

THE RELATIONSHIP BETWEEN GENDER AND MICRO- ENTERPRISE PERFORMANCE: BASED ON A FIELD STUDY IN NUWARAGAMPALATHA DIVISIONAL SECRETARIAT

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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. PrabhaSingh(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 microenterprises 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.

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, bookkeeping 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 expensesetc). The second measure asked owners directly for their profits (reported profit).

Table 1 : 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.

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

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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