

The Influence of the Institutional Environment in Increasing Wealth: The Case of Women Business Operators in a Rural Setting

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Abstract : In Trincomalee of Sri Lanka, a post-conflict area, resettlement projects and policy initiatives are taking place to improve the wealth of the rural communities through promoting economic activities by way of encouraging the rural women to opt to commence and operate Micro and Small Scale (MSS) businesses. This study attempts to identify the manner in which the institutional environment could facilitate these MSS businesses owned and operated by women in the rural environment. The respondents of this study are the beneficiaries of the Divi Neguma Development Training Program (DNDTP); a project designed to aid women owned MSS businesses, in Trincomalee district. 96 women business operators, who had obtained financing facilities from the DNDTP, are taken as the sample based on fixed interval random sampling method. The study reveals that primary challenges encountered by 82% of the women business operators are lack of initial capital followed by 71% initial market finding and 35% access to technology. The low level of education and language barriers are the constraints in accessing support agencies/service providers. Institutional support; specifically management and marketing services, have a significant relationship with wealth augmentation. Institutional support at the setting-up stage of businesses are thin whereas terms and conditions of the finance facilities are perceived as 'too challenging'. Although diversification enhances wealth of the rural women business operators, assistance from the institutional framework to prepare financial reports that are required for business expansion is skinny. The study further reveals that institutional support is very much weak in terms of providing access to new technology and identifying new market networks. A mechanism that could facilitate the institutional framework to support the rural women business operators to access new technology and untapped market segments, and assistance in preparation of legal and financial documentation is recommended.

Keywords : business facilitation, institutional support, rural women business operators, wealth augmentation

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