

# SPOUSAL MOTIVE- A CRITICAL SUCCESS FACTOR FOR WOMEN ENTREPRENEURSHIP

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## **Abstract**

This study aims to examine the moderating effect of spousal motives on the relationship between critical success factors of women entrepreneurs in Small and Medium Enterprises (SMEs) in Sri Lanka. Structured questionnaire was used as the data collection technique with the sampling frame focusing of 286 Muslim women entrepreneurs using convenience sampling technique. Structural Equation Modeling (SEM) with AMOS as the data analysis technique while employing SPSS 23.0. Moderating impacts of demographic factors on the association between independent variables and market performance have been established. Based on the results reported, there is a substantial moderation of spousal motives in the relationship between critical success factors such as human capital, social capital, industrial factor, cultural factor and business performance where spousal motive did not moderate the relationship between psychological characteristics and the Muslim women entrepreneurs' business performance. Women entrepreneurs, Muslim societies, trade chambers and policymaking authorities may use this finding of the study as a template to gain insight in to the demographic factors influencing on business performance of Sri Lankan Muslim women entrepreneurs.

**Keywords:** Spousal Motive, Critical Success Factors, Women Entrepreneurship, Muslim Women Entrepreneurs

## **1. Introduction**

Women entrepreneurship is being researched intensely now a days since researchers and academicians focus women entrepreneurs specially in Islamic perspective. Marital status of women imperatively impact on their achievement ((Ufak and Ozgen, 2001) The Quran has provided certain guidelines for Muslim women doing business, first and foremost giving priority to their families as the breadwinners are men, while the women are caretakers (Alina, 2013; Ullah *et al.*, 2013). Therefore, individual background/demographic factors had an impact on entrepreneurial development such as age (Reynold, Hay, Bygrave, Camp, and Autio, 2000; Kristiansen *et al.*, 2003) and marital status; Sarker & Palit, 2014). Baum *et al.* (2001) pointed out that researchers should also look at moderation models that measure more complex and causal effects. This study incorporated new knowledge into the multidimensional factors of business performance by assessing the moderating effects of demographic factors on the factors affecting the business performance of Muslim women entrepreneurs in SMEs in Sri Lanka, using powerful statistical tools such as AMOS in SEM. The results of this study should shed light on the unique characteristics that define the business performance of Muslim women entrepreneurs to improve the important factors that need attention; and this could increase Sri Lankan Muslim women's participation in business ventures. Hence, the objective was to investigate how demographic factors such as age and marital status moderate the

relationships between the independent variables and business performance of Muslim women entrepreneurs in SMEs in Sri Lanka.

## 2. Literature Review

Women-owned SMEs contribute to economic dynamism, diversification, productivity, competition, innovation and economic empowerment of the poorest of the poor. Historically, there has been a well-established tradition of women being involved in SMEs. However, it is only recently that women entrepreneurship has gained the attention of economic planners and policy makers, particularly in developing countries such as Sri Lanka. Although the national government has come to acknowledge that supporting women-owned SMEs promotes gender equality and economic empowerment, most enterprises operated by women face many difficulties in terms of operating their businesses. Lack of entrepreneurial qualities such as self-confidence, risk taking ability, need for achievement, dual role to play at business and at home, lack of awareness of facilities provided by the business development services institutions, competition with large scale units, problems related to marketing, lack of access to finance and lack of access to technology are some of them (Salfiya Ummah and Jamaldeen, 2015)

Critical Success factors were identified by many researchers to focus the influencing factors. Salfiya Ummah, Choy and Sulaiha Beevi (2021) studied a survey among 286 Muslim women entrepreneurs in Sri Lanka and found that, psychological characteristics human capital, social capital, industrial factor, and cultural factor had a notable and positive relationship with business performance of the Muslim women entrepreneurs in Sri Lanka and suggested to research further about the moderation effect of demographic variables such as marital status.

Sarker and Palit (2014) found that marital status influences entrepreneurial performance in Bangladesh. In Turkey, Ufak and Ozgen also (2001) reported a role conflict in married female entrepreneurs i.e. between their role as a business owner and their familial duty.

Similarly, parental obligations might have an effect on women entrepreneurship (Zhouqiaoqin et al., 2013). Family members such as the husband influence their entrepreneurial success (Javadian and Singh, 2012; Mustapha and Subramaniam, 2015).

It is therefore expected that spousal motive that is, marital status of the female entrepreneurs engaged in SMEs in Sri Lanka will moderate the factors influencing business performance.

Hence, the following hypothesis was developed to investigate the moderating effect of marital status on the relationship between independent and dependent variables in this study and multi-group analysis in SEM was performed to investigate the hypotheses.

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H1: Spousal motive significantly moderates the relationship between psychological characteristics, human capital, social capital, industrial factor, cultural factor and business performance of Muslim women entrepreneurs in Sri Lanka.

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### 3. Research Methodology

#### 3.1 Research Methods

Structured questionnaire was used as the data collection technique with the sampling frame of 286 respondents using stratified random sampling technique. Sample selection criteria over the business run more than 3 years and should be registered with any chamber. Data analysis technique was Structural Equation Modeling (SEM) with AMOS while employing SPSS 23.0 to confirm the measurement model used in this study. Multi group analysis was used to test the moderation effect of demographic factors on the determinants of business performance.

#### 3.2 Operationalisation of the variables

**Critical Success Factors:** In this analysis, market output is the endogenous / dependent variable and has been affected by exogenous / independent variables such as psychological characteristics, human capital, social capital, industrial factor, cultural factor. Accordingly, in this study, the success rate was recorded subjectively rather than qualitatively by Muslim Women Entrepreneurs in Small and Medium Enterprises (SMEs) after having been in business operations for at least 3 years is the business performance rate. These subjective measures include increase in sales, increase in profit, employment growth, assets expansions, growth of business in customer expansion and expansion of product / service.

**Psychological Characteristics:** One of the exogenous variables in this analysis is psychological characteristics, and these are the unique traits of Muslim women entrepreneurs who are psychological in nature and differentiate successful entrepreneurs from non-performing entrepreneurs. This study's psychological characteristics are measured with the following characteristics, namely the need for achievement, risk-taking, internal locus of control and independent motives.

**Human Capital:** Human capital is one of the exogenous variables in this study and refers to the specific knowledge, skills and capabilities that exist within individual Muslim women entrepreneurs that increase their likelihood of business success. Human capital is measured with the following dimensions in this study: business education, business experience, and business skills.

**Social Capital:** In this study, social capital is one of the exogenous variables and refers to the form of social relationship networks, both family-based and non-family-based, that facilitate the exchange of information and resources that can improve the success / survival of Muslim women in business debt. The social capital is measured with the following dimensions, namely family affiliation and non-family affiliation.

**Industrial Factor:** In this study, the industrial factor is one of the exogenous variables which refer to factors that increase their probability of business success, such as the differential structure of demand, the location of economic as well as the political factors available to Muslim women entrepreneurs. The industrial factor is measured with the following dimensions, namely accessibility of resources and institutional support.

**Institutional Support:** In this study, institutional support is the policies and regulations enacted in SMEs by government and non-governmental entities to create a friendly atmosphere for Muslim women entrepreneurs; for example, access to finance, access to training and development programmes, market access and other support mechanisms supplied by the government and non-governmental organizations to Muslim women entrepreneurs in small and medium-sized enterprises.

**Cultural Factor:** In this study, the cultural factor is one of the exogenous variables and refers to the positive attitude and belief of the norms and traditions of Muslim women entrepreneurs in their business practices that reflect on their emotional, intellectual and physical energy to achieve their predetermined goals. In other words, the cultural factor is the positive attitude of society towards Muslim women entrepreneurs towards their entrepreneurial activities.

#### 4. Discussion of the Findings

The research objective was to determine the moderation effects of spousal background, on the relationship between critical success factors such as psychological characteristics, human capital, social capital, industrial factor, cultural factor (independent variables) and business performance (dependent variable) amongst the Muslim women entrepreneurs in Sri Lanka.

To meet the second objective, the hypothesis was put forward to determine if marital status significantly moderates the relationships between the independent and dependent variables amongst the Muslim women entrepreneurs in Sri Lanka. In this study, marital status was categorised into three groups, namely married, single, widowed or divorced.

Table 1 shows that the measurement residuals  $X^2$  is greater than unconstrained  $X^2$  based on  $\Delta X^2$  (CMIN)=336.27;  $\Delta df=198$ ;  $p=0.000$ . Hence, the unconstrained model was found to be better than the measurement residuals model because of the indices. That is, the relative chi-square for the unconstrained model was lower than the measurement residuals model. The unconstrained relative chi-square was at 1744.394 and measurement residual chi-square was at 2080.664. Therefore, there was an existence of moderation effect of marital status on the determinants of business performance in the overall model. The indices of measurement residuals, as well as the unconstrained model are shown in Table 4 and Table 5 respectively.

Table 1: The Moderation Test Result using Marital Status Group Data

Model	NPAR	CMIN	DF	P	CMIN/DF
Unconstrained	264	1744.394	936	.000	1.864
Measurement weights	210	1821.204	990	.000	1.840
Structural weights	195	1847.344	1005	.000	1.838
Structural covariances	150	1904.861	1050	.000	1.814
Structural residuals	147	1912.338	1053	.000	1.816
Measurement residuals	66	2080.664	1134	.000	1.835

Table 2: Moderation Effect of Marital Status on Overall Model

Model	DF	CMIN	P	Decision
Measurement weights	54.000	76.810	0.022	Significant
Structural weights	69.000	102.950	0.005	

Model	DF	CMIN	P	Decision
Structural covariances	114.000	160.467	0.003	
Structural residuals	117.000	167.944	0.001	
Measurement residuals	198.000	336.270	0.000	

Table 2 shows that the measurement residual showed a significant p-value at 0.001, which was less than the alpha value. Hence, there was a significant moderating effect in marital status between the independent and dependent variables. This led to the testing of the moderating effects of individual paths.

Table 3 shows the results of the moderating effect of marital status on the independent and dependent variables.

Table 3: Results of Moderation Effect of Marital Status on the Relationship between the Independent Variables and Business Performance

	Path		Estimate	S.E.	C.R.	P	Decision
<b>BusinessPerformance</b>	<---	<b>Psychological Characteristics</b>					<b>Not Significant</b>
Married			.217	.122	1.773	.076	
Single			.135	.450	.300	.764	
Widowed/Divorced			.106	.104	1.026	.305	
<b>BusinessPerformance</b>	<---	<b>Human Capital</b>					<b>Significant</b>
Married			.224	.074	3.037	.002	
Single			.432	.150	2.880	.004	
Widowed/divorced			.223	.069	3.236	.001	
<b>BusinessPerformance</b>	<---	<b>Social Capital</b>					<b>Significant</b>
Married			.405	.143	2.834	.005	
Single			.276	.160	1.728	.084	
Widowed/Divorced			.130	.089	1.468	.142	
<b>BusinessPerformance</b>	<---	<b>Industrial Factor</b>					<b>Significant</b>
Married			-.041	.077	-.527	.598	
Single			.992	.710	1.398	.162	
Widowed/Divorced			.488	.135	3.603	***	
<b>BusinessPerformance</b>	<---	<b>Cultural Factor</b>					<b>Significant</b>
Married			.199	.083	2.402	.016	
Single			-.119	.189	-.632	.527	
Widowed/Divorced			.375	.181	2.075	.038	

Overall, marital status moderated the relationship between human capital, social capital, industrial factor, cultural factor and business performance, whereas it did not moderate the relationship between psychological characteristics and business performance of Muslim women entrepreneurs in Sri Lanka.

It can be seen that the p-values of all the three groups of marital status were not significant in the relationship between psychological characteristics and business performance at 0.05 level of significance. However, for the relationship between human capital and business performance, those who were single ( $\beta=0.432$ ,  $p=0.004$ ), married ( $\beta=0.224$ ,  $p=0.002$ ) and widowed or divorced ( $\beta=0.223$ ,  $p=0.001$ ) showed a partial and significant moderating effect at 0.05 level of significance based on the order of the standardised parameter estimates. In terms of the relationship between social capital and business performance, a full and significant moderating effect was found on those married Muslim women entrepreneurs ( $\beta=0.405$ ,  $p=0.005$ ) at 0.05 level of significance. A full and significant moderating effect was also found on widowed or divorced respondents in the relationship between industry factor and business performance ( $\beta=0.488$ ,  $p=0.000$ ). Those women entrepreneurs who are widowed or divorced ( $\beta=0.375$ ,  $p=0.038$ ) and married ( $\beta=0.199$ ,  $p=0.016$ ) also showed a full and significant moderating effect at 0.05 level of significance in the relationship between cultural factor and business performance based on the order of the standardised parameter estimates. Hence, the hypothesis is partially accepted in this study

## 5. Conclusion

The systematic investigation of factors influencing business performance of Muslim women entrepreneurs in Sri Lanka examined the applicability of five empirical perspectives such as psychological characteristics, human capital, social Capital, industrial factor and cultural factor with the moderating effect of spousal motive which has been operationalized as marital status .

Based on the finding of the study, slightly more than half of the respondents were married (51.4%). The good balance on the marital status of the Muslim women entrepreneurs surveyed provided a good opportunity to determine whether their husbands influence their businesses and their business performance through the support they provide, as well as their status as entrepreneurs themselves. It is also intriguing to note that those who are widowed or divorced represented a significant percentage (37.4%) of the respondents. Whether or not their involvement in businesses is due to their status as breadwinners in their families, their participation enriches the perspective of the study.

With regard to the moderation effect of marital status, marital status did not significantly moderate the relationship between psychological characteristics and business performance, reaffirming the earlier argument that the sub-variables of this construct are moderated by family traditions and religion. It appears that, like marital status does not define whether or not a Muslim women entrepreneur is a risk taker.

However, marital status moderated significantly the relationship between human capital and business performance. It shows that, regardless of the marital status of the Muslim women entrepreneurs, they do perceive business skills and experience as important determinants of their business performance. Since those who are single showed the highest level of moderation impact, it may suggest that they have lesser family responsibilities and hence can focus on honing their business skills and developing their experience on the business.

It is interesting to note that marital status moderated the relationship between social capital and business performance, particularly amongst those who are married, indicating that the married entrepreneurs perceived that it is relatively easier for them to take part in business networks and associations, perhaps even easier for those married entrepreneurs who are over fifty years of age. If marital status disadvantages the single and widowed or divorced entrepreneurs from developing and participating in business networks or associates, and that they have

no spousal support than their parents, this suggests the need to overcome the social stigma faced by these entrepreneurs.

Marital status also moderated the relationship between industrial factor and business performance. The finding shows that this group of entrepreneurs are even in dire need of resource accessibility, mainly because of their non-participation in business networks or associations. Besides their parents, siblings and close relatives, they have no one to turn to for advice and support. Marital status also moderated the relationship between cultural factor and business performance, particularly amongst the Muslim women entrepreneurs who are married and widowed or divorced, with those in the latter group more pronounced than the former. It is apparent that those who are widowed or divorced are more sensitive towards the stigma posed by society and hence they are more sensitive towards cultural norms. The same is observed on those who are married due to family traditions.

A significant contribution is the inclusion of a comprehensive set of demographic factors in explaining the relationships between the constructs and business performance, taking the cue from Baum et al. (2001) that a moderation model can be helpful to test more complex and causal effect, which was evident from the outcomes of the study. Future researches can re-examine the moderating effect by including some other demographics rather than spousal motives, as well as more dimensions from independent variables. The findings further suggest the male counterpart to assist their spouses for achieving businesses to a successful level.

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