Women’s Microenterprise and the SDGs: Reframing Success in Women’s Economic Development in Sri Lanka

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Abstract
This research utilizes a capability approach to query the extent to which dominant conceptualizations of women’s micro-entrepreneurship enhance both economic and social development outcomes. Microenterprise programs speak directly to achieving the United Nations’ Sustainable Development Goals (SDGs), particularly regarding poverty (SDG 1), gender equality (SDG 5), and decent work (SDG 8). However, microenterprise programs are embedded in institutional and normative definitions that limit women as “entrepreneurial,” thereby affecting women’s microenterprise motivations, characteristics, and capabilities. As a result, women’s enterprises continue to be largely informal and home-based subsistence enterprises that offer a low-quality employment option and fail to deliver “empowerment” outcomes.

Data from focus group participants and econometric analysis of survey responses from 487 women micro-entrepreneurs in Kandy, Sri Lanka are used to compare women’s micro-entrepreneurial success in terms of both financial and empowerment outcomes. A novel conceptualization of the capabilities approach is presented with an original analytical framework that critically redefines enterprise success in terms of women’s empowerment: whether micro-entrepreneurship expands the menu of what women can be and do in their households and communities. In seeking to uncover differences among women, this work steps away from the more common comparison of men versus women. An iterative approach to defining success outcomes establishes that adding empowerment indicators to definitions of success highlights unique gender constraints on women’s micro-entrepreneurship not shown by purely financial outcome measures. The data analysis results suggest that women’s microentrepreneurship is significantly impacted by discriminatory social constraints and household norms that reduce both their enterprise success and potential for increasing empowerment.

Keywords: Sustainable development goals, Microenterprise, Sri Lanka, Women entrepreneurs, Women’s empowerment

Introduction
Nearly 40 years after the microcredit craze sparked by the work of Mohammad Yunus and the Grameen Bank in Bangladesh, the United Nations’ Sustainable Development Goal (SDG) agenda emerged in an era notable for the number and variety of women entrepreneurs (Raday, 2019). Micro-entrepreneurship has become a vital economic activity for women globally, particularly in developing countries, where women entrepreneurs show promise as effective
drivers of reducing poverty and improving social mobility (Aparicio et al., 2022). It is also a meaningful barometer of women’s human development insofar as it reflects opportunities to achieve development goals related to poverty alleviation (SDG 1), gender equality (SDG 5), and decent work (SDG 8), among others.

Women’s micro-entrepreneurship, despite being largely undertaken at the subsistence level (ILO, 2015), dominates the discourses around women’s enterprises in the fields of development and women’s empowerment. Studies of the plural objectives for women’s enterprises at the program and policy level—including the expectation that poor women will undertake growth-oriented enterprises that will, in turn, further develop their personal and social opportunities—continue to neglect the fact that most women’s enterprises fail to transition out of a subsistence state.

Programs focusing on women’s entrepreneurship predate the SDG agenda but are integral to its achievement, especially given the widespread adoption and uneven successes of enterprise promotion targeting women. A meta-analysis of 54 project evaluations across 27 developing countries found that women micro-entrepreneurs continue to experience multiple constraints, including lack of knowledge and skills, access to finance, small networks, and discriminatory social norms, raising questions of whether the outcomes of such programs are merely activating women rather than improving the quality of the opportunities and their outcomes (Revenga & Dooley, 2020). Gendered informal and formal institutions in the Global South maintain second-class status for women entrepreneurs (Ojediran & Anderson, 2020). Further, Venugopalan and associates (2021) emphasize that such efforts must also address the embeddedness of women’s agencies within sociopolitical and cultural contexts, which requires the engagement of multiple actors.

Despite this upward trend in women’s entrepreneurship, the theoretical underpinnings of enterprise analysis have not kept up with the changes on the ground (Minniti & Naude, 2010). Most problematically, research continues to focus primarily on comparisons of business performance between firms owned by men and women, a method that continually (re)enforces and (re)establishes that enterprises owned by women are weaker, smaller, less profitable, and often informal—that is, they are always left wanting in comparison. Questions are rarely asked about what differentiates successful and unsuccessful women-owned enterprises or whether successful enterprises in developing countries are fueling the SDG targets for human development and decent work.

Entrepreneurship is contextual, meaning that different entrepreneurialships exist (Pasillas et al., 2017) yet remain understudied, particularly in relation to questions of women’s choices, gender constraints, and the links between entrepreneurship and women’s empowerment. This lack of contextualizing women’s entrepreneurship comes at a theoretical and practical cost. Theoretically, the lack of appropriate frameworks fails to serve development targets, especially considering the relatively higher rates of entrepreneurship in low- and middle-income countries. Practically, women entrepreneurs must contend with being the “other” against the normative discourse of men’s entrepreneurship. This othering has important implications for the SDG agenda, not least because of entrepreneurship’s adherence to neoliberal patterns of individual responsibility that minimize the importance of support from states and other actors in creating decent working conditions (Raday, 2019). These neoliberal patterns entrench women entrepreneurs at the

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2The phrase “women’s empowerment” is used throughout this article with reservation and with full acknowledgement of its depoliticization and substitution with individual, neoliberal strategies, like access to microfinance.
intersection of decent work and social protection policies, especially in areas where informality is high, and thus maintain a blindness to normative and household constraints.

The fetishization of women’s (micro)enterprise development among development, financial, and state actors raises questions around whether the “add women and stir” adage has been replaced with “add credit/training/capital and stir” without truly developing gender-responsive policies and strategies. As a result, women’s enterprise programs struggle to account for both the instrumental role that women’s enterprise development—and by extension, women entrepreneurs as subjects created by such programs (Altan-Olcay, 2014)—play in achieving development goals at the individual, household, and community levels.

The next section will review the role of women’s microenterprise within the SDG era, with special attention to its impacts on the targets of poverty alleviation, gender equality, and decent work. The following section details the methodology used to design and conduct survey research in Kandy, Sri Lanka. Successive sections detail the analysis and discussion of the findings of this research.

**Background: Women’s Entrepreneurship in the SDG era**

It was estimated that between 2012 and 2020 an additional 870 million women would enter the economic mainstream through entrepreneurship, serving as “new engines of inclusive and sustainable growth” (Yousafzai et al., 2018) and a force in socioeconomic development (Minniti & Naude, 2010). Enterprises are the largest generator of employment in the Asia Pacific region, with micro, small, and medium enterprises (MSMEs) accounting for more than 96% of total enterprises, between 52 and 97% of domestic employment, and from 23 to 58% of GDP (UNESCAP, 2017). States in the region are increasingly adopting microcredit and enterprise creation programs for poor and vulnerable households, often specifically targeting women, as part of their social protection strategies (UN Women & UNESCAP, 2020). This points to an alarming trend whereby state welfare “handouts” to poor and vulnerable communities are being replaced by access to credit and principles of co-responsibility (Kabeer, 2014) and “valuable” or economic citizenship (Sa’ar, 2016).

The overemphasis on resource constraints—and corresponding underemphasis on social and contextual constraints—in enterprise programming is lamentable but makes sense in the context of the prevailing research agenda which relies on repeated comparisons of enterprise size, profitability, and growth with that of men entrepreneurs. This is problematic in several ways. First, it traps women’s enterprises in a rubric of success that always finds them wanting—in terms of business size, growth, profitability, sector, start-up capital, etc.—in line with the women’s underperformance hypothesis (Du Rietz & Henrekson, 2000) which remains deeply embedded in the design and psyche of women’s enterprise program and policy. This comes at the cost of exploring deeper questions around why women’s businesses underperform on these terms.

Second, the neoclassical focus on the individual entrepreneur and business unit excludes the social webs which differentially impact women and men and their business enterprises. Figure 1 highlights the number and scope of gender constraints embedded at different social levels. This figure highlights that the focus on resources and training provision replicates the neoclassical focus on the individual entrepreneur and ignores constraints at the household and community level.
The dominant theoretical and practical frameworks for women’s (micro)entrepreneurship remain underdeveloped in their adherence to the values set by the SDGs. Thus, questions must be asked to probe the extent to which synergies exist between women’s entrepreneurship and the SDGs.

Are Women’s Enterprises Accelerating Poverty Alleviation?

Entrepreneurship, especially micro-entrepreneurship, is a deeply established poverty alleviation tool (ILO, 2015). As discussed above, however, the unwavering trends for women’s enterprises to be smaller, less profitable, and see lower growth when compared to men’s enterprises is sufficient to give pause to assumptions of an easy, linear relationship between women’s microenterprises and poverty alleviation. In fact, MSME growth is more likely if the business is male-owned, in high-growth sectors, formalized, and if the owners have access to affluent personal and professional networks (Hampel-Milagrosa & Reeg, 2016). Women, however, are disadvantaged on each account. Across Asia-Pacific, women’s enterprises are primarily informal and unregistered (Asia Foundation & ADB, 2018). In Sri Lanka, women are disadvantaged in their access to skills, information, and networks (Attygalle et al., 2014), as well as firm growth (de Mel et al., 2012a).

A series of studies examining microenterprises in Sri Lanka largely provided the impetus for the current research project (de Mel et al., 2008, 2009, 2012b). De Mel and associates applied a randomized control methodology to determine the returns to capital for 408 men and women firm owners in Sri Lanka. The analysis showed that women-owned firms operate in a poverty trap:
on average, the impact of the capital on women’s enterprise is not different than zero, and over half of the women see negative returns (de Mel et al., 2008, 2009). Only 27% of the women had returns of over 5%, despite having higher cognitive abilities. Men enterprise owners, on the other hand, earn profits between 9% and 12% on average.³ De Mel and associates conclude that even though women are more credit-constrained, the returns to capital are much higher for men. In a follow-up study, de Mel and associates (2012b) identified multiple gender constraints including threat of capture, household welfare expenditures, enterprise sector, and mobility restrictions.⁴

More recently, these results have been revisited to determine the impacts of household variables, namely the presence of additional investment opportunities (i.e., men-owned enterprises) and women’s financial decision-making power (Bernhardt et al., 2017). Bernhardt and associates found that measuring profits at the enterprise level underestimates returns to women entrepreneurs: for the Sri Lankan sample, women who are the sole investment opportunity (i.e., the only entrepreneur in the household) were able to increase real profits from the grants of 30.1%. Women’s financial capacity, then, depends on a matrix of investment opportunities within the household, especially if a different (and possibly more financially important) enterprise exists. Household variables have been further linked to enterprise outcomes insofar as women may strategically manage their finances to reinforce their partner’s normative responsibility as the main provider, including hiding income and savings and limiting business growth (Friedson-Ridenour & Pierotti, 2019).

This research suggests that entrepreneurship, especially micro-entrepreneurship, as a tool to meet poverty alleviation goals falls short for women, particularly through asymmetries in business skills, information, networks, and household allocations.

Are Women’s Enterprises Promoting Increased Gender Equality?

Entrepreneurship is not easily or directly linked to gender equality or factors that proxy increases in empowerment, such as premarital and intramarital bargaining power and freedom of movement that are essential to women’s economic outcomes (Pande et al., 2020). Additionally, within-women research designs that differentiate the specific needs of women and define success on women’s terms, are lacking. One result of this is an overfocus on business practices among program outcomes, leaving business performance and empowerment outcomes largely unexplored (Siba, 2019).

Unequal social norms, such as women’s care responsibilities, are one key exclusion in research on women’s entrepreneurship (Revenga & Dooley, 2020). The career costs of juggling multiple responsibilities are likely to be high. In one study, the “baby-profit gap” or the impact of having children in a mother’s store is estimated to be 45% lower than stores without children at work (Delecourt & Fitzpatrick, 2021). Worrying recent evidence suggests that women may become more tolerant of controlling and abusive behavior due to feelings of guilt around working (Dhanaraj & Mahambare, 2021), indicating serious disconnects in the relationship between work and gender equality. Such household-level issues remain largely ignored, despite growing evidence of the importance of these factors as drivers of women’s economic motivations (Aparicio et al., 2022; Friedson-Ridenour & Pierotti, 2019).

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³ Not all men achieved these high rates; about 20% of men were found to generate returns below market rates.
⁴ Similar results have been found in Africa (e.g., Fiala, 2014) and elsewhere in Asia (e.g., Malapit, 2012).
Institutions and states also essentialize gender subjectivities and other normative caricatures to create their own categories (such as the Grameen Bank’s idealization of women as “ideal borrowers”) that enact new realities and identities for women based on institutional values (Altan-Olcay, 2014). Aparicio and associates (2022) found that institutional gender differences have greater impacts, including family and societal values and past and current family configurations. In combination with prevailing neoclassical ideas of a growth-oriented and risk-taking entrepreneur, these subjectivities systematically ignore important inequalities in personal and societal privileges and opportunities, many of which are highly gendered. This raises an important question around whether more empowered women run more profitable enterprises (Gunatilaka & de Silva, 2010).

In Sri Lanka, strong cultural norms and obligations form “insurmountable obstacles” for women that curtail their ability to benefit from free education, quality healthcare, and delayed marriage (Wickramasinghe, 2014, p. 324). For example, Solotaroff and associates (2017) estimate that the marriage penalty for Sri Lankan women is a reduction in labor force participation of 4.4%, and having young children lowers the odds of women’s labor force participation and of entering wage employment, and also lowers their earnings.

As long as women’s enterprise development initiatives are predicated on gendered entrepreneurial subjectivities and presented as efficient ways to sidestep discriminatory workplaces and to meet care demands, women’s micro-entrepreneurship will not effectively address the goals of SDG 5.

Are Women’s Enterprises Promoting Decent Work?

While microentrepreneurship has established clear goals for poverty alleviation, and to a lesser extent for reducing gender inequalities, expectations that these endeavors are promoting decent work standards are largely absent. The previous two sections outlined the ways in which women’s enterprises fail to promote equitable enterprise growth as well as the income gaps facing women entrepreneurs. Decent work also means attending to women’s safety at work, which for women’s enterprises may alternately implicate mobility and transportation safety and perceptions of the likelihood of unsafe or discriminatory interactions with clients and vendors (Jayachandran, 2020).

Sri Lanka’s 2019 Labour Force Survey reported that women comprise only 34.5% of the nation’s labor force and face an unemployment rate that is more than double that of men (DCS, 2019). Most women (62.4%) reported that housework was the primary reason for being economically inactive. Of women’s economic activities surveyed, women comprised many of the most vulnerable positions including 26.2% of own-account workers and 78.9% of contributing family workers. This data further establishes the existence of pay inequality with women earning 76% of the mean of men’s earnings among monthly wage/salaried workers and 51% of the mean of men’s earnings among daily earners (DCS, 2019). These data indicate a severely gendered labor market and discriminatory practices with indications that the gender gap gets larger as work becomes more vulnerable (i.e., moving from salaried workers to daily workers).

Many countries are struggling to create enabling regulatory systems to support enterprises, including reducing barriers to entry and designating formal and informal enterprise access to

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5 Decent work is conceptualized by the ILO (2015) as dignified working conditions that are free from coercion, provide equity and security in the workplace, and permit decent working hours.

6 Aged 15 years and above.

7 Women’s unemployment was 7.4% in 2019 compared with 3.3% unemployment among men.
existing social protection systems. While MSMEs are drivers for job creation, in developing countries the large size of the informal economy means that the quality and success of enterprises is deeply linked with formalization, value chain development, and working conditions (Hampel-Milagrosa & Reeg, 2016). In Sri Lanka, informal employment is estimated to account for 70% of workers and more than half of the jobs created between 2006 and 2017 (World Bank, 2020); 88% of informal employment is concentrated in MSMEs (World Bank, 2020). A significant number of women are informally employed largely due to the lack of protections for women in terms of flexible work arrangements, workplace harassment, and access to social protection systems (Dissanayake et al., 2019). For women entrepreneurs, informality and a lack of registration threaten to minimize the visibility of women’s employment and diminish access to decent work conditions, including minimum wage floors and access to social protection (UN Women & UNESCAP, 2020).

Enterprise interventions remain more effective at starting or continuing an enterprise rather than improving the quality of this work (Revenga & Dooley, 2020). The persistence of women’s enterprises as informal, unprofitable, and lacking legal and social protections draws a clear picture of why this might be. Without clear and appropriate gender-sensitive frameworks and regulatory ecosystems to improve the quality of women’s enterprises, these endeavors cannot be strong drivers of the targets for SDG 8.

**Methodology**

As detailed in the literature review, there is a need to establish a more holistic and embedded definition of success for women’s entrepreneurship, one that fully supports the SDG agenda. To achieve this, I developed a model that explicitly accounts for not only access to financial and human capital, as is the primary focus of many interventions (Revenga & Dooley, 2020), but also for household and spousal support (Chowdhury, 2019) and a woman’s current level of empowerment, which support a woman’s economic activity in the face of normative and institutional barriers (Jayachandran, 2020).

The primary data for this research comes from a mixed methods research study in Kandy, Sri Lanka, including focus groups and survey responses. Empirical analysis was done on the 487 responses to an original ad-hoc survey that was developed with participatory validation methods (e.g., a series of focus group discussions). The fieldwork was closely aligned with the work of de Mel and colleagues (2009, 2012a, 2012b) which allowed for this research to build from established randomized findings and to ask a deeper and different set of questions of the same population.

**Survey Development and Field Methods**

The empirical application of the framework shown in Figure 2 comes from a mixed methods research study in Kandy, Sri Lanka. Empirical analysis was done on 487 responses to an ad-hoc survey developed with participatory validation methods (e.g., a series of focus group discussions). The fieldwork was closely aligned with the work of de Mel and colleagues (2009, 2012a, 2012b) which allowed for this research to build from established randomized findings and to ask a deeper and different set of questions of the same population.

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8 For a more detailed account of the survey design, methodological approach, and final survey tool, see Langworthy (2018).
Survey participants were identified via a modified random route methodology with focused enumeration. This methodology is a proven and effective tool when identifying and contacting minority or hard-to-reach populations (EU-FRA, 2009).9

The survey included questions to determine the participant’s business health, gender equality, household dynamics, and current empowerment levels. Variables that lacked robust variation in responses (defined as at least 100 distinct responses) were removed. Given the comprehensive nature of the survey, both penalized maximum likelihood and principal component analysis were used to determine a parsimonious analytical model that did not overfit the data. Following Friedman and associates (2010), regularized linear regression was used to fit the logistic regression with the application of penalized maximum likelihood.10 Applying a regularized regression decreases variance in cases where there are many independent variables but renders a slight trade-off with an increase in bias (James et al., 2013).

The data cleaning and selection process identified 45 variables that were included in the full analytical model. To address the three questions being asked in this paper—are women’s enterprises promoting SDGs 1, 5, and 8? —three separate model iterations were conducted with distinct grouping thresholds.

First, to capture poverty alleviation outcomes, respondents were divided into poor and non-poor (NP, n=378), defined as having business income above the national poverty line (LKR 3624). Business income is used to isolate the performance of the woman’s enterprise from the additional income sources that might be available to the household.11 Utilizing these groups, the full logit model was run to identify the variables that most strongly predicted the probability of belonging to the group of not-poor.

In the second round, participants needed to be both not poor and show positive attitudes towards gender equality (OE outcome, n=139), namely having no tolerance for domestic violence, thus modeling progress towards SDGs 1 and 5.12 In Sri Lanka, not only is domestic violence “common and expected” (Gamburd, 2008), but the social norms that accept and perpetuate this violence impact women’s opportunities. Again, a logit model was run on these groupings (OE and not OE) to determine the predictors.

In the final model construction, groups were created for the full “success” definition GTE (n=102) whereby GTE was defined as being both NP and OE, in addition to reporting positive feelings about the future as a proxy for agency and economic well-being (e.g., Alkire, 2008). The latter question is considered a global measure of agency because it does not specify any one domain.

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9 Random route methodology is also considered as a method for constructing comparison groups in research that is non-random, especially when dealing with self-selected populations like entrepreneurs (Goldberg & Karlan, 2006).

10 This method reduces the number of parameters by constraining the coefficients to be very close to zero for those that are not important, allowing stronger variables to remain (this penalty is not applied to $\beta_0$).

11 Enterprise productivity (as income per hour) was investigated as an alternative option, but ultimately not a superior one. Average income per hour was calculated at LKR 64 per hour, with SE and GTE women averaging LKR 63.7 and LKR 67, respectively. In addition, many assumptions must be made about the regularity of income and hours and days worked by each participant to lend credit to this measure.

12 This indicator is based on the Demographic and Health Survey (DHS) survey establishing a woman’s agreement with various situations where a man might be justified to beat his wife (e.g., burning food or refusing sex). The threshold was set so that a participant had to answer that domestic violence was not acceptable in any scenario.
of well-being but offers an overall assessment. While not an ideal metric for decent work, here it is used to indicate future growth potential and aspirations.

Proportional difference t-tests and chi-squared independence tests for robustness were used. The statistical models for this process are shown below:

\[ NP = f(X_i, H_j, M_k, R_i, B_i, S_j, F_j, E_i) \]
\[ OE = f(X_i, H_j, M_k, R_i, B_i, S_j, F_j, E_i) \]
\[ GTE = f(X_i, H_j, M_k, R_i, B_i, S_j, F_j, E_i) \]

where

- \( X_i \) is a vector of personal characteristics (including, education, marital status, and age, for example)
- \( H_j \) is a vector of household characteristics (including number of children, total household size, and number of males who contribute financially)
- \( M_k \) is a vector of community variables that controls unobserved variables in the geographical location of the participants.
- \( R_i \) is a vector of women-intensive constraints, including financial and human capital resources.
- \( B_i \) is a vector of business characteristics, such as tenure, entrepreneurial skills, and vulnerability.
- \( S_j \) is a vector of spousal support.
- \( F_j \) is a vector of household support for the enterprise.
- \( E_i \) is a vector of the participant’s gendered constraints including mobility and time burden, as well as general empowerment indicators (e.g., decision-making).

At each stage (i.e., NP, OE, and GTE), the model identified the strongest predictors of belonging to each group. Importantly, these predictors changed widely as the success parameters changed, indicating the power and potential of more explicit renderings of the terms of success applied to women’s enterprises and their capacity to highlight relevant gender constraints.

**Respondent Demographics**

Demographic data from the participants indicates that the women interviewed were largely married (83%, versus 8% single and 6% widows) and had an average age of 42 years. The study sample shows a higher incidence of Tamil and Muslim women than is found in the national and provincial populations (Table 1). However, this may be a result of the inclusion parameters. Participants were also well-educated (10.25 years on average) and had relatively few children (1.18 children on average).

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13 The participants were asked to place themselves on a rung of a 10-rung ladder (1 lowest, 10 highest) to represent their current circumstances. They were then asked where they wanted to be in five years’ time. The threshold for inclusion in the GTE group was set at reporting at least a 3-rung (roughly 30%) improvement.
Table 1: Ethnicity of the Survey Sample Compared with the Wider Community

<table>
<thead>
<tr>
<th>Ethnic group</th>
<th>Sri Lanka</th>
<th>Central Province</th>
<th>Ganagawata Korale DS division</th>
<th>Study Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sinhala</td>
<td>74.90</td>
<td>66.50</td>
<td>74.55</td>
<td>59.14</td>
</tr>
<tr>
<td>Tamil</td>
<td>15.30</td>
<td>23.80</td>
<td>13.12</td>
<td>24.44</td>
</tr>
<tr>
<td>Muslim</td>
<td>9.30</td>
<td>9.90</td>
<td>10.89</td>
<td>14.78</td>
</tr>
<tr>
<td>Other</td>
<td>0.50</td>
<td>0.30</td>
<td>1.45</td>
<td>1.64</td>
</tr>
</tbody>
</table>

*The research study did not distinguish between Sri Lankan and Indian Tamils.

Nearly 50% of the women surveyed reported business income higher than the national minimum wage (set at LKR 7500 or USD 58.18 at the time of research). 15.6% of women surveyed had incomes below the poverty line (LKR 3624 or USD 28.11). Average participant income was LKR 8748 (USD 67.33). Nearly 90% of respondents operated their business from their homes, and 57% had been operating their business for four or more years at the time of the survey.

Data Analysis: (Re)Defining Supports and Constraints for Women’s Enterprise Success

Building Gender-Transformative Entrepreneurship

Table 2 shows the predictors of belonging in each group as the terms of success were altered. When the analytical model is run only accounting for financial outcomes (NP), the importance of micro-entrepreneurship as a survivalist activity arises. At this level, the participants resemble men breadwinners insofar as children and wages have a positive association (Lundberg & Rose, 2000). Variables that are generally assumed to constrain women’s enterprise performance, such as the number of children in the household and the presence of many other similar businesses in the area, enhance the likelihood of having business income above the poverty line by 50% and 90%, respectively. Additionally, variables on vulnerability, working in the food sector, and having a woman breadwinner are also shown to have large and significant positive effects on the likelihood of being non-poor.14 Household income, operating a business in the food sector, and the wife earning more than her husband are all significantly related to having incomes above the poverty line. Taken together, these variables highlight the survivalist nature of micro-entrepreneurship and reflect the overemphasis on financial outcomes over empowerment outcomes in current discourses.

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14 Research by Lundberg and Rose (2000) found a positive relationship between wages, parenthood, and hours worked for men. Children are often a positive influence on earning as they increase the minimum income needs of the household. However, for women, the expectation is that additional children have a negative impact on wages and hours worked.
Table 2: Predictors of GTE at Each Outcome (odds-ratios and 95% confidence intervals)

<table>
<thead>
<tr>
<th>Predictor</th>
<th>NP (n=378)</th>
<th>OE (n=139)</th>
<th>GTE (n=102)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household income (log)</td>
<td>3.630 (2.268-5.977)</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Total children in the household (0-17)</td>
<td>1.459 (1.167-1.844)</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Food sector</td>
<td>4.846 (2.249-11.163)</td>
<td>---</td>
<td>(-)</td>
</tr>
<tr>
<td>High competition</td>
<td>1.899 (1.004-3.678)</td>
<td>1.697 (1.047-2.761)</td>
<td>---</td>
</tr>
<tr>
<td>Optimum monthly income</td>
<td>9.397 (5.096-18.482)</td>
<td>2.974 (1.827-5.019)</td>
<td>3.056 (1.756-5.571)</td>
</tr>
<tr>
<td>Wife more income</td>
<td>2.111 (1.028-4.517)</td>
<td>---</td>
<td>2.123 (1.079-4.250)</td>
</tr>
<tr>
<td>Satisfied with business income</td>
<td>4.362 (1.972-10.098)</td>
<td>---</td>
<td>(-)</td>
</tr>
<tr>
<td>Spouse wage earner</td>
<td>1.739 (1.010-3.217)</td>
<td>2.493 (1.264-5.042)</td>
<td></td>
</tr>
<tr>
<td>Decision-making</td>
<td>1.253 (1.014-1.553)</td>
<td>1.389 (1.087-1.786)</td>
<td></td>
</tr>
<tr>
<td>Good business environment</td>
<td>2.163 (1.222-3.893)</td>
<td>3.684 (1.862-7.611)</td>
<td></td>
</tr>
<tr>
<td>Boring work</td>
<td></td>
<td>2.057 (1.052-4.066)</td>
<td></td>
</tr>
</tbody>
</table>

*(-) indicates that the variable switches signs in later iterations

Adding measures of attitudes towards domestic violence (OE) establishes an alternative picture of success. Including the variable of attitudes towards abuse excludes 239 participants who are otherwise “successful” in financial terms. Household income, children, business sector, and breadwinning responsibilities are no longer significant indicators of success. Instead, spousal, household support, and empowerment indicators play a much more prominent role.

The addition of the OE parameter draws out other empowerment indicators, namely decision-making and having a positive social environment for women entrepreneurs. The significance of the spouse’s occupation highlights the importance of spousal support variables. In this iteration, having a spouse who works for a regular wage increases the likelihood of being OE by nearly 74%, potentially as the woman’s enterprise/income is not threatening to a consistently employed spouse and there is no competing business in the household (i.e., Bernhardt et al., 2017).

At the GTE level, many distinctions appear that could indicate a divergence between the necessity entrepreneurship captured in the NP iteration and more opportunity-motivated women. The sign reversal for business income satisfaction and appearance of the variable for being bored by their work indicates a growth aspiration similar to the “frustrated achievers” noted in previous work (Graham & Pettinato, 2002). Such a population is primed to benefit from distinct interventions from the smaller, satisfied, and non-aspiring enterprises captured in the NP analysis.
**Constraining Gender Transformative Entrepreneurship**

Constraints to GTE were found among the predictors that decreased the likelihood of being in each group (Table 3). Across all three success parameters, women’s bargaining power (as proxied through their response to the question of whether they had a say in the timing of their pregnancies) and having men who contribute to the household decrease the likelihood of belonging to any of the success groups. Additional research is needed to further unpack these findings. In addition, being in the food sector (traditionally associated with low-growth and survivalist enterprises) decreases the likelihood of being GTE by over 40%. Importantly, having received any resources or training from government or NGO programs decreases the likelihood of being GTE by 47%, further emphasizing the difficulties of these institutions in supporting quality outcomes (Revenga & Dooley, 2020) as well as the costs of continuing myopia towards social and household embeddedness constraints.

**Table 3: Constraints to GTE (odds ratios and 95% confidence intervals)**

<table>
<thead>
<tr>
<th></th>
<th>NP</th>
<th>OE</th>
<th>GTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Want child</td>
<td>0.436 (0.191-0.960)</td>
<td>0.357 (0.196-0.641)</td>
<td>0.316 (0.153-0.635)</td>
</tr>
<tr>
<td>Opportunity motivation</td>
<td>0.359 (0.148-0.848)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other males contribute to household</td>
<td>0.404 (0.151-0.967)</td>
<td>0.340 (0.166-0.694)</td>
<td>0.304 (0.140-0.670)</td>
</tr>
<tr>
<td>Business vulnerability index</td>
<td>0.304 (0.123-0.709)</td>
<td>0.469 (0.260-0.841)</td>
<td></td>
</tr>
<tr>
<td>Good business practices</td>
<td></td>
<td>0.832 (0.689-0.999)</td>
<td></td>
</tr>
<tr>
<td>Irregular income</td>
<td>0.406 (0.230-0.701)</td>
<td>0.493 (0.260-0.907)</td>
<td></td>
</tr>
<tr>
<td>Household support</td>
<td>0.548 (0.304-0.995)</td>
<td>0.448 (0.234-0.865)</td>
<td></td>
</tr>
<tr>
<td>Hindu</td>
<td>0.425 (0.175-0.989)</td>
<td>0.279 (0.089-0.807)</td>
<td></td>
</tr>
<tr>
<td>First business</td>
<td></td>
<td></td>
<td>0.325 (0.141 – 0.746)</td>
</tr>
<tr>
<td>Food sector (+)</td>
<td></td>
<td>0.424 (0.188-0.918)</td>
<td></td>
</tr>
<tr>
<td>Fight over money</td>
<td>0.316 (0.138-0.684)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All resources</td>
<td>0.476 (0.232-0.934)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfied with business income (+)</td>
<td>0.465 (0.228-0.933)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*(+) indicates that an indicator was previously positive.
Taken together, four main themes emerged from the data. Each of these is presented in detail below.

**Women Micro-entrepreneurs Are Largely Necessity Entrepreneurs**

Business motivation was a significant predictor of belonging to the GTE group. However, necessity is the main driver for women micro-entrepreneurs in Kandy, Sri Lanka and was reported by most participants (Table 4). Having a necessary motivation to start an enterprise is by no means a preordained impediment, but it does impose considerable barriers to the likelihood of achieving SDG goals, especially as these enterprises are more informal, lack access to capital and markets, and lack decent work protections (Revenga & Dooley, 2020). This supports previous findings that economic necessity increases the pressure from family and the community for women to spend their income and support family, which reduces their ability to invest in the business (Buvinic & O’Donnell, 2017).

Necessity motivation may also increase women’s need to work within gendered constraints, especially women’s responsibility for unpaid care work, a fact that is especially evident in the high incidence of microenterprises that are operated from the home (Revenga & Dooley, 2020). Nearly all the research participants in this study operated their businesses from their home dwellings. Focus group participants cited working from home as a detriment to business growth as there were inherent limitations to productivity and expansion. This vulnerability was reflected in the significant differences in having used their products for their own household consumption. They also explained that home-based enterprises were limited in their financial income as the informality and location reduced the prices that could be charged.

### Table 4: Group Differences in Enterprise Characteristics and Resources

<table>
<thead>
<tr>
<th>Indicator</th>
<th>GTE</th>
<th>Non-GTE</th>
<th>p-value</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessity motivation</td>
<td>66.67%</td>
<td>77.66%</td>
<td>0.0306</td>
<td>4.6748</td>
</tr>
<tr>
<td>Received training</td>
<td>15.68%</td>
<td>25.45%</td>
<td>0.0523</td>
<td>3.7639</td>
</tr>
<tr>
<td>Received government support</td>
<td>0.00%</td>
<td>8.05%</td>
<td>0.0062</td>
<td>7.4724</td>
</tr>
<tr>
<td>Operates business from home</td>
<td>94.11%</td>
<td>88.57%</td>
<td>0.1450</td>
<td>2.1239</td>
</tr>
<tr>
<td>Used products for household consumption</td>
<td>50.00%</td>
<td>62.59%</td>
<td>0.0281</td>
<td>4.8182</td>
</tr>
<tr>
<td>Total working time per day (hours)</td>
<td>11.51</td>
<td>10.46</td>
<td>0.0055</td>
<td>-2.8167</td>
</tr>
</tbody>
</table>

**Differences in Business Characteristics Disappear When Comparing Women to Women**

The findings highlight the ways in which women’s enterprises are distinct from men-owned enterprises. Of the characteristics repeatedly emphasized in the literature—the small size, short tenure, and clustering into less profitable sectors, notably the food sector, of women’s businesses—none showed a marked influence in this analysis or were significantly related to the
GTE outcome (Table 5). The question must be asked whether the preponderance of men/women comparative studies has led to an overemphasis on these characteristics while neglecting to quantify the additional gender constraints that are the larger barriers to women’s enterprise success.

Table 5: Group Differences in Business Sector and Tenure

<table>
<thead>
<tr>
<th>Indicator</th>
<th>GTE</th>
<th>Non-GTE</th>
<th>p-value</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial investment</td>
<td>LKR 17,771</td>
<td>LKR 24,801</td>
<td>0.1953</td>
<td>1.2967</td>
</tr>
<tr>
<td>Food sector</td>
<td>26.47%</td>
<td>31.68%</td>
<td>0.3702</td>
<td>0.8027</td>
</tr>
<tr>
<td>Commerce sector</td>
<td>28.43%</td>
<td>19.22%</td>
<td>0.0588</td>
<td>3.5862</td>
</tr>
<tr>
<td>Manufacturing sector</td>
<td>23.52%</td>
<td>20.51%</td>
<td>0.5992</td>
<td>0.2761</td>
</tr>
<tr>
<td>Service sector</td>
<td>21.56%</td>
<td>27.79%</td>
<td>0.2541</td>
<td>1.3002</td>
</tr>
<tr>
<td>Tenure: less than 1 year</td>
<td>16.67%</td>
<td>17.14%</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Tenure: 1-3 years</td>
<td>30.39%</td>
<td>24.67%</td>
<td>0.2959</td>
<td>1.0921</td>
</tr>
<tr>
<td>Tenure: 4 or more years</td>
<td>52.90%</td>
<td>58.18%</td>
<td>0.4018</td>
<td>0.7027</td>
</tr>
</tbody>
</table>

The participatory, women-only methodology proved invaluable in capturing new themes for analysis. One interesting finding of this study is the importance that these women attach to performing a mothering role within their business. As described by one of the focus group participants, “There are some women who have lost their husband or separated. They have lots of children and their poverty level is very high… So as a woman entrepreneur we must see it from this angle also—for the welfare of our employees” (Syosa, personal communication). This emphasis on maintaining a mothering role, a role for which women earn respect in their communities, may be a way to soften the deviation from normative gender roles, as has been found among working women elsewhere (e.g., Ekinsmyth, 2013). This also raises questions as to the position of women’s microenterprises in the decent work agenda, including as employers for other vulnerable community members.

Successful Women Entrepreneurs May Be Better Prepared for Success

The research uncovered multiple kinds of enterprise—some very micro and others at the threshold of SME status. More successful women, however, may have been primed for success: GTE women are clearly and significantly differentiated from non-GTE women in terms of their work history (non-GTE women are more likely to be operating their first business), including migration, having working mothers, and reporting larger aspirations for the future of their business (Table 6). These factors largely speak to a woman’s wider context and experiences rather than elements that are, or can be, propagated through skills training or other support programs. Work history and social norms in the household (i.e., having a mother who worked) are shown here and elsewhere to prepare women to be more successful entrepreneurs through the normalization of women’s economic identities (Aparicio et al., 2022).
Table 6: Group Differences in Economic and Normative Elements

<table>
<thead>
<tr>
<th>Indicator</th>
<th>GTE (%)</th>
<th>Non-GTE (%)</th>
<th>p-value</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>First business</td>
<td>79.41</td>
<td>88.83</td>
<td>0.0193</td>
<td>5.4697</td>
</tr>
<tr>
<td>Participant has migrated domestically for work</td>
<td>23.52</td>
<td>13.24</td>
<td>0.0162</td>
<td>5.7785</td>
</tr>
<tr>
<td>Participant mother was/is an entrepreneur</td>
<td>26.47</td>
<td>17.66</td>
<td>0.0635</td>
<td>3.4431</td>
</tr>
<tr>
<td>In Kandy, most people consider starting a business as a desirable career choice for a woman</td>
<td>83.33</td>
<td>69.35</td>
<td>0.0073</td>
<td>7.1861</td>
</tr>
<tr>
<td>In Kandy, those successful at starting a new business have a high level of status and respect</td>
<td>77.45</td>
<td>66.67</td>
<td>0.0486</td>
<td>3.8874</td>
</tr>
<tr>
<td>In Kandy, it is acceptable for a woman to be profit-oriented</td>
<td>82.35</td>
<td>69.01</td>
<td>0.0111</td>
<td>6.4437</td>
</tr>
<tr>
<td>Good business environment index (agree with all three statements above)</td>
<td>66.67</td>
<td>45.97</td>
<td>0.0003</td>
<td>12.9961</td>
</tr>
</tbody>
</table>

The importance of previous work experience and observing a working mother is combined with the significant positive impact of reporting positive perceptions of women’s entrepreneurship in the community, as found previously by Chowdhury (2019). Perceiving that the community environment is welcoming to women entrepreneurs is the largest significant finding in the regression analysis; women who perceive a positive business environment are 3.6 times more likely to be GTE. Taken together, work history, a working mother, and a positive business environment emphasize the integral role played by the social environment in the household and community.

Women’s Businesses Are Strongly Impacted by Household and Spousal Support Factors

The primacy of household ties in women’s identities and entrepreneurial decisions is already established (Bernhardt et al., 2017; Friedson-Ridenour & Pierotti, 2019). This research confirms the significant impact of household and spousal support variables, including spousal occupation, having voice and bargaining power, the primacy of the woman’s income, and marital conflict. Thus, this research establishes a strong justification for the need to integrate a better picture of household dynamics and cooperation into studies of women’s micro-entrepreneurship (Table 7). For example, the analysis suggests that the spouse’s occupation may be influential in multiple ways: in its impact on the husband’s status as the household breadwinner and in its impact on women’s freedoms while the husband is at work. Further investigations into proxies for household and spousal support in future research are warranted, such as determining the impact of the spouse’s type and sector of work and marital cooperation on women’s enterprise performance.
Table 7: Group Differences in Household Support and Bargaining Power

<table>
<thead>
<tr>
<th>Indicator</th>
<th>GTE (%)</th>
<th>Non-GTE (%)</th>
<th>p-value</th>
<th>t-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spouse has insecure or temporary work</td>
<td>4.76</td>
<td>12.03</td>
<td>0.0826</td>
<td>3.0127</td>
</tr>
<tr>
<td>Participant earns more than her spouse</td>
<td>45.09</td>
<td>29.35</td>
<td>0.0037</td>
<td>8.3915</td>
</tr>
<tr>
<td>Participant earns less than her spouse</td>
<td>41.17</td>
<td>58.96</td>
<td>0.0019</td>
<td>9.6082</td>
</tr>
<tr>
<td>Contribution of business income to household income</td>
<td>79.74%</td>
<td>55.10</td>
<td>0.0333</td>
<td>-2.1514</td>
</tr>
<tr>
<td>Fight over money with spouse</td>
<td>18.62</td>
<td>30.38</td>
<td>0.0257</td>
<td>4.9736</td>
</tr>
<tr>
<td>Participant has decision-making power over major household purchases</td>
<td>31.37</td>
<td>2.29</td>
<td>0.0472</td>
<td>1.9996</td>
</tr>
<tr>
<td>Had decision-making power over timing of children</td>
<td>45.09</td>
<td>68.05</td>
<td>0.0000</td>
<td>17.3026</td>
</tr>
<tr>
<td>No say in timing of children</td>
<td>48.03</td>
<td>22.33</td>
<td>0.000</td>
<td>25.3174</td>
</tr>
</tbody>
</table>

Significantly, the intense economic responsibility of the poorest women impacts enterprise performance, as is found elsewhere (de Mel et al., 2008). Membership in GTE and non-GTE groups are significantly related to income dynamics within the household: to the woman earning more income than her husband, in the case of the former, and the woman earning less income than her husband, in the latter. This result is reinforced by the significant negative impact that having other contributing men members of the household had on a woman’s likelihood of being GTE. GTE women may be under a heavier burden to contribute financially to their households, however, the lack of significant impact by other financial indicators, such as total household income per capita income and initial business investment, suggest that it is the weight of the woman’s contributory responsibility, rather than the overall household income, that drives GTE.

The discussion presented here establishes the durability of normative constraints in forming the expectations and freedoms of women, coupled with the significant impact of household and spousal support indicators. To establish microenterprise as a pan-SDG development tool—not just for poverty alleviation—the field of support factors and success outcomes must be broadened to include specific attention to gender equality and quality of work provided by these businesses.

Conclusion

The purpose of this research is to problematize and enhance contemporary conceptualizations of women’s microentrepreneurship success within the SDG agenda. One woman in the focus group believed that “If a woman is intelligent, committed, and cooperative, her business and family can both advance” (Yamuna, personal communication). Yamuna’s statement speaks to both the potential that entrepreneurship holds and the constraints women must work through. The first half of the sentence establishes some informal norms such as “cooperation” that shape a proper women entrepreneur, indicating that she is not deviating too far from her “appropriate” roles. The second part of the sentence hints at the burden of responsibility that women carry to ensure success both in the household and the enterprise. In total, this quotation subtly illustrates gender constraints for women entrepreneurs and highlights that, for women in Sri Lanka, entrepreneurship operates within these constraints, rather than providing wider opportunities for advancing women’s development.

The findings contribute to a growing literature on the household and community-level constraints that unequally impact women. This research also promotes the methodology of women-
to-women comparisons in order to move beyond the men-women comparisons that fail to capture success outcomes on women’s terms. The findings also suggest that a clear accounting of household and spousal support for men and women entrepreneurs and the quantification of this value (or the costs accrued from a lack of spousal support, or outright sabotage) would contribute to equalizing the terms under which entrepreneurs are judged. Finally, spillover effects in terms of gender equality and decent work are not automatic occurrences but must be elicited through targeted interventions for specific outcomes and supported by appropriate policy environments. Further, within-group study of women micro-entrepreneurs will deepen our understanding of factors that account for the success of some women relative to the experiences of others under similar circumstances.

The analysis in this research represents just one attempt to establish a new way to conceptualize micro-entrepreneurship outcomes. Additional methodological work is needed to strengthen the reliability of measures for intangible constraints such as the norms surrounding gender, ethnicity, and class that impact women’s capacity to effectively develop and operate enterprises of all sizes. Future research could continue these investigations by conducting comparative analyses and developing more explicit outcome indicators to capture a fuller range of success.

The evidence provided in this analysis highlights how women entrepreneurs can serve as apt subjects in investigating progress toward the SDG agenda, particularly as they exist at the intersection of labor market policies, policy ecosystems, social protection, and gender equality. Particular attention is needed to enhance the identification and measurement of intangible constraints, particularly those related to spousal and household dynamics. On the day that they are, we will start to observe what women choose to do when they are truly free to do so.

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