

The Effect of Bootstrapping Techniques and Formal Sources of Finances on the Perceived Performance of Women Owned Firms

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Abstract

Women, having been for centuries singled out for performing household chores, can now contribute to the economy at large by becoming entrepreneurs. However, since financing to start up or continue a business, through external or formal sources of finance, has been an issue for women entrepreneurs for a long time in the recent past, the availability now of bootstrapping techniques as a support in this regard is attractive. Therefore, this research has been done to identify how and when women entrepreneurs bootstrap, and how bootstrapping impacts on the perceived performance of women owned firms. Initially, a survey with a convenience sampling of 150 women entrepreneurs in the Colombo and Kandy districts was conducted to test the hypothesis. Further, a qualitative study was conducted by selecting a woman owned firm as a case study in order to triangulate the findings of the survey. The results of the study showed that there is a modest positive effect of both formal sources of finances and bootstrapping techniques on the perceived performance of women owned firms. Moreover, the results indicate that firm age moderates the influence of both bootstrapping techniques and formal sources of finance on the perceived performance of women owned firms. However, firm size moderates only the effect of formal sources of finances on the perceived performance of women owned firms, and networking of woman entrepreneurs moderates only the effect of bootstrapping techniques on the perceived performance of women owned firms.

Further it is found that bootstrapping techniques can be categorized into four dimensions, namely; supplier related, owner related, customer related, and jointly shared in the Sri Lankan context. Finally, since no similar research has been reported in the past, the novel approach that this study has taken can be considered another contribution.

Keywords: Bootstrapping Techniques, Formal Sources of Finance, Perceived Performance of Women Owned Firms, Firm Age, Firm Size, Networking of Women Entrepreneurs.

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