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Title: Entrepreneurial Success of Women in Microfinance Sector and their Profiles: Evidence from Sri Lanka

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I declare that there is no conflict of interest as far as this research is concerned. The source of funding is from my savings**.**

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Structured Abstract

Background: describes what is known and what is the question?

Microfinance is considered as a poverty alleviation strategy in most of the countries and especially in Asia. Among these various countries, Sri Lanka is offering microfinance services through private and public microfinance institutions to poor women for creating and developing micro-enterprises. It has been identified through research that there are five components of these microfinance services (components) falling into financial and non-financial categories provided in Sri Lanka. Although past research has focused on the socio-economic, environmental and individual factors that have an impact on the entrepreneurial success of women obtaining microfinance, the profile of successful women entrepreneurs and the impact of each of these service components and their specific constituents, how these to be measured, and indicators for measuring these are not agreed upon

Objective(s): describe the hypothesis or the purpose of the study

The main objective of this study was to determine the relationships (magnitude and direction) of microfinance service components to entrepreneurial success and to profile successful women entrepreneurs using microfinance in Sri Lanka.

Methods: specify the study design and statistical methods

For this purpose, primary data were gathered through a pre-tested questionnaire by conducting face to face interviews with 500 women using microfinance services from Non-Bank Financial Institutions (NBFIs) authorized and registered by the Central Bank of Sri Lanka (CBSL) operating

in three Divisional Secretariat Areas (DSA) and employed factor analysis, Pearson's correlation analysis, and multiple regression to determine the impact of microfinance service components on entrepreneurial success and to determine the effect of selected demographic variables i.e. education, religion, and age.

Results: present the outcomes and any statistical findings

Out of the five microfinance service components microcredit (MC), micro-savings (MS), and skills-development (SK) had a positive relationship to entrepreneurial success and such a relationship was not evident from the other two services, micro-insurance (MI) and business-support (BS). Further, the study revealed that the microcredit was the most crucial service component impacting the entrepreneurial success (ES) of women. The demographic factors such as education and religion influenced entrepreneurial success and age had no influence.

Conclusions: convey the relevance and importance of the results

Indicators to measure the entrepreneurial success of women and their profile in the microfinance sector in Sri Lanka had been developed, which can facilitate evaluating the success of micro-enterprises. This would be useful to policymakers and business firms in microfinance. The conceptual framework and research propositions developed in this study could be considered another significant contribution as it would be beneficial to researchers, which will fulfill a gap in the literature. Hence the outcomes are useful to academics and practitioners.

Abstract word count

393 words (excluding the sub-section headers)

Keywords: Microfinance; Poverty; Determinants; Microfinance Service Components; Women Entrepreneurs; Sri Lanka

List of Abbreviations

Bangladesh Rural Action Committee (BRAC)

Central Bank of Sri Lanka (CBSL)

Divisional Secretariat Areas (DSA)

Institute of Microfinance (InM)

Microfinance Institutions (MFI)

Millennium Development Goals (MDG)

Non- Governmental Organizations (NGO

Small and Medium Enterprises (SME)

Women Entrepreneurs (WE)

Microcredit (MC)

Micro-savings (MS)

Micro-insurance (MI)

Skills-development (SD)

Business-support (BS)

Introduction

Microfinance provides small business loans to people with low-income levels, to facilitate economic development through enhancing entrepreneurial activity. However, microfinance services include both financial and non-financial services to low-income groups [1], [2]. Hence, microfinance is recognized as a development strategy for poverty alleviation through facilitating the development of the poor socially and economically, focusing on women empowerment [3]. There are two main approaches in offering microfinance services to lower-income earners namely; the *poverty lending approach,* which promotes donor-funded credit for the poor taking the approach of reducing poverty through subsidized and charitable non-finance methods and the *financial system approach,* which advocates commercial microfinance for economically active poor [4], [5]. According to Robinson [4], though the primary goal of the two approaches is the same, large-scale sustainable microfinance services can be maintained only through the financial system approach.

The focus of this study is on the *Financial System Approach,* and the objective is to conduct an empirical investigation to accomplish the relationship between microfinance service components and entrepreneurial success of women using such services and the effect of level of education, religion, and age of such women on these relationships. The preliminary study conducted by the author about the microfinance sector showed that the non-bank financial institutions registered with the CBSL are following financial systems approach in delivering microfinance services whilst other providers of microfinance services appear to have a mixed approach. Especially, some of the NGOs operating in the market follow a non-commercial orientation to their business and donate funds to overcome extreme poverty situations. However, NBFIs are catering to the majority of microfinance clients at present according to the information maintained by these institutions.

According to the Director-Division of NBFI of the Central Bank, there were 45 NBIFs registered with the CBSL, and of which 6 NBFIs have a major share of their portfolio in microfinance. .Hence research focused on the women using the microfinance services of MFIs operate on a commercial basis which is registered with the CBSL. Further, having observed the progress of the microfinance sector by government authorities, the Government of Sri Lanka (GOSL) had passed a bill in the parliament to regulate the industry by the CBSL in 2016.

Materials and Methods

Research Design

A cross-sectional study is conducted among women entrepreneurs who were receiving microfinance services and belong to three major ethnicities of Sri Lanka. The hypotheses were established on the identified factors and were tested using a large population using a structured questionnaire. The research adopted a multi-method approach where both quantitative and qualitative methods were used. Sample surveys were conducted to ascertain the breadth of the issues in question which took a quantitative approach and qualitative methods including in-depth interviews and focus group interviews were conducted to explore areas that require in-depth analysis. The research approach adopted was mainly quantitative.

Hypotheses Development

Two research questions were dealt with in the study a) what is the relationship between microcredit, micro-savings, micro-insurance, business support, skills development programs, and entrepreneurial success of women using microfinance services? b) what are the profiles of women achieving entrepreneurial success, five testable hypotheses were developed using past literature to

address the research questions. The first question of the study can be addressed by developing testable hypotheses 1to 5.

The following have been identified as research hypotheses to understand the influence of microfinance service components on the entrepreneurial success of women. According to studies by Roxin [6], microcredit was considered to have an impact on women's economic empowerment in Sierra Leone. Kabeer [7] has observed that access to financial services had contributed to economic productivity as well as the social well-being of poor women and their families. However, in countries such as India, Bangladesh and Mexico interest rates of microcredit had come under severe criticism being high with complaints of its use for personal consumption [8]. Hence, the hypothesis (H1) can be formulated as follows:

H1: There exists a relationship between the entrepreneurial success of women and their usage of microcredit.

Studies conducted had established a positive impact of microfinance services on business income by Crepon [9] and Banerjee [10] in Morocco and India, while in the Philippines Karlan [11] had observed that increased access to microfinance had resulted in a reduction of the number of people employed and the businesses run by entrepreneurs. Hence, the three following hypotheses can be formulated.

H2: There exists a relationship between the entrepreneurial success of women and their usage of micro-savings.

H3: There exists a relationship between the entrepreneurial success of women and their usage of microinsurance.

H4: There exists a relationship between the entrepreneurial success of women and their usage of business support.

The training and development and finances are major obstacles faced by rural women in some provinces in South Africa [12]. According to Hussain [13] the success for small enterprises and the improvement in families of women, in particular, are critical in Pakistan. Raven [14] Based on their studies on the effects of business training programs for women microcredit recipients in rural areas of Vietnam concluded that business training can improve the performance of micro-enterprises and has resulted in many positive outcomes in motivating and changing perceptions of entrepreneurs. Therefore:

H5: There exists a relationship between the entrepreneurial success of women and their usage of skills development programs.

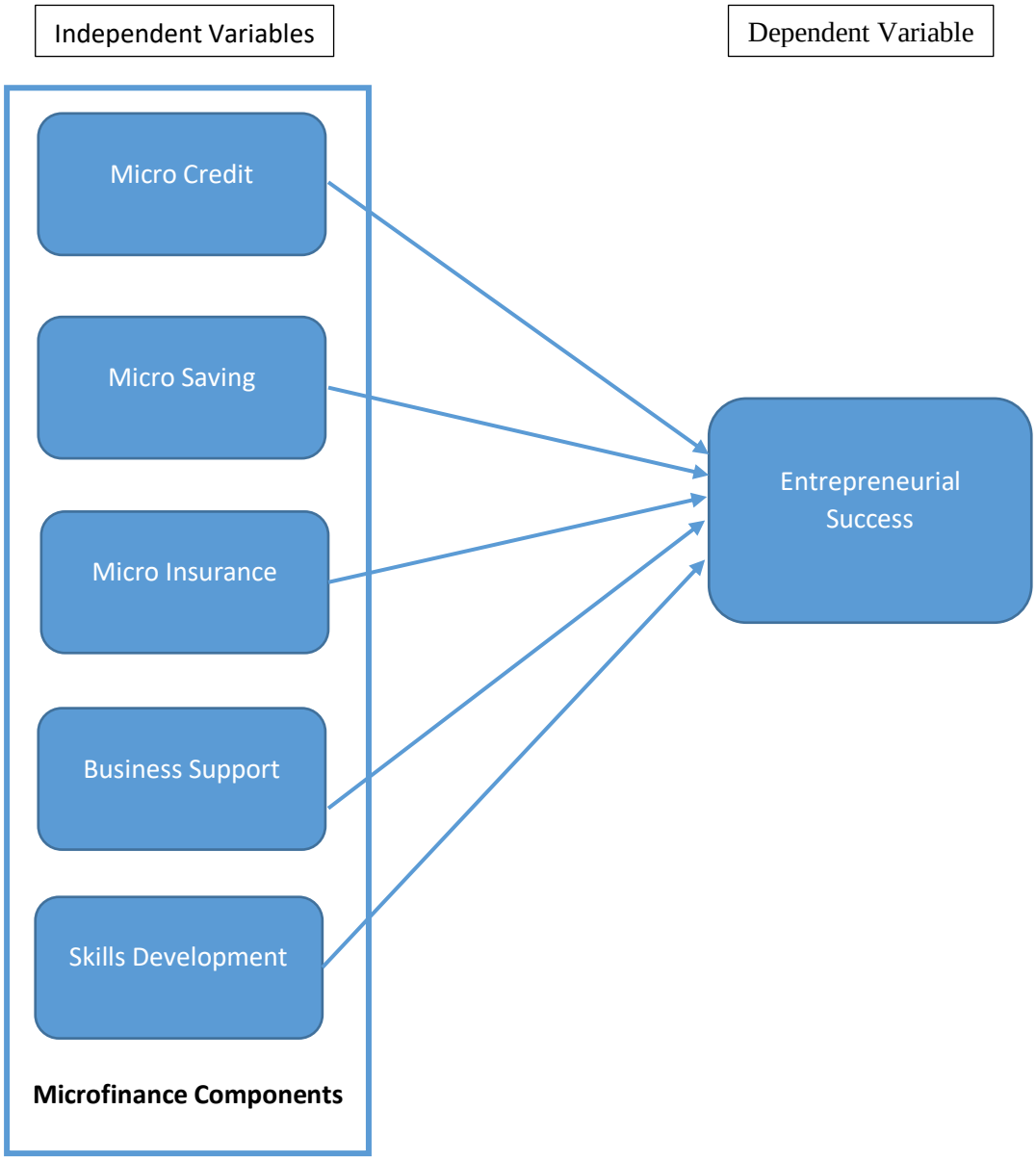

Figure 1: Conceptual Framework

Source: Developed by the Author based on Literature review, expert opinion, and Authors' investigations.

Measurement of the Variables and Instruments

The questionnaire is one of the most useful tools for data collection, especially when large numbers of people are to be reached in different geographical areas in the sample survey. To obtain the required information to test five hypotheses and other relevant information, 20 questions were structured. These questions were prepared following the objectives of the research; based on the elements of respondent's beliefs, perceptions, and characteristics. Further, the questionnaire contained a total of 33 items, measured on a five-point Likert scale with endpoints of 1-strongly disagree and 5-strongly agree. This scale is widely used in business research as it is a flexible and balanced rating scale [15]. Two languages had to be used for administering the questionnaire taking into consideration the widely spoken and understood language in different geographical areas selected for the sample survey. The types of questions used were closed-ended, positively, and/or negatively worded.

Reliability and Validity of the Constructs

The reliability of individual items was assessed by examining their internal consistency values using construct reliability, Average Variance Extracted (AVE), and Cronbach's alpha values. Generally, composite reliability and AVE values between 0.9 and 0.5 respectively, are acceptable [16]. Further, Cronbach's Alpha value should exceed a minimum value of 0.7 [17]. Hence the relevant values are given in Table 1 satisfy the minimum threshold values and the reliability of items was adequate. Hence data were consistent and reliable for further analysis

Construct	No. of Items	AVE	Composite Reliability	Cronbach's Alpha
Entrepreneurial success	8	0.57	0.943	.912
Microcredit	5	0.59	0.926	.874
Micro-savings	4	0.61	0.916	.859
Micro-insurance	5	0.55	0.915	.832
Business support	5	0.66	0.943	.907
Skills development	4	0.62	0.922	.869

Table 1: Summary of Individual Items Reliability of the Constructs

Besides factor analysis, the discriminant validity was tested using AVE. The AVE values in Table 1 are greater than 0.5 and higher than the corresponding inter-construct squared correlations (Table 2). Hence, as per Hair [17], discriminant validity was confirmed.

	ES	MC	MS	MI	BS	SK
ES	0.57*					
MC	0.35**	0.59				
MS	0.34	0.43	0.61			
MI	0.28	0.39	0.58	0.55		
BS	0.27	0.36	0.41	0.44	0.66	
SK	0.31	0.38	0.38	0.33	0.75	0.62

* AVE
** Squared correlation coefficient

Table 2: Inter –construct Squared Correlations Matrix

The Results

The Fitness of the model with direct effects due to independent variables

The Regression of the Entrepreneurial Success upon the Microfinance Service Components

According to Table 3, the basic model can explain 44.4% of the variation of entrepreneurial success of women by the five predictor variables identified in the model, namely microcredit, micro-savings, micro-insurance, business support and skills development programs.

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.666	.444	.438	.62689	1.114

Table 3: Results of Model Summary

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	145.743	5	29.149	74.171	.000
	Residual	182.742	465	.393		
	Total	328.484	470			

Dependent Variable: ES

Predictors: (Constant), SK, MI, MC, MS,BS

Table 4: Results of Analysis of Variance (ANOVA)

According to Table 4, the P-value is less than .001 in ANOVA, the overall model appears to be significant with at least one independent variable in the model.

Variables	Unstandardized Coefficients		Standardized Coefficients	t	P-value.	
	B	Std. Error	Beta			VIF
(Constant)	.839	.172		4.873	.000	
Microcredit	.298	.054	.277	5.555	.000	2.080
Bus. Support	.005	.066	.005	.070	.944	3.449
Micro Ins	.068	.056	.069	1.199	.231	2.803
Micro Saving	.208	.057	.216	3.663	.000	2.898
Skills Development	.212	.063	.207	3.365	.001	3.171

Dependent Variable: Entrepreneurial Success

Table 5: The table of Regression Coefficients for Entrepreneurial Success (ES) upon Microfinance Services

Table 5 above depicts that out of five microfinance service variables, P-values of Business Support and Micro Insurance are more than 0.05. Hence, Business Support and Micro Insurance are not significant predictors of the Entrepreneurial Success of women using microfinance services.

The P-values for Microcredit, Micro Savings, and Skills Development is less than 0.05. As such, Microcredit, Micro Savings, and Skills Development are significant predictors of the Entrepreneurial Success of women using microfinance services. Further, the variance inflation factor (VIF) values are less than 5. Hence, there is no problem of multicollinearity among the tested variables. According to standardized beta values, microcredit (MC) affects the most on entrepreneurial success (ES) among those three significant variables. The R-square value was 0.444, which means 44.4% of the variation in Entrepreneurial success (ES) is explained by Microcredit (MC), Micro-savings (MS), and Skills development (SK). The equation can be written as follows

ES = 0.839 + 0.298(MC) + 0.208(MS) + 0,212(SK)

According to this equation; every unit of increase in MC, ES will increase by 0.298 provided MS and SK remained unchanged. Similarly, one unit of increase in MS and one unit of increase in SK will increase 0.208 and 0.212 increase in ES respectively if the other two variables remained unchanged. This means that the highest level of the direct effect on ES was brought by MC and the effect of the other two variables MS and SK brought lesser effect contributing 0.208 and 212.

Effect of Demographic Variables

Effect of Age of Women in Microfinance on Entrepreneurial Success

The women in the sector were categorized into seven categories during the survey depending on their age namely less than 25, between 25 and 30, between 30 and 35, between 35 and 40, between 40 and 45, between 45 and 50, and more than 50. However, the lowest category of age which was less than 25 years had only 8 observations and the highest age category had only 28 observations. Hence, 1st two categories were merged into one category which is less than 30 years of age and the highest two categories were merged into one category which is more than 45 years of age to make a meaningful comparison. Accordingly, five categories were representing the ages of women in the microfinance sector. To find out whether there was a mean difference in entrepreneurial success among these categories ANOVA was conducted. The results were given in Table- 5. A basic assumption of ANOVA i.e. equality of variance was met. Since the p-value was greater than 0.05, hence, it can be concluded that there was no meaningful difference in entrepreneurial success among the age categories considered.

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.859	6	.643	.919	.481
Within Groups	324.626	464	.700		
Total	328.484	470			

Table 6: Results of Analysis of Variance (Mean ES)

The religion of women in Microfinance and Entrepreneurial Success

Women belonged to four major religions in Sri Lanka; Buddhist, Christians, Hindu, and Islam. To compare the mean values of entrepreneurial success of these different religions groups ANOVA was conducted and the results were given in Table 7. A basic assumption of ANOVA i.e. equality of variance was met. The P-value is less than 0.001, therefore it can be concluded that there was a difference in means of entrepreneurial success of women belong to four religions considered. To know where exactly the differences were, a Post Hoc test was conducted (Table 8).

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	15.346	3	5.115	7.629	.000
Within Groups	313.139	467	.671		
Total	328.484	470			

Table 7: Results of Analysis of Variance (Mean ES)

	(I) Religion	(J) Religion	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Tukey HSD	Buddhist	Christian	.35097*	.09826	.002	.0976	.6043
		Islam	-.12710	.12315	.731	-.4446	.1904
		Hindu	-.03803	.09943	.981	-.2944	.2183
	Christian	Buddhist	-.35097*	.09826	.002	-.6043	-.0976
		Islam	-.47807*	.12427	.001	-.7985	-.1576
		Hindu	-.38899*	.10082	.001	-.6489	-.1290
	Islam	Buddhist	.12710	.12315	.731	-.1904	.4446
		Christian	.47807*	.12427	.001	.1576	.7985
		Hindu	.08907	.12520	.893	-.2337	.4119
	Hindu	Buddhist	.03803	.09943	.981	-.2183	.2944
		Christian	.38899*	.10082	.001	.1290	.6489
		Islam	-.08907	.12520	.893	-.4119	.2337

*. The mean difference is significant at the 0.05 level.

b. Dunnett t-tests treat one group as a control and compare all other groups against it.

Table 8: Results of Post Hoc Test

According to the results, the mean entrepreneurial success of Buddhist women in microfinance was significantly higher compared to that of Christian women in microfinance. It was also evident that the mean entrepreneurial success of Islam women in microfinance was significantly higher than that of Christian women. Further, findings suggested that the mean entrepreneurial success of Islam women in microfinance was slightly higher than that of Buddhist women though not statistically significant. A basic assumption of ANOVA i.e. equality of variance was met. Hence it was concluded that the mean entrepreneurial success of Muslims was higher than that of women belonged to the other two religions.

Level of education and entrepreneurial success

The number of women falling into three levels of education was considered in this study. ANOVA was conducted on the above data to find out the existence of any differences of entrepreneurial success of the women belonging to these three levels of education and the results of ANOVA, the P-value was less than 0.05 (Table 8), there was a difference of entrepreneurial success of women belonged to these three levels of education. To find out the relative importance of these categories concerning entrepreneurial success Turkey Post Hog test (Table 9) was conducted. Accordingly, the mean entrepreneurial success of women who had received education up to GCE (OL) was significantly lower compared to that of women who had received education up to GCE (AL). It was also evident that the mean entrepreneurial success of women who had received education up to the Degree level was significantly lower than that of women who had education up to GCE (AL)

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.829	2	2.915	4.227	.015
Within Groups	322.655	468	.689		
Total	328.484	470			

Table 9: ANOVA

(I) Level of Education	(J) Level of Education	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Up to GCE(OL)	Up to GCE(AL)	-.42949*	.14792	.011	-.7773	-.0817
	Up to Degree	-.08127	.31638	.964	-.8251	.6626
Up to GCE(AL)	Up to GCE(OL)	.42949*	.14792	.011	.0817	.7773
	Up to Degree	.34821	.34463	.571	-.4621	1.1585
Up to Degree	Up to GCE(OL)	.08127	.31638	.964	-.6626	.8251
	Up to GCE(AL)	-.34821	.34463	.571	-1.1585	.4621

*. The mean difference is significant at the 0.05 level.

Table 10: Multiple Comparisons

Discussion

Microcredit and Entrepreneurial Success

According to the analysis presented above, a positive relationship between microcredit and entrepreneurial success of women entrepreneurs had been established which agrees with the past literature. According to Roxin [6], the economic empowerment which was closely connected to the entrepreneurial success of women had been substantially impacted by microcredit. Kabeer [7] has confirmed that access to financial services by women can improve their economic productivity and social conditions. The recent research studies conducted in Bangladesh, India, Pakistan, Kenya, Tanzania, and China support that microfinance services encompass financial and non-financial services. Kiiru [18] who studied the impact of microfinance in Kenya supported the view that microfinance encompasses the provision of financial services such as money savings, money transfers, payments, remittances, and insurance other than the provision of credit. They also point out that there were many MFIs still focus on microcredit. A similar study conducted in Pakistan to study the impact of microcredit on poverty reduction of female entrepreneurs supported the same view on microfinance services [13]. According to the results of a research study (quantitative and

qualitative) conducted by Jalilia [19], in Pakistan, it had concluded that microcredit facilitated an increase in family income and assets which were items that belonged to the construct of entrepreneurial success of this study. According to studies conducted in Uganda by Morris [20], it was concluded that microfinance had contributed to a reduction in financial vulnerability through diversification of income sources and accumulation of assets. Further, the positive outcome of microfinance programs in Uganda resulted in the addition of new products and services, improvement, and or expansion of entrepreneurial activities. Microfinance contributed to the generation of employment by way of self-employment, financing setting-up new businesses, and for expanding existing businesses [21].

Although, there were few criticisms about the positive outcome of microcredit in achieving entrepreneurial success most of the findings had concluded the positive effect of microcredit on entrepreneurial activities as discussed in the proceeding paras. The empirical results of this study support and substantiate the first hypothesis H1 and this relationship is positive and significant according to the results of the regression model.

Micro-savings and Entrepreneurial Success

According to the findings of the study, there exists a positive and significant relationship between micro-savings and entrepreneurial success. The results support findings of many a researcher in Sri Lanka as well as in other countries.

The importance of savings can be recognized by the clients as well as microfinance institutions. Savings are an effective mechanism for clients for liquidity management [22]. On the other hand, savings are a useful tool to MFIs in three ways, namely (a) important source for microfinance funds with low cost (b) do not carry a liquidity risk compared to large savings (c) small deposits and savings are steadier capital source than reimbursing it from donor funds [23]. Most of the

authors were of the view that the savings are useful in partly satisfying the requirements of funds for improving current businesses and establishing new ventures [24].

The empirical results of this study support and substantiate the second hypothesis H2. Further, this relationship is positive and significant according to the results of the regression model.

Skills Development and Entrepreneurial Success

The findings support that there exists a positive and significant relationship between skills development and entrepreneurial success in Sri Lanka.

According to Jalilia [19], quoting Shaw [25], though the businesses supported through microfinance may encounter lower barriers to entry, entrepreneurial women would still be restricted by financial, social, and cultural factors to start and develop high growth businesses. According to Brixiova [26], this would suggest a need for training to potential women entrepreneurs. Hence training in business management and networking was found to help promote entrepreneurial skills according to Karlan [27]. According to Underwood [28], managerial competencies were a set of knowledge, skills, behaviors, and attitudes that contribute to personal effectiveness. Harris [29] had found that a lack of managerial experience and skills were the main reasons for the failure of new firms. Further, it was pointed out that the lack of education and training had reduced the managerial capacity of new firms [30]. To develop competencies skills development programs were a requirement. No literature was found negating the importance of skills development concerning entrepreneurial success.

The results of this empirical study support and substantiate the fifth hypothesis H5 and this relationship is positive and significant according to the results of the regression.

Micro-insurance and Entrepreneurial Success

According to the findings of the study, this relationship was not supported by the empirical evidence of this study. Though the scholars have identified micro-insurance as one of the factors of microfinance services, the relationship of this variable to entrepreneurial success had not been empirically tested according to the available literature. Sri Lankan NBFIs have formulated insurance schemes to recover non-payment of loans by the women entrepreneurs in case of a serious eventuality, from the insurer. Hence for women entrepreneurs, micro-insurance appears to have not been perceived as useful for entrepreneurial success. According to previous literature, it was not possible to find any specific findings of the relationship between micro-insurance provided to women in the microfinance sector and the entrepreneurial success of these entrepreneurs. The results of this empirical study do not support and substantiate the third hypothesis H3.

Business Support and Entrepreneurial Success

According to the findings, the relationship between business support and entrepreneurial success is not significant though according to past researchers external support which includes institutional support has been identified as a contributing factor to entrepreneurial success [31]. This may be due to the varying nature of external support offered by the MFIs in different environmental conditions. Our investigations revealed that some MFIs offer business support to the extent of disposing of the finished products of some of these entrepreneurs while some others offer business support in the form of technological development of products and business opportunity identification. According to the findings of this study, the relationship between business support and entrepreneurial success is not significant though according to past researchers external support had been identified as a contributing factor to entrepreneurial success. The empirical results of this study do not support and substantiate the fourth hypothesis H4.

Profile of Women Entrepreneurs and Interpretation

Age of Women in Microfinance and Entrepreneurial Success

According to the findings, a significant difference in these age categories of women was not found. Hence, there was no variation of entrepreneurial success among women in the microfinance sector belonging to the age categories considered above. However, it should be noted that the age of almost 86% of women in the sample ranged from 25 to 45 years. A comparatively lower percentage (5.9%) was more than 50years old while 1.7% were less than 25 years. This means that women belonging to a wide range of 25 to 45 had taken to the microfinance field and there appeared to be no variation between the entrepreneurial successes of women entrepreneurs belonged to different age groups between 5-year intervals within this range. This finding would suggest that to operate micro-enterprises, these women did not require age-related skills because of the basic nature of these micro-businesses. This view was further confirmed by the fact that according to the analysis of variation, no variation was found in the entrepreneurial success of women who had got involved in various types of enterprises belonging to trading, agriculture, garments, food, manufacturing, and other categories considered in the study.

The religion of Women in Microfinance and Entrepreneurial Success

According to the findings, a significant difference in entrepreneurial success among these women belonged to four religions are found. This would suggest that the different religions have influenced the business culture of women who got involved in microfinance businesses. According to empirical research conducted in Sri Lanka, it has been concluded that religion has been a contributory factor for the entrepreneurial success of women entrepreneurs [30]. Women belonged to four major religions in Sri Lanka; Buddhist, Christians, Hindu, and Islam. According to the

results of the Post Hog Test, the following are revealed; the mean entrepreneurial success of Buddhist women in microfinance was significantly higher compared to that of Christian women in microfinance. It was also evident that the mean entrepreneurial success of Islam women in microfinance was significantly higher than that of Christian women. Further, findings suggest that the mean entrepreneurial success of Islam women in microfinance was slightly higher than that of Buddhist women though not statistically significant. Hence it can be concluded that the mean entrepreneurial success of Muslims was higher than that of the other three religions.

Level of Education and Entrepreneurial success

According to the findings, it can be concluded that the mean entrepreneurial success of those women received education up to GCE (AL) is higher than that of the other two levels of education considered. Those who have received education up to GCE (AL) having a higher value of entrepreneurial success is quite understandable however those who have Degree level education having a lower mean value of entrepreneurial success is examined through interviews conducted. It was revealed that the GCE (AL) level of knowledge is more appropriate and sufficient to run a microbusiness than having a Degree level qualification.

Conclusion

Only three components of microfinance; microcredit, micro-savings, and skills development had a positive and significant influence on the success of women entrepreneurs in the microfinance sector of Sri Lanka. Micro-insurance and Business support identified in this study had no impact on the success of women entrepreneurs.

From the three demographic variables that were studied; age had no impact while the religion and level of education of these women have had an impact on entrepreneurial success. From the

findings of this study, it can be concluded that the mean entrepreneurial success of Muslims is higher than that of the other three religions. Concerning the level of education, as explained above, it was revealed that the knowledge gained at the GCE (AL) level was more appropriate and sufficient to run a microbusiness than having Degree level qualification.

The findings of this study would facilitate management decision making concerning services to be offered to Sri Lankan women to engage or wish to engage in micro-enterprises. Findings also had highlighted the weaknesses of one service already offered by microfinance institutions, namely micro-insurance as the version of micro-insurance offered did not provide a cover for women entrepreneurs to avert risk. Further, the women entrepreneurs had not been able to distinguish the difference between skills development and business support clearly. This evaluation of entrepreneurial success may facilitate in identifying current and future ventures with potential, and this could help in formulating public policies that support the start-ups and existing enterprises. Further, a knowledge of the profile of individual women in the microfinance sector who are more likely to achieve entrepreneurial success can have important implications in allocating resources for microfinance and reducing costs of entrepreneurial failure. This will facilitate MFIs to select potential women to offer microfinance services so that MFIs can be successful in their business operations as MFIs can expect the repayment of loans promptly by successful women entrepreneurs than those who are not.

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