

AN INSIGHT INTO THE “CONSTRAINTS” FACED BY WOMEN ENTREPRENEURS IN A WAR-TORN AREA: CASE STUDY OF THE NORTHEAST OF SRI LANKA

Selvamalar Ayadurai, Ph.D
Consultant Trainer, CB Consultancy
F-06, 1st Floor, Riana Green Plaza
Jalan Tropicana Utara, Tropicana Golf & Country Resort,
47410 Petaling Jaya, Selangor Darul Ehsan, Malaysia
malar@ezucway.com

ABSTRACT

This study examines the “constraints” faced by women entrepreneurs in a war-torn area - the NorthEast of Sri Lanka; “constraints” here refers to factors limiting the growth and development of women entrepreneurship. The NorthEast of Sri Lanka is an area which has been ravaged by war for more than three decades now. The women entrepreneurs in the study are the “Tamil” women of Sri Lanka and not the greater majority of “Singhala” women which are more prevalent in the South. Whilst minimal studies have been done on “Singhala” women entrepreneurs of the South, there has been absolutely no research done on the “Tamil” women of the NorthEast of Sri Lanka, apart from one conducted by the author in 2004 on the profile of “Tamil” women entrepreneurs. This study examines further the “constraints” faced by these women entrepreneurs, the challenges they face, and the entrepreneurial ventures they have established over the past three decades. The primary objective is to attract international attention to this group of women so that international funding and aid can help alleviate them from their present state of deprivation and poverty.

AN INSIGHT INTO THE “CONSTRAINTS” FACED BY WOMEN ENTREPRENEURS IN A WAR-TORN AREA: CASE STUDY OF THE NORTHEAST OF SRI LANKA

ABSTRACT

This study examines the “constraints” faced by women entrepreneurs in a war-torn area - the NorthEast of Sri Lanka; “constraints” here refers to factors limiting the growth and development of women entrepreneurship. The NorthEast of Sri Lanka is an area which has been ravaged by war for more than three decades now. The women entrepreneurs in the study are the “Tamil” women of Sri Lanka and not the greater majority of “Singhala” women which are more prevalent in the South. Whilst minimal studies have been done on “Singhala” women entrepreneurs of the South, there has been absolutely no research done on the “Tamil” women of the NorthEast of Sri Lanka, apart from one conducted by the author in 2004 on the profile of “Tamil” women entrepreneurs. This study examines further the “constraints” faced by these women entrepreneurs, the challenges they face, and the entrepreneurial ventures they have established over the past three decades. The primary objective is to attract international attention to this group of women so that international funding and aid can help alleviate them from their present state of deprivation and poverty.

INTRODUCTION

Sri Lanka has been ravaged by civil war for more than three decades now, and the devastating effects of war has particularly affected the women and children of the country. Women and children have been affected not only socially and economically, but also physically and psychologically. The Centre for Women's Development and Rehabilitation (CWDR) in the NorthEast of Sri Lanka is one of the many organizations that was established to take care of the immediate and long-term humanitarian and rehabilitation needs of the women and children affected by war. One of the initiatives of this organization was to create women entrepreneurs to help sustain family income for survival. The CWDR provided aid and assistance, in particular to women who had lost their husbands at war. These women were taught 'simple' income-generation business skills to help them manage their micro-enterprises in their villages. This simple yet important move by the CWDR has created a community of "women entrepreneurs" who are a dominant force in the economic development of the NorthEast of Sri Lanka. This research paper identifies the "constraints" of these women entrepreneurs, the challenges they face, and the entrepreneurial ventures they have established over the three decades of war. The author worked closely with the CWDR and a selected group of these women entrepreneurs to help gain an insight into these women who have been transformed into entrepreneurs due to 'war.'

PROBLEM STATEMENT

The women entrepreneurs of the NorthEast of Sri Lanka have not been highlighted in any previous research papers, apart from one written by the author and presented at the ICSB Conference in Washington in July 2005. These women need to be recognized to highlight their constraints and needs; they need international aid to be able to develop socially and economically; they need assistance for capacity development. This research paper is written with the objective of attracting international aid to this group of women entrepreneurs who deserve an opportunity to be 'uplifted' to be at par with the more developed international women entrepreneur community.

OBJECTIVES

The objectives of this research will focus on the "constraints" of these women entrepreneurs in the following four "critical needs" areas: i) Finance/Funding; ii) Support; iii) Capacity Building; and iv) Technical and Technological Development.

REVIEW OF LITERATURE

Over the last ten years, it has been recognized that small and medium enterprises have been the major force in job creation, innovation and economic development (Gordon, 2000). It may be good to emphasize that out of these SMEs, a good proportion of them are women-owned or operated and women do not only form

majority of the work force in certain sectors of the economy, but their businesses have also influenced in one way or another the structure of all our economies. Self-employment and women in entrepreneurship has also been growing in less developed economies, as a means for women to survive themselves and oftentimes to help support their families (Gordon, 2000). Hence it can be seen that women entrepreneurship is a growing phenomena and has had a significant economic impact in all economies. However, women-owned enterprises have their fair share of challenges and constraints that need to be addressed and specific needs that have to be identified to help them perform at par, if not better, than their male counterparts.

Key issues facing new and growing women-owned enterprises in the United States include access to capital, access to information, and access to networks. In Korea, women business owners experience financing and the effort to balance work and family as their most difficult tasks. Indonesian women entrepreneurs on the other hand, have difficulties in exporting their product overseas and in increasing the volume of production, both of which are of importance for their competition in the global market (Gordon, 2000). Lee-Gosselin and Grise (1990) as cited in Maysami et. al. (1999) found that in general, the most common start-up problems seem to be lack of capital. Also important was lack of confidence in female business owners' abilities on the part of banks, suppliers, and clients alike, as well as family issues. Additional problems, such as marketing and labour difficulties and disagreement with associates, may arise after the start-up phase. In an earlier study, Stoner, Hartman, and Arora (1990) as cited in Maysami et. al. (1999) found that the work-home conflict – the tension caused by the dual responsibility of managing a business and maintaining a family to be the main stumbling block for female business owners. In a study by Barwa (2003) on women entrepreneurs in Vietnam, the author found that women face additional handicaps due to the prevailing social and cultural gender-based inequalities and biases. For instance, the barriers that women entrepreneurs face in accessing credit from formal institutions is magnified in view of their limited access to formal education, ownership of property, and social mobility. Other aspects of unequal access to opportunities and markets include business experiences, limited knowledge of marketing strategies, weak business associations, lack of networking facilities, and poor access to education and training programmes. In a study by Karim (2001) on women entrepreneurs in Bangladesh, financial problems were the most common problems faced by their women entrepreneurs. Inadequate financing was ranked first, particularly so in rural areas and among small economic units (fewer than 5 workers), all the more so with those located in the household and unregistered sectors. Competition,

obtaining quality raw materials, and balancing time between the enterprise and the family were ranked as major start-up problems.

In Uganda (UNIDO Document, 2003), women entrepreneurs in rural areas suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems, thus improving productivity and increasing profitability. In Uganda, where more than 70 percent of enterprises employ less than 20 people, micro- and small enterprises play an important role in the economic and social life of the majority of citizens. However, the growth and the competitiveness of this sector are hampered by a lack of managerial and technical skills, weak infrastructure, difficulties in accessing loans, and complicated company registration processes. In Rwanda, a post-conflict area, women entrepreneurs' immediate needs for sustaining the family mount tremendously when the supply of goods and services ceases and traditional community help schemes collapse due to the restricted mobility and security. It was necessary to restore women's self-help initiatives and increase their business potential, especially in small food processing. Women entrepreneurs in Morocco faced a lack of operational and managerial skills resulting in low productivity and competitiveness. Cultural constraints are an additional obstacle that inhibit the efficient conduct of business for women. Inefficient production mechanisms and a lack of managerial skills resulted in a loss of productivity and income for the women entrepreneurs. In Kenya, women entrepreneurs see the establishment of a productive business as a means to improve their status in society as well as their family's standard of living and to serve their community by creating employment opportunities. However, due to a lack of technical skills, confidence, strong individual involvement and the willingness to take risks, women are often unable to establish and sustain successful businesses. A study by Richardson, Howarth and Finnegan (2004) on women entrepreneurs in Africa reveals that many women entrepreneurs in Africa feel they lack abilities, skills and expertise in certain business matters. Many of the issues mentioned appear to relate to women's relative lack of exposure to the world of business. In addition to this lack of exposure, women's business networks are poorly developed as social assets. This in turn impacts on a range of factors that adversely affect the women entrepreneurs at all levels. It is grounded in women's gendered experiences of education and work and, due to the demands of their reproductive and household roles, their lack of key dedicated "time" to be able to explore and nurture their own resources. Their access to the essential abilities, skills and experiences for business is also adversely affected by various constraints on their mobility, often due to their dual (household) and triple (community) roles and responsibilities. In a more general way, society's views are largely negative about women entrepreneurs who

associate and network with others in business. Women entrepreneurs of Africa also face constraints and barriers to obtaining money to start and grow their own business. Women's inexperience of negotiating with the banks and their lack of financial confidence to argue for what they are entitled to, are some of the problems they face in obtaining loans. Hookimsing and Essoo (2003) identified four main obstacles faced by women entrepreneurs in Mauritius: a) the hassle of getting permits; ii) the lack of market; iii) the ability to raise capital; iv) not being taken as seriously as men. Several national and international reports have pointed out that enterprise creation is hampered by a number of administrative procedures in Mauritius. A study by Soyeon Shim and Eastlick (1998) on Hispanic female business owners identified 10 business problem areas: sales and profit forecasting; obtaining lines of credit; capital management; working capital management; pricing strategies; customer database management; short-term business planning; labour cost analysis; managing debt; and gender problems. Whilst many of these problems seem to be synonymous across the Asian and African countries in the study, there are some problems which are significantly prevalent only in certain countries.

RESEARCH METHODOLOGY

For the purposes of this study, an in-depth interview focusing on "constraints" faced by women entrepreneurs were conducted with the Executive Director of the Center For Women's Development and Rehabilitation (CWDR), the staff of CWDR and five women entrepreneurs involved in the agricultural, poultry and retail sectors.

SURVEY RESULTS

The data was analysed based on the four research objectives, that is, to study the "constraints" of these women entrepreneurs in the following four "critical needs" areas: i) Finance/Funding; ii) Support; iii) Capacity Building; and iv) Technical and Technological Development. Discussions with the CWDR and a random selection of five women entrepreneurs found that women entrepreneurs did face "constraints" that prevented them from growing to the next level, or "constraints" that prevented them from becoming successful women entrepreneurs. These "constraints" were not seen as 'personal' problems per se but more so as external factors that had to be addressed by the government, authorities, women's organizations, international aid, in short, factors that could be overcome through external intervention.

Finance / Funding:

The greatest constraint facing all women entrepreneurs in the NorthEast of Sri Lanka is a lack of funds. The author's in-depth interviews focused on five women entrepreneurs involved in the following entrepreneurial ventures: i) banana plantation; ii) poultry farm; iii) provision / sundry shop; iv) retail shop for men,

women and children's wear; and v) food processing. All the women interviewed specifically mentioned lack of funds as their major constraint. At the moment, they managed by borrowing money from family and friends, taking goods on credit, 'pawning' or selling their jewellery and taking a loan from the CWDR for their working capital. They all felt that their businesses had great potential for growth and were all profitable businesses but lack of funds was setting them back and limiting their growth and sustainability.

The CWDR gives out loans ranging from Rs. 5000 to Rs. 50 000 depending on the size and type of income generation project. Most of the time, the loans were given out for projects such as the setting up of a small provision shop, cattle-farming, goat-rearing, poultry-farming, agricultural farming such as paddy, vegetable farming, tailoring and food processing. The CWDR has in its proposals the setting up of a power loom, lingerie factory and food processing plant but this would require a few million rupees and the idea has hence been shelved until they find a source for international funding. The CWDR feels the funding for such big projects can give rise to employment for the young women who have either lost their fathers or husbands at war, and young girls who have completed their high school but do not have the means to pursue their higher education at a college or university.

Support

The most critical factor here is recognition. These women entrepreneurs first of all need to be recognized of their existence. Secondly, they need to be recognized as a group contributing towards the economic growth and development of the country. To achieve this, they need the support of the Sri Lankan Government, UN Agencies, Donors, International Non-Governmental Agencies, Sri Lankan Non-Governmental Agencies, Women's Networks, International Corporate Organisations and International Entrepreneurs. As long as these women entrepreneurs are not recognized and given the priority, their economic potential and entrepreneurial capacity will remain undermined.

The UNIFEM, a 'United Nations Development Fund for Women' was used widely in many parts of Africa to assist women entrepreneurs. The women entrepreneurs of the NorthEast of Sri Lanka need a fund like the UNIFEM to uplift them from their present situation of economic deprivation. In the nineties, the Mauritius Employers' Federation (MEF) introduced a structured entrepreneurship programme with the support of Management Systems International (MSI), based in Washington. This enabled the Federation to have a structured training package for entrepreneurs. Support from organizations such as the MSI can greatly enhance the capacity of the women entrepreneurs in the study. In Bangladesh, a programme called the New Business Creation Programme (NBC) was initiated to select, train,

motivate and assist potential and existing entrepreneurs who want to diversify or introduce new products. The NBC programme is based on German GTZ's model of Creation of Enterprises and Formation of Entrepreneurship (CeFe), which was developed in Nepal as part of the multifaceted assistance scheme known as the GTZ Small Business Promotion Project. This project has been successfully conducted in several countries in Asia, Africa and Latin America. A similar programme by the GTZ can be conducted in the NorthEast to enhance the entrepreneurial skills of the women entrepreneurs. In Rwanda, a post-conflict area, similar to the NorthEast of Sri Lanka, the United Nations Industrial Development Organisation (UNIDO) conducted a "Train The Trainers" Programme where selected women entrepreneurs started playing the role of a local advisor to fellow entrepreneurs at their own settings – a network was thus established among women entrepreneurs to share information, resources and equipment to produce food products. UNIDO also assisted the National Curriculum Development Commission (NCDC) in developing the textbooks and trained the instructors in designing the entrepreneurship development course for secondary schools in Kampala. Similar programmes by UNIDO in the NorthEast of Sri Lanka can help create an entrepreneurial economy.

Capacity Building

The study revealed that all the women entrepreneurs were grossly in need of a structured entrepreneurship training programme. The training programmes conducted by the INGOs through the CWDR were neither regular nor structured. They were conducted more on an ad hoc basis and one of the greatest stumbling blocks to training was language. The women entrepreneurs of the NorthEast were not fluent in the English language and had to be taught in Tamil. Sourcing for trainers who could conduct entrepreneurship training in Tamil was a problem in the NorthEast. The CWDR also felt that their women entrepreneurs needed skills training. For example, after the tsunami, there was a great need for fishing nets in the NorthEast and the nets were being brought in from the capital down south. If the women could be trained in weaving fishing nets and repairing existing ones, there could be great employment opportunities and profitability in a fishing net factory, which would cost approximately 5 million Rupees. The women also had the expertise to make ropes and mattresses from coconut husks and Palmyra husks. However, they lacked the materials and equipment that was required to extract the fibers from the husks and weave them into ropes. The trade was still being practiced but done manually which was very laborious. The CWDR knew where to source for trainers from but lacked the funds to set up a factory. In other words, they could get the expertise from the more developed 'south' but did not have the funds to open up a factory.

Training programmes have been conducted by the CWDR in collaboration with the INGOs where young women have been trained in mat weaving, brick making, computer training, electronic repair, plumbing, electrical wiring and carpentry skills. However, these programmes are insufficient to cover all the training needs in the 8 districts of the NorthEast. A “Train The Trainers” Programme conducted in a structured manner over a 3-month or 6-month period in each district will help build the capacity of these women entrepreneurs in a more effective manner. An ‘Entrepreneurship Development Center’ funded by INGOs can greatly enhance the entrepreneurial skills of these women and help them build their capacity in managing existing ventures and developing new entrepreneurial ventures.

Technical and Technological Development

Computers are just being introduced in the NorthEast. More than 90 percent of the women entrepreneurs are computer illiterate. They are not aware of how information technology can help them shorten business processes, improve product quality, improve customer service and increase marketability of their products and services. These women need to be trained on the benefits of technology. The equipment they use are manual equipment operated by hand because they lack funds to buy electronically operated equipment which could run on power generators. These women need machines and equipment to move them away from the slow manual processes but to achieve this, they need funds to help them purchase these equipment. A ‘Skills Training Institute’ can greatly enhance the skills of these women entrepreneurs and improve their productivity and profitability.

Type of Businesses

The women entrepreneurs in the study were involved in businesses which did not require high capital and businesses in which they had prior expertise and experience. These businesses were easy to start with minimum capital requirement and did not require technical knowledge or skills to manage. Some of the businesses include: i) production of marshmallows, sago rice, tomato jam, peanut sweets, pumpkin sweets, pappadums; ii) cattle rearing, goat rearing, poultry farming; iii) production of batik, baby clothes, dresses, pillow covers; iv) vegetable farming, coconut, banana and mango plantations; v) sewing centers; vi) provision/sundry shops; vii) coir factory, viii) grinding mills; ix) motor mechanic workshops; x) confectionary and savoury snacks factory. The NorthEast is rich of raw materials, land and labour. However, they lack basic amenities such as wells for clean drinking water, tools, equipment, machinery and technology. An average small-scale income generation project would cost Rupees 50000 which is approximately USD 500. If loans can be secured or a micro-credit financing system be implemented, women entrepreneurs would stand a better chance of economic viability.

DISCUSSION

The study clearly indicates that lack of financing and funding is a constraint that affects women entrepreneurs not only in the NorthEast of Sri Lanka but also in all the other parts of the world, as in, the U.S., Korea, Bangladesh, Uganda and Mauritius. Women entrepreneurs in all parts of the world seem to have a problem accessing capital, securing financing, convincing bankers and obtaining bank loans or credit from suppliers. However, unlike the NorthEast of Sri Lanka, women entrepreneurs in Africa, Bangladesh, Nepal, India, Mauritius, and Vietnam received support from United Nations Organizations in the form of training programmes and special women entrepreneurial funds. The presence of international aid was more prevalent in some of these Asian and African countries than it was in the NorthEast of Sri Lanka. This could be partly due to the ‘adverse’ situation in the NorthEast where “war” has always been imminent despite the Ceasefire Agreement which was signed in February 2002. Another common constraint faced by the women entrepreneurs of the NorthEast was balancing time between the entrepreneurial venture and the family. Women in the NorthEast at times had prevented their older children from going to school so that they could take care of their younger siblings while the women went out to handle their businesses. This, according to the Executive Director of the CWDR, could be prevented if Day Care Centres could be set up in all districts to take care of the young ones. Unlike in Bangladesh, Kenya and Korea where this was ranked as a major start-up problem, in the NorthEast it is not a problem which prevents women entrepreneurs from initiating their ventures. The urgency of supporting themselves and their families in a war situation has urged entrepreneurship in precedence to family well-being. In Rwanda, a post-conflict area, women entrepreneurs were constrained by restricted mobility and security. This however was not a problem at all in the NorthEast where the “Tigers” or the “Liberation Tigers of Tamil Eelam (LTTE)” had ensured security for all Tamils, especially so for the women and children of the NorthEast. The LTTE encouraged their women to start business ventures and seek employment; hence women entrepreneurs in the NorthEast had the support of their defacto government – the LTTE. Poor access to education and training programmes which was imperative to help women in their entrepreneurship, managerial and technical skills as experienced in Vietnam, Uganda, Kenya, and Morocco was also a major constraint in the NorthEast. Inefficient production systems as in Morocco and weak infrastructure as in Uganda were also similar constraints experienced by the women entrepreneurs of the NorthEast. Their greatest limiting factor was machinery, equipment, technology and power supply. Weak infrastructure prevented them from transporting their goods from the rural interiors to the more developed towns. Presently, they relied on bicycles and motorcycles that had to be ridden on laterite ‘pathways’ from their

villages to the main roads. On the positive side, women entrepreneurs in the NorthEast have the support of their society who do not view women who go into business negatively. In Africa, according to Richardson et. al. (2004), society's views are largely negative about women entrepreneurs who associate and network with others in business. This is not a problem in the NorthEast. In fact women entrepreneurs who start their own ventures are admired and looked upon and greatly encouraged by society, including the defacto government. In summary, constraints that have been found to be similar in the NorthEast and the other Asian and African countries have been: i) lack of financing and funding; ii) balancing time between the entrepreneurial venture and family; iii) poor access to education and training programmes to help women improve their entrepreneurship, managerial and technical skills; and iv) inefficient production systems and weak infrastructure. Their biggest constraint was lack of international aid which was however not seen as a major problem in many of the other Asian and African countries.

CONCLUSION

The women entrepreneurs of the NorthEast of Sri Lanka must be recognized as an important unit contributing to the economic growth of the country. They must be supported by the international organizations involved in the growth and development of entrepreneurship, especially women entrepreneurship, to help them "function" effectively as women entrepreneurs. Their constraints must be recognized and a structured and organized strategic plan put in place to help them overcome these limiting factors. The Sri Lankan Government, UN Agencies, Donors, International Non-Governmental Agencies, Sri Lankan Non-Governmental Agencies, Women's Networks, International Corporate Organisations, International Entrepreneurs and Social Entrepreneurs can greatly enhance the entrepreneurial capabilities of these women through funding and skill development. The misfortune of war must not be the reason for depriving these women entrepreneurs of a better life.

BIBLIOGRAPHY

Annual Report 2003, Centre For Women's Development and Rehabilitation (CWDR), Kilinochchi, Sri Lanka.

Ayadurai, Selvamalar (2004), Profile of Women Entrepreneurs in a War-Torn Area: Case Study of NorthEast Sri Lanka, 2005, Paper Presented at the 50th World Conference of the International Council for Small Business (ICSB), Washington

Barwa, S. D., 2003, ILO Vietnam Working Paper Series No. 1, Impact of Start Your Business (SYB) Training on Women Entrepreneurs in Vietnam, ILO Office in Vietnam

Dobriansky (2003), War-Torn Countries Need Help From International Entrepreneurs, <http://www.state.gov/g/oes/rls/rm/2003/21357.htm/> (11/9/04)

Finnegan and Danielsen, 1997, Promoting the Development of Women Entrepreneurs – Means and Ends in Women’s Entrepreneurship Development, Paper presented at the First Inter-Cultural Micro Enterprise Development (MED) Summit, Colombo, Sri Lanka, on 28 August 1997, ILO-SAAT, New Delhi

Hookoomsing and Essoo, 2003, SEED Working Paper No. 58, Promoting Female Entrepreneurship in Mauritius: Strategies in Training and Development, International Labour Office, Geneva

Karim, Nilufer Ahmed, 2001, SEED Working Paper No. 14, Jobs, Gender and Small Enterprises in Bangladesh: Factors Affecting Women Entrepreneurs in Small and Cottage Industries in Bangladesh, International Labour Office, Geneva

Maysami, Cooper et. al., 1999, Female Business Owners in Singapore and Elsewhere: A Review of Studies, Journal of Small Business Management, Vol 37 (1).

New Generation of Women Entrepreneurs Achieving Business Success,
<http://www.nfwbo.org/Research/8-21-2001/8-21-2001.htm>

Olson, Shirley F., Currie, Helen M., 1992, Female Entrepreneurs: Personal Value Systems and Business Strategies in a Male-Dominated Industry, Journal of Small Business Management, Vol 30 (1).

Richardson, Howarth and Finnegan, 2004, SEED Working Paper No. 47, The Challenges of Growing Small Businesses: Insights from Women Entrepreneurs in Africa, International Labour Office, Geneva

Shim, Soyeon, 1998, Characteristics of Hispanic female business owners: An exploratory study,
Journal of Small Business Management, Vol 36 (3).

Stoner, Charles R., Hartman, Richard I., 1990, Work-Home Role Conflict in Female Owners of Small Businesses: An Exploratory Study, 1997, Journal of Small Business Management, Vol 28 (1).

Sorensen, Birgitte, Women and Post-Conflict Reconstruction: Issues and Sources, UNRISD: Publications, <http://www.unrisd.org/unrisd/web.../>(11/9/04)

United Nations Industrial Development Organization, Vienna, 2003, Developing Rural and Women Entrepreneurship, http://www.google.com.m.../download%3Ffile_id%3D11092/(11/9/04)

WIN News: Reports From: Africa, http://www.findarticles.com/p/articles/mi_m2872/is_3_27/ai_77417200/(11/9/04)

Zapalska, Alina, 1997, A Profile of Woman Entrepreneurs and Enterprises in Poland, Journal of Small Business Management, Vol 35 (4).