

## Microfinance Services: Facilitating Entrepreneurial Success of Poor Women

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### Abstract

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The women represent more than 53 percent of the population in Sri Lanka, however their active involvement in the economy is comparatively low. Facilitating women for entrepreneurial activities would lead to improve their living standards and that of their families. This would in turn pave way for economic development of the country. Generally, microfinance has been regarded as a tool for poverty alleviation according to research studies conducted in a wide cross section of countries with a focus on developing entrepreneurship among poor women. The main purpose of this paper is to review the literature on microfinance to find out the influence of microfinance services (factors of microfinance) on entrepreneurial success of poor women and understand weaknesses of such services in the process of women achieving entrepreneurial success. The study also focuses on identifying opportunities for future research in this new and growing area, with specific reference to Sri Lanka. Drawing on the literature published, the paper argues that the microfinance services play a major role in achieving entrepreneurial success of women, and also highlights drawbacks of microfinance as a strategy for developing entrepreneurship of poor women. Further, the article emphasizes the inconclusive findings on microfinance as a strategy for poverty alleviation and as a tool for entrepreneurial success. The research identifies some important areas for empirical research and the findings would facilitate microfinance service providers to design their service offers to enhance entrepreneurial outcomes of their clients. Further, policy makers would also be facilitated in taking initiatives in developing the microfinance sector in Sri Lanka.

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**Keywords:** Microfinance, Microfinance institutions, Women entrepreneur, Entrepreneurial success of women

### 1. Introduction

Microfinance provides services of both financial and nonfinancial in nature, including small business loans to lower income clients, generally communities, with the aim of supporting economic development through the growth of entrepreneurial activity (Bruton et al., 2011; Khavul et al., 2013). Financial services cover a range such as credit, savings, insurance, mortgages, and retirement plans, all of these representing small amounts of finances for those who have been denied of such services by the formal banking and financial institutions (Khavul, 2010). Non-financial services generally cover skills development and business support programmes offered to the clients of microfinance. The salient feature of micro financing is the fact that lending is to the poor who do not have access to financial resources to start with and enforcing the recovery collectively on clusters and groups of such borrowers (Kirru, 2007). This approach is known as the "Joint Liability Lending" (JLL) in microfinance, targeted to the poor in society who cannot borrow individually, but borrow within a group of other borrowers (Kirru, 2007). These participants of joint liability lending organize themselves into groups, and act as security for each other.

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Hence the group, not the individual, is responsible for loan repayment. Peer pressure and peer monitoring are key characteristics of these groups, which facilitate repayment of loans obtained by individual members.

### 1.1 Importance of Microfinance

Microfinance is the base for many poverty alleviation initiatives (Khandker, 2005) and targeted at least one third (estimated 2.8 billion) of the world population who live on less than \$2 a day (Khavul, 2010). According to UNDP (2012), 1.4 to 1.8 billion in the world lives under the poverty line<sup>2</sup> of which 70% are women. The studies conducted in a number of countries confirm that the majority under the poverty line is women. According to the findings of studies conducted in countries such as Bangladesh, India, China, Kenya, Tanzania, Sri Lanka, and many others, microfinance can be considered as a tool for alleviation of poverty, among low income categories of the society and especially the women (Attapattu, 2009; Cooper, 2014; Grameen Bank, 2012; Kabeer, 2005). Microfinance has gained recognition as a means of facilitating sustainable economic development in poor countries, and has become a buzzword in international donor circles (Senanayake & Premaratne, 2005). Hence, it has opened the avenues for obtaining international financial capital (Khavul, 2010).

After the Second World War and into the 1970s, development finance institutions were not particularly concerned about poor target groups of customers. Approaches to reduce poverty of the developing world have been considered within the purview of large intergovernmental organizations where donors and recipient governments formulated strategies to facilitate economic growth (Easterly, 2006; Sachs, 2005). However, this view shifted after the realization of the fact that massive amounts of foreign trade invested in large projects did not necessarily lead to the "trickledown effect" which had been expected (Robinson, 2002). As a result, the micro-finance movement has exploited new contractual structures and organizational forms that has reduced the riskiness and costs of making small, un-collateralized and cheap loans (Khavul, 2010). These new developments resulted in developing a market driven mechanism through microfinance using direct engagement with poor to stimulate economic growth which was in contrast to the previous approach. Hence, special microfinance institutions (MFIs) were established specifically for providing services to the poor of the society. The critiques argue that financing schemes proved extremely costly for donors and, at least in some cases, for the borrowers as well (due to high transaction costs); that they inevitably failed to reach many members of their target groups (Khavul, 2010). Littlefield et al. (2003) have argued that microfinance, and the impact it has, go beyond just business loans. The poor use of financial services, not only for business investment in their micro enterprises but also in health and education, to manage household emergencies and to meet a wide variety of other cash needs that they might encounter (Kabeer, 2005).

### 1.2 Evolution of Microfinance

The existence of microfinance as a means of supporting the poor, dates as far back as eighteenth and nineteenth century. This has been particularly practiced in Asia and in a number of European countries (Seibel, 2005). Even in Latin America and South Asia it has evolved out of experiments since very early history. Hence, though microfinance is not a recent development, this became a widely known phenomenon with the success it gained in Bangladesh in 1976, following a widespread famine in 1974 (Agion & Morduch, 2003).

These micro financial services are now widely available in Sri Lanka through public, private and non-governmental institutions in rural areas and in urban neighborhoods mainly of low income. The beginning of microfinance movement in Sri Lanka dates back to 1906, under the British Colonial administration, with the Thrift and Credit Co-operative Societies (TCCS) under the Co-operative Societies Ordinance of Sri Lanka. In late 1980 a programme known as "Janasaviya" (meaning, strength of the people) was introduced by the Government of Sri Lanka with the objective of alleviating poverty. The interest for microfinance in Sri Lanka has increased considerably since early 1980s, mainly due to the success stories of microfinance experienced by neighboring countries in the region, especially from Bangladesh and India. However, it was in 1990s that microfinance really took off the ground with the introduction of microfinance services to low income economically active people by non-governmental, public and private organizations in Sri Lanka.

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<sup>2</sup> Who lives on less than US\$ 1.25 a day

The microfinance sector in Sri Lanka consists of a diverse range of institutions and does not fall under the purview of a single authority and there is currently no single and up-to-date database on these institutions. In this respect the countrywide survey of MFIs in Sri Lanka commissioned by German Technical Co-operation through a programme titled 'Impact Assessment of Microfinance in Sri Lanka' during the programme phase September, 2005 to November, 2009, is one of the comprehensive surveys conducted in Sri Lanka.

The survey studied microfinance providers of various institutional types, from the Village Banks, Cooperative Rural Banks and Thrift and Credit Cooperatives to the Regional Development Banks and other institutions from the 'formal' growing financial sector who have ventured into microfinance. The survey also covered the rapidly growing NGO-MFIs some of which have grown very rapidly in the past decade. The results of the survey indicate that the outreach of microfinance services in Sri Lanka is considerable, especially so with regard to savings and deposit products. However, it reveals that the access to credit remains below its potential and barriers still exist for the lower income groups (Impact Assessment of Microfinance in Sri Lanka 2010). Further, the market seems to be characterized by traditional financial products (savings, loans) with few products and services beyond these (e.g. insurance, money transfer services). The growth of the sector is hampered by the lack of a coherent regulatory and supervisory framework, governance issues, lack of technology and issues related to the availability of suitable human resources (Colombage, 2004).

In 2012 the total number of borrowers were 510,531 with a total loan portfolio of US\$ 733.3million while total number of depositors were 669,392 with a total deposit of US\$ 682million in Sri Lanka and the number of specialized microfinance institutions was 21 ([www.mixmarket.org](http://www.mixmarket.org)).

## 2. Literature Review

Having established the importance of microfinance as a strategy for economic development through empowering the poor, predominantly women by enhancing entrepreneurial activity, it is timely to review the relevant literature on the specific subject.

### 2.1 Importance of Women Entrepreneur to Sri Lanka

Small and Medium Enterprises (SMEs) are of vital importance to the socio-economic growth of Sri Lanka as they contribute to 50 percent of countries GDP and employ 26 percent of labour force while making a 17 percent of value addition, paving way for poverty alleviation in Sri Lanka (Attygalle et al., 2014). Microfinance has facilitated a larger number of low-income, mostly rural people to access institutional financial services, especially in the light of 70% of the population being rural in Sri Lanka (Senanayake & Premaratne et al., 2005). Further, it is revealed that the percentage of women who have been offered microfinance services in Sri Lanka by the commercially oriented MFIs are as high as 60-70% in examining total number of clients serviced by these institutions and secondary data available with MIX<sup>3</sup> (2012).

Small and Medium Enterprises (SMEs) play a key role in generating employment facilitating growth in income and poverty alleviation of any country irrespective of its' level of development. According to the Organization for Economic Cooperation and Development (OECD, 2014) the SME sector accounts for 95 percent of all firms in developing countries and 90 percent in developed countries (<http://www.edinburgh-group.org>). Further, the SMEs create 60 to 70 percent of the jobs in developing countries (<http://www.oecd.org>). Hence the contribution of the sector to the Gross Domestic Product (GDP) of developing countries is particularly important as these countries experience high levels of unemployment, poverty and highly skewed income distributions. Specific data pertaining to micro-enterprises by the government institutions such as Central Bank (CB) and the Department of Census and Statistics (DCS) are not available and these organizations consider micro-enterprises within the SMEs.

The women account for 53.8% of the population in Sri Lanka according to the Census and Statistics Department of Sri Lanka (CSD) in 2013. The majority of these women belong to low income category representing 14.5% below the poverty line which is defined as people living on less than \$1.25 per day by the World Bank, Global Monitoring Report ([www.worldbank.org](http://www.worldbank.org)).

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<sup>3</sup> Microfinance Information Exchange

The microfinance services are offered mainly to women by the microfinance institutions in Sri Lanka like in many other countries. Further, 22.6 percent of the population lives in households headed by females in Sri Lanka (DCS-HIES 2012/13). Out of total 'economically inactive population' of the country, 69 percent are females, and out of the total 'economically active population' (labour force) females account for only 31.6 percent (Department of Census and Statistics-Sri Lanka, 2014). This implies that there is a large untapped female population in the country, which could be utilized for development of the country, by facilitating them to become entrepreneurs. Given the fact that majority of the population is women in Sri Lanka and attracting them to the labour force is of utmost importance. Increasing female labour force participation can be done in two ways; firstly, by attracting women to the labour force as 'employees' and secondly by encouraging women to act as 'employers' (Attygalle et al., 2014). The women who obtain microfinance services fall into two categories, those who already operate their enterprises and others planning to start new enterprises. In studies conducted both in Sri Lanka and abroad, a positive relationship between microfinance and expansion of existing enterprises has been established (Senanayake & Premaratne et al., 2005; Attygalle et al., 2014; Jalila, Mughalb, & Isac, 2014; Roxin, 2010) however some other studies have found a negative relationship between these two variables (Roodman, 2012; Karlan & Zinman, 2011), which will be discussed below.

## 2.2 Microfinance and Entrepreneurial Success of Women

Managerial competencies are sets of knowledge, skills, behaviours and attitudes that contribute to personal effectiveness and are very important to the survival and growth of new small, medium, and micro enterprises-SMMEs (Tambunon, 2009). Lack of managerial experience and skills are the main reasons for the failure of new firms (Harrison, 2008). The exposure to management experience impacts on the management skills of entrepreneurs (Mutezo, 2009).

According to Mosedale et al. (2003), to empower people, they should currently be disempowered, disadvantaged by the way power relations shape their choices, opportunities and well-being. She went on to say that empowerment cannot be bestowed by an external party, but must be claimed by those seeking empowerment through an ongoing process of reflection, analysis and action (Mosedale et al., 2003). She further goes on to say "women need empowerment as they are constrained by the norms, beliefs, customs and values through which societies differentiate between women and men" (Mosedale et al., 2003). Many MFIs target primarily, or exclusively, women. This practice is based on the common belief that women invest the loans in productive activities or in improving family welfare more often than men, who are known to consume rather than invest loan funds (Littlefield et al., 2003). Women achieve entrepreneurial success through setting up new enterprises, expansion and improved performance of existing enterprises and improvement of well-being of their families (Jalila, Mughalb, & Isac, 2014)

The evaluation of whether women achieve entrepreneurial success through microfinance services is important in many ways especially in the context that there are diverse views presented by the scholars on the effectiveness of microfinance in achieving entrepreneurial success. Normally, women are forced into entrepreneurship when they are unhappy at work, dissatisfied with the salary, unemployed and in most cases because of no other alternatives to earn a living (Kirby & Watson, 2008). Roxin (2010) who studied the impact of microcredit on women in Sierra Leone stated that microcredit has a substantial impact on women's economic empowerment. According to Muzondi (2014) there is a positive relationship between women's small, medium and micro enterprises (WSMMEs) on income poverty alleviation. The training and development is a major challenge facing rural women in the selected province in South Africa (Mogashoa, 2014). She also states that financial funding is another major problem faced by women entrepreneurs. Hussain and Mahmood (2012) have suggested that entrepreneurial attributes and characteristics are critical for the success for an enterprise in general and the improvement in household of women in particular through the findings of their study among female entrepreneurship in Pakistan.

An impact study conducted by Cooper (2014) to evaluate business success of women in Tanzania has concluded that microfinance has reached the targeted community and improved overall economy of Tanzania. However, there should be a clear objectives to be established in using microfinance as an intervention policy for poverty reduction (Grades, Agrarwissenschaften, Fakultät, 2007). Kabeer (2005) who examined the empirical evidence on the impact of MF with respect to Poverty reduction and empowerment concluded that access to financial services can and does make important contribution to the economic productivity and social well-being of poor women and their households. However she goes on to say that microfinance does not 'automatically' empower women any more than other interventions.

Raven and Le (2014) state by examining the effects of business training programmes for women microcredit recipients in rural areas of Vietnam that business training can improve micro enterprise performance and has a number of other positive results, such as increasing motivation, success, and perceptions of entrepreneurs.

No conclusive evidence are available to establish that microfinance is a successful development strategy (Armendariz and Morduch, 2010; Odell, 2010). Microcredit in India, Bangladesh and Mexico has been blamed for high interest rates and use of microcredit for personal consumption (Roodman, 2012). Studies conducted by Crepon et al. (2010) and Banerjee et al. (2010) have found a positive impact of microfinance services on business income and profits based on their studies in Morocco and India, while Karlan and Zinman (2011) found that increased access to microfinance in Philippines has resulted in a reduction of the number of businesses run by entrepreneurs and the people employed. A study conducted in Pakistan confirms that multi-dimensionality of microfinance and the independence effect of innovativeness, pro-activeness, and risk taking are distinctly correlated with business performance (Jalila, Mughalb, & Isac, 2014). The critical role of microfinance has been recognized by many scholars and the International Monetary Fund (IMF) in achieving Millennium Development Goals<sup>4</sup> - MDGs and conclude that microfinance can deliver social benefits on a sustainable manner (Murdoch & Hashemi, 2003; Simanowitz & Brody, 2004; IMF 2005). They highlight the uniqueness of microfinance among development initiatives and state that microfinance serves as a critical contextual factor having a major impact on achieving MDGs. However, there exist a strong debate on the effectiveness of microfinance as a strategy for reducing poverty and recipients of microfinance benefits (Chowdhury, Mosely, & Simanowitz, 2004). The findings of these researchers who hold diverse viewpoints while confirming the contribution of microfinance in entrepreneurial development of women entrepreneurs highlight certain drawbacks of microfinance as a tool for promoting entrepreneurial activities in different countries. We now attempt to have an analytical view of the situation in Sri Lanka.

The women in Sri Lanka are faced with many challenges resulting in poor well-being of themselves and their children. Hence, their achieving entrepreneurial success is important for them, their families, and to the economy in general. The most immediate impact, the MFIs have observed in their clients having utilized microfinance services is the economic benefits such as increase in income, expenditure, and assets of client households. Women's Development Foundation (WDF) in Hambantota<sup>5</sup> through an impact survey; titled "Empowerment of the poorest of the poor women and young girls in Sri Lanka project" conducted in 2008, has found that 71 percent of the microfinance borrowers have increased their sales and profits. Further, Tilakaratna, Wickramasinghe, and Kumara (2005) have shown in their study that 38.3 percent microfinance borrowers reported an improvement in housing whilst only 21 percent of those in the control group showed an improvement. The same researchers in this study have found that 13.3 percent microfinance clients achieved an increase in "assets" due to participation in microfinance. Hence, the improvement in household income, increase expenditure of the household-family activities and purchase of assets by the family have been established by researchers.

Having recognized this fact, some of the MFIs offer non-financial services such as programmes for entrepreneurship development and assistance in marketing and technology development of the products and services of microenterprises of their clients. These services are business training, health education, and group meetings. These services are provided by the microfinance institutions mainly to women belong to low income categories. Only a small percentage of microfinance clients are using non-financial services other than their participation in group meetings, offered by MFIs. In total only 27 percent of clients have used any non-financial services offered by MFIs. The majority, 81 percent of these clients have participated in group meetings while 5 percent and 6 percent have participated in business training and health education programmes (Czura, 2010). There are studies conducted to find out the impact of microfinance (as a whole) on poverty alleviation, women empowerment, entrepreneurship and other related topics. It is difficult to find evidence on studies conducted on the impact of microfinance services (factors of microfinance) on entrepreneurial success of women in Sri Lanka.

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<sup>4</sup> The MDGs are 1) eradicate extreme poverty and hunger 2) achieve universal primary education 3) promote gender equality and empower women 4) reduce child mortality 5) Improve material health 6) combat HIV/AIDS, malaria and other diseases 7) develop global partnership for development (Littlefield, Murdoch, & Hashemi, 2003).

<sup>5</sup> A township in the Southern Province of Sri Lanka.

However, Ranasinghe (2008) has identified six factors contributing to the success of women entrepreneurs of Sri Lanka, these are; entrepreneurial competencies, formal and informal learning, external support, culture, early childhood experience, and psychological characteristics. The findings presented above suggest that there are successes as well as failures in women achieving entrepreneurial success by utilizing microfinance services. This has led to the difference of opinion among the researchers about the outcome of microfinance initiatives. Further, compared to the availability of research studies on subjects such as economic development, poverty alleviation and women empowerment, there is a dearth of studies on influence of microfinance services on creation of new businesses and growth of existing businesses (Newman et al., 2014). Even the limited empirical studies conducted by development economists (Banerjee et al., 2010; Crepon et al., 2011; Karlan & Zinman, 2011) the findings are inconclusive and have limited focus on how microfinance services influence entrepreneurial activity. In the context of this controversy as to whether microfinance services contribute to entrepreneurial success, the following problem statement is developed to address this gap.

### **3. Research Problem and Research Opportunity**

As per the review of literature and discussion above, it is clear that there is a division of opinion about the effectiveness of microfinance services through which women achieving entrepreneurial success. Though, the issue has not surfaced much in Sri Lanka compared to most of the countries, this could be mainly due to lack of research studies conducted in this particular area. Therefore, there exists a need for researching this subject in the context of Sri Lanka.

#### **3.1 Problem Statement**

Female labour force participation in the economy is important for any country. In Sri Lanka out of the total economically inactive population of the country, 69 percent are females, and out of the total economically active population (i.e. labour force) females account for 34 percent according to the Department of Census and Statistics (2013). This implies that there is a large unutilized reservoir of females in Sri Lanka. However, capacity of women is hindered by the challenges that they have to face in developing and running a business, and many researchers point out that significant barriers exist for women who are establishing new business and growing their existing business (Wennekers & Tharik, 2007; Berry et al., 2009; Witaboi & Ukpere, 2011).

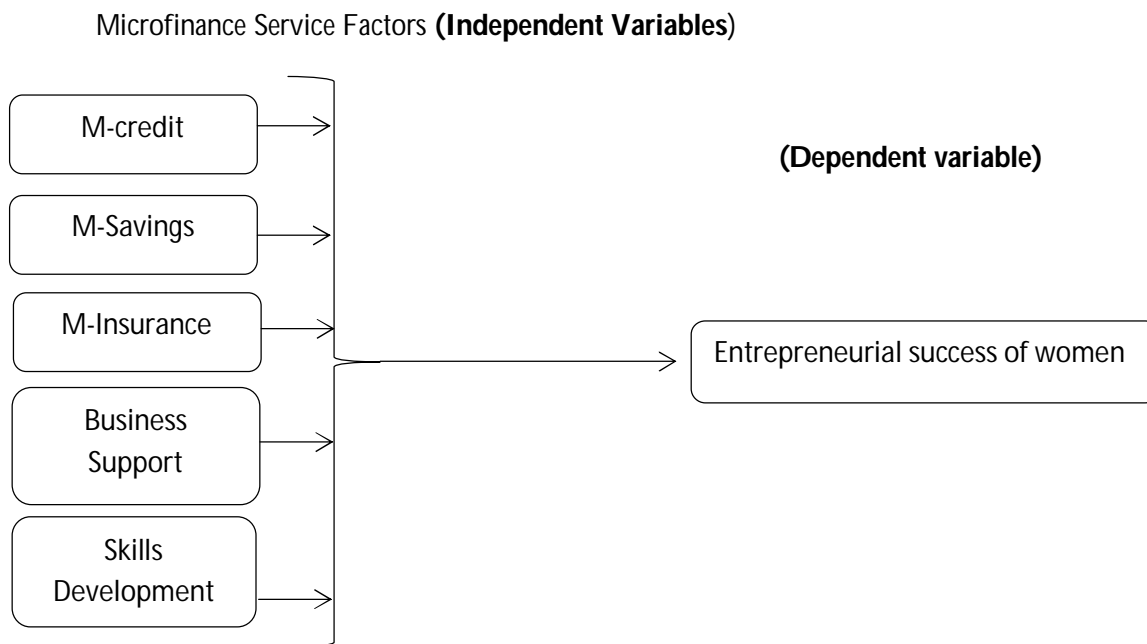
The women play an important role in the Sri Lankan economy especially through their participation in the apparel, estate and foreign employment sectors. The contribution of women in these sectors is substantial and quantified by the Central Bank of Sri Lanka in its annual reports. However, the contribution made by the women in microfinance is not reflected in public statistics in Sri Lanka. According to Kabeer (2005), "Opinion on the impact of microfinance has been divided between those who see it as a "magic bullet" for women's empowerment and others who are dismissive of its abilities as a cure – panacea for development." MF is recognised as a useful tool to fight poverty and to empower the women and poor populations (Beensih & Jamil, 2013). There is considerable debate on effectiveness of microfinance as a tool for reducing poverty and about the characteristics of the recipients of microfinance (Chowdhury, Mosley and Simanowitz, 2004). According to Wright (2000), development specialists not only find microfinance inadequate but also diverts funds from pressing needs such as health and education.

There is an extensive body of work examining the impact of microfinance schemes on empowerment, poverty alleviation and its social impact. However, there is a dearth of literature as to whether microfinance provision influences the creation of new businesses and growth of existing businesses (Newman et al., 2014). Furthermore, the findings of such empirical studies are inconclusive, and the focus on underlying mechanisms which may explain how microfinance influences entrepreneurial activity, is limited (Newman et al., 2014). Hence, given the controversy as to whether microfinance services contribute to entrepreneurial activity and limited coverage on underlying mechanisms, management scholars have called for an increased attention on how and why some microfinance clients create successful enterprises while others do not (Ahlstrom et al., 2011; Bruton et al., 2010). As seen from the above discussion and the literature on microfinance, there is a controversy as to the outcome of microfinance as an effective tool for setting-up new enterprises and expanding the existing ones facilitating entrepreneurial success of women who utilize microfinance services. Hence we can identify the opportunity for future research as given below.

### 3.2 Research Opportunity

From the literature surveyed and the above discussion in this article, it is clearly evident that there is a “controversy” on the effectiveness of microfinance as a tool for poverty alleviation and economic development at the national level of a country. Further, the nature of inconclusiveness on the outcome of microfinance as a modus operandi for women to achieve entrepreneurial success at the enterprise level can be observed from the empirical research findings related to the subject. It is also difficult to find any evidence of empirical research conducted as to whether microfinance services (factors) influence the entrepreneurial success of women in Sri Lanka.

Hence, there is a clear opportunity for researching the entrepreneurial success of women utilizing microfinance services and to evaluate degree of influence exerted by each of these services (factors) on the entrepreneurial success of Sri Lankan women. Five different services namely; microcredit (loans), micro-savings, micro-insurance, business support programmes and skills development programmes are evident from the available literature as presented in this paper. However, depending on the socio economic and cultural aspects of a particular community, microfinance providers may provide other additional services to their clients. Therefore, it is necessary to first explore all the services offered by microfinance institutions in Sri Lanka. A broad framework for this study is presented in Figure 1.



**Figure 1:** Framework

The basis for constructing the model is the literature reviews and focus group discussions with users of microfinance services and interviews held with managers of MFIs. The model consists of six different service components of microfinance which lead to entrepreneurial success of women. However, researchers would be able to identify more service factors or to modify the existing factors identified resulting from the exploratory survey, in a Sri Lankan context.

### 4. Significance of the Study

4.1 This study would provide a clear picture about the outreach of microfinance services in Sri Lanka, especially so with regard to savings and deposit products. Since access to credit remains below its potential and barriers still exist for the lower income groups, the findings would be useful for deciding on future action.

4.2 Microfinance is considered a vital tool for Sri Lanka to empower women through facilitating their entrepreneurial success and make them micro entrepreneurs and graduate them to higher levels such as small, medium, to large scale entrepreneurs. The findings of this study would be useful in evaluating whether microfinance services facilitate this process.

4.3 The study would reveal the exact relationship between each microfinance service (factor) and entrepreneurial success of women. Hence these findings would be useful for microfinance institutions to prioritise their service offers.

4.4 Whatever the form of lending, microfinance or corporate lending institutions should receive a reasonable return from their operations. No financial institution wishes to sustain a loss by lending. The lending institutions should not be considered "charity commissioners" who dole out welfare funds. Every business operation banking, financing or otherwise is profit oriented. The findings of the study would facilitate the evaluation of the sustainability of MFIs in Sri Lanka.

## 5. Conclusion

Past research has examined extensively the impact of microfinance on empowerment and poverty alleviation. However, the question as to how far microfinance services (factors of microfinance) influence the creation of new businesses and growth of existing businesses has not been clearly answered. The contribution of women in apparel, tea plantation and foreign employment sectors are substantial in Sri Lanka, but overall contribution of women to the economy is lower than that of men. In certain sectors of the economy, the women's contribution has not been evaluated. Microfinance is one such sector where contribution of women has not been documented by the authorities. Empirical studies focus on underlying mechanisms which may explain how microfinance influences entrepreneurial activity of women is also limited. Further, how and why some microfinance clients create successful enterprises while others do not is not conclusive. Accordingly, it can be seen that; the controversy as to whether microfinance services provided to women contribute to entrepreneurial activity leading to entrepreneurial success is yet to be resolved. Thus, there is no clear in-depth understanding of how entrepreneurial success of women through microfinance services is achieved. It is imperative to understand the impact of underlying factors and their relationships in this respect. Hence, there is a clear need for studies to explore as to how far, poor women in Sri Lanka achieve entrepreneurial success through microfinance services and the relative importance of each of these services. This study would be important in finding a "modus operandi" of offering microfinance services to poor women in an effective and efficient manner.

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