No association between influencing factors of entrepreneurship and entrepreneurial success.

H₁ = There is an association between influencing factors of entrepreneurship and service entrepreneurial success.

The *p* value is for variable FB is 0.003. Since $p \text{ value } 0.000 \leq \alpha$, so the null hypothesis is rejected and the alternative hypothesis is accepted as the $P \text{ value} < \alpha$. Therefore we statistically conclude that there is an association between family background and entrepreneurial success. Likewise, the *p* value for personality factor is 0.000 and institutional support is 0.036 prove that there are association with entrepreneurial success.

Hence, this means there is a positive relationship between FB, PF, and IS and ES. Also the result in correlation table (Correlation coefficient = 0.397, 0. 0.844, and 0.451;where $p=0.000$) support this hypothesis. Thus, family background, personality factors, and institutional support are predictor of entrepreneurial success of women entrepreneurs among women headed families. Accordingly, 72.3 % ($r^2=0.723$) of entrepreneurial success is determined by those three variables.

CONCLUSION

Women entrepreneurship has been defined in different ways. In this study, women entrepreneurship means activities connected with owning and managing a business firm. Entrepreneurship has been the driving force for achievement of economic development contributing at the same time to personal development. According to Sarri, K. and Trihopoulou, A. (2005), “it is the driving force for the achievement of economic development and job creation, contributing at the same time to personal development”. The women’s economic empowerment process can start with strategies such as income generation programs through micro credit; however, the most important is to develop their personality. As women become confident about interacting in society, that the decision-making power and control over their own income has given them, they gain freedom on deciding what matters to them. With this, the women are able to mobilize themselves towards economic empowerment (Sabrina, R, 2007)

Business is the easiest way to earn money and one can enter into any field of the business for their achievement. Thus women entrepreneurship has been developing in all most all field. The study has been done on the women entrepreneurs among women headed families in Ampara and Batticaloa districts in Sri Lanka.. For the evaluation purpose the mean, correlation, and regression and has been used.

We first hypothesized a significant relationship between influencing factors such as family background, personal factors, institutional support and entrepreneurial success, based on theory and extent literature that supports such a relationship. The relationship was shown to be significant, and H₁ was supported ($0.003 \leq \alpha$), H₂ was supported($0.003 \leq \alpha$), and H₃ was supported ($0.036 \leq \alpha$). Hence, this means there is a positive relationship between FB, PF, IS and ES. Also the result in correlation table (Correlation coefficient = 0.397, 0. 0.844, and 0.451;where $p=0.000$) support this hypothesis. Thus, family background, personality factors, and institutional support are predictor of entrepreneurial success of women entrepreneurs among women headed families.

The significance of the study especially to women entrepreneurs in micro business sector which are contributing a lot for the development of national economies. Many women entrepreneurs in developing countries such as Sri Lanka face many challenges while they are operating their businesses such as existence and survival, innovation etc. with the available information and training and institutional support they may be unable to survive in the industry.

Need for achievement, independence, and self reliant are the most important personality factors for business growth of women entrepreneurs and have a strong positive correlation with entrepreneurial success where as family background and institutional support have the moderate positive correlation with entrepreneurial success among women entrepreneurs in Ampara district. When the women entrepreneurs have higher need for achievement, independent, and self reliant they can succeed their businesses and survive in the industry. And family support and institutional support also essential for business successes. These are found not much among women entrepreneurs in Ampara district. Institutional or formal support should be given empowerment training program especially in personality development. Considering the contribution made by small business sector especially in micro businesses run by women entrepreneurs, government or nongovernmental organization may take necessary step to enhance their support in all aspects.

Hence, 72.3% of the variance in entrepreneurial success ($r^2=0.723$) was significantly explained by personality factors, family background, and institutional support in this study, still leaves 27.7% unexplained. So, further research might be necessary to

explain more of the variance in entrepreneurial success. Accordingly, the findings might be immense value to enhance women entrepreneurship in developing countries, such as Sri Lanka, as much research has not been conducted in this regard.

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